FORENSIC ACCOUNTING AND CORPORATE CRIME MITIGATION

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Abstract

The broad objective of this paper is to examine forensic accounting and corporate crime mitigation in Nigeria. The study was prompted by the dearth of research work on forensic accounting and corporate crime mitigation. Descriptive statistics and percentage analysis using Statistical package for social sciences (SPSS 17.0) were used to analyse the responses from the various respondents. Findings from the empirical result indicate that forensic accounting could be a valuation tool in strengthening corporate governance which could help to curb the menace of corporate crime in Nigeria. The researcher made useful recommendations among which are; corporate governance mechanisms should encompass forensic accounting in addition to its composition as contained in the Code of Best Practices on Corporate Governance as issued in 2003. In addition to the introduction of forensic accounting, the auditing profession should also not be left out in this all important innovation by embracing forensic audit to actually unveil fraudulent practices in Nigeria Corporation.

Keywords: Forensic accounting, corporate crime, corporate governance and corporate crime mitigation

Introduction

Studies have shown that an average accountant/auditor does not know the symptoms of fraud, and that most frauds and embezzlements are not discovered in the course of financial audit but through whistle blowing, sudden discovery that something is missing, and the use of forensic accounting investigative techniques. In recent times, both in the public and private sector of the economy, series of frauds have been committed under the watchful eye of the internal auditors of the organization. It is enough to say that the independence of the internal auditor is not guaranteed in as much as he/she remains an employee of the organization or government (Okoye & Gbegi, 2013).

Also, corporate crime which is not as visible as conventional crime is known to be uneasily detected. A study by Hansen (2009) opines that the forensic accounting tools; accounting and computer forensic are the investigators best weapon in detecting and mitigating corporate crime. Detection of corporate crime or white-collar crime is made possible with the application of investigative tools by the forensic accountant (Baired & Zelin, 2009). Consequently, the legitimacy and confidence in the accounting profession and on accounting professionals have suffered mistrust mostly after the Enron scandal (Carnigie & Napier, 2010). It is worthy of note that most of the corporate accounting scandals are not only a matter of creative accounting but also a matter of poor corporate governance. Ramaswamy (2005) commented that the corporate accounting scandals did not just only emanate because of the enormity of renowned corporate failures like Enron and WorldCom, but because of the insidious and widespread questionable accounting practices. Ramaswamy also asserts that there are current emerging perceptions linking accounting failures and corporate governance. To this effect, forensic accounting which involves the application of investigative and analytical skills for the purpose of resolving financial issues in a manner that satisfies the standards requires by the court of law (Hopwood, Leiner & Young, 2012), is a necessary process that needs to be employed for corporate crime mitigation.

Ball, as cited in Enofe, Okpako and Atube (2013) asserts that the first decade of the twenty-first century experienced a tsunami, or blizzard in the number of corporate scandals, frauds, and failures. According to Enofe et al (2013), these events influenced the Great Recession and significantly impacted the efficient functioning of free market capitalism. Some of these illicit acts were actually facilitated by public accountants. Furthermore, the inability of the major mechanisms of corporate governance to mitigate financial fraud and the increasing level of advanced financial fraud has masqueraded serious threat to investors, government, and general public (Eyisi & Ezuwore, 2014). Also, recent accounting scandals and frauds such as those involving Arthur Andersen, HealthSouth, Dynegy, Enron, Global Crossing, K-Mart, Merck, Qwest, Tyco, WorldCom, Xerox and Cadbury in Nigeria have wiped out tens of billions of dollars in shareholder value and has placed forensic accounting and forensic accountants in the spotlight more than ever before. A feature story from U.S. News & World Report described forensic accountants as “the bloodhounds of bookkeeping who sniff out fraud and criminal transactions in corporate financial records” (Buckhoff & Taylor, n.d)

It now become pertinent that forensic accountants be given the gavel to smash out fraudulent practices orchestrated by management in most corporate institutions since the external auditors and some auditing firms do not or may not have the required training to be able to arrest modern frauds involving white collar crimes such as security fraud, embezzlement, bankruptcies, contract disputes and possibly criminal financial transaction, including money laundering by organized criminals.

In the light of dearth of research work on forensic accounting and corporate crime mitigation especially in developing country such as Nigeria, this research work therefore become necessary and it will seek to provide answers to the following questions;

1) To what extent does forensic accounting mitigate corporate crime In Nigeria?
2) How does the engagement of the forensic accountants' in corporate governance help in corporate crime mitigation in Nigeria?

The broad objective of the study is to examine forensic accounting and corporate crime mitigation. The specific objectives are to:

1) ascertain the extent to which forensic accounting mitigates corporate crime in Nigeria; and
2) examine the role forensic accounting plays in corporate governance that aid in corporate crime mitigation in Nigeria.

The following hypotheses were tested in the course of this work:

H_{01}: Forensic accounting does not reduce the level of corporate crime In Nigeria.

H_{02}: Forensic accounting role in corporate governance does not mitigate corporate fraud in Nigeria.

This study focused on the staff of Economic and Financial Crimes Commission (EFCC) and some of the big auditing firms such as Delloitte, *Klynveld Peat Marwick Goerdeler* (KPMG) and *PricewaterhouseCoopers* (Pwc) in Nigeria. The study used primary data drawn from respondents in the course of the field work by means of a questionnaire.

The researcher finds it difficult getting audience from the various respondents due to their tight schedule, thus affecting the percentage of the questionnaire retrieved. However, this was contained by the researchers' patience and constant follow-up with the respondents in order to get the job done.

Literature review

Forensic accounting

A new profession in the field of accounting, auditing and investigation in Western countries like the USA emerged in the 1980s. This field called forensic accounting is of the composition of accounting, auditing and investigative and analytical skills (Enofe et al, 2013). Forensic accounting involves the application of investigative and analytical skills for the purpose of resolving financial issues in a manner that satisfies the standards requires by the court of law (Hopwood et al, 2012). Forensic Accounting, Forensic Accountancy or Financial Forensics is the specialty practice area of Accountancy that describes engagements that result from actual or anticipated disputes or litigation (Yadav & Yadav, 2013). According to Telpner and Monstek (2003:1), "a forensic accountant is one who has mastered the science of accounting and is able to assist lawyers to understand and apply accounting issues to the law and to disputed matters."

The Litigation support of a forensic accountant involves the presentation and interpretation of various financial issues related to existing or pending litigation. In this area of expertise, the forensic accountant may be asked to assign an estimated value for damages sustained by parties involved in legal disputes and to assist in disputes resolution, even before trial in the courtroom.

Corporate Crime

The term 'corporate crime' is associated with definitional problem. Corporate crime is a type of white-collar crime (Simpson, 2002). Despite being a subcategory of white-collar crime, corporate crime has received various degree of definition. Braithwaite (1984:6) defined corporate crime as *"the conduct of a corporation, or of employees acting on behalf of a corporation, which is proscribed and punished by law."* Corporate crime most times overlaps with white-collar crime, organised crime and state-corporate crime. White-collar crime is credited to Edwin Sutherland as the first to coin the term. He defined White- collar crime as "crime committed by a person of respectability and high status in the course of his occupation" (Sutherland, 1940).

There exist arguments with regards to how insufficient is the use of white-collar crime to describe the wide range of offences committed by the 'powerful', be the wealthy individuals or corporation (Croall, 2014). Also, there is acceptable distinction between classic white-collar crime (occupational crime) and organizational crime or corporate crime. The classic white-collar involves personal gain at the expense of employers, government or client while the corporate crime involves increased profit or the survival of organization (Slapper & Tombs, as cited in Croall, 2014).

Furthermore, critic continues on Sutherland definition on a white-collar crime. Sutherland work is limited by his definition. He has a striking inability to differentiate between corporate entity and management. Suggestion by criminologist centres on the use of corporate crime and occupational crime rather than white-collar crime (http://highered.mheducation.com). White-collar crime is *"a violation of law committed by a person or group of persons in the course of an otherwise respected and legitimate occupation or business enterprise"* (http://highered.mheducation.com, p.312). Information from this online resource opines that white-collar and corporate offences include heterogeneous mix of corporate and individual crimes from fraud, deception and corruption, with victims ranging from informed investors to the unsuspecting consumer. This implies that no individual or entity is immune to corporate crime.

However, corporate crimes are as difficult to uncover as they are easy to commit (Karwai, 2002). He put forward that fraud committed in modern day corporations involves a complex web of deception and conspiracy that most times mask the actual cause of the fraud. This implies that much more forensic accounting studies have to be undertaken on the causes, extent and characteristics of corporate fraud before a viable preventive strategies or measures can be developed. Categories of corporate crimes committed by individuals and management include but not limited to; securities-related crimes, consumer fraud, tax fraud, insider-trading, insurance fraud, bribery, corruption, political fraud, bankruptcy etc. Consequently, the case of Enron Corporation and its auditor Arthur Andersen is one of the high profile reported corporate crime in world record. Andersen was prosecuted and convicted for filing misleading audit report about Enron Corporation knowing fully well that there exists aggressive accounting in Enron's books. Tyco, HealthSouth, Global Crossing, etc. were all perpetrators of corporate crime.

In Nigeria, the case of Mrs. Cecilia Ibru is not new. She was prosecuted and convicted for money laundering to wire fraud of which she admits mismanagement of shareholders' funds (Dada, Awolabi & Okwu, 2013). They postulates that high profile fraud cases as at 2010 with Economic and Financial Crimes Commission (EFCC) showed that a total of about fifty four (54) cases involving over one trillion (N1.3 trillion) naira are in various courts in Nigeria.

Forensic Accounting, Corporate Governance and Corporate Crime Mitigation

The technique of forensic accounting in combating corporate crime is fast becoming popular. This technique involves providing an accounting analysis that is suitable for court discussion, debate and ultimately dispute resolution. The integration of accounting, auditing and investigative skills gives birth to forensic accounting (Dada et al, 2013).

However, owing to the failure of statutory auditing to report true and fair view of corporate entity coupled with the inability or lack of expertise by auditors to detect or identify possible symptoms of fraud, the need for forensic accounting becomes inevitable for any organization that wish not to settle for corporate collapse (Okoye & Gbegi, 2013). Also, *Ramaswamy (2005) opines that* the failure of the corporate communication mechanism has made the financial stakeholders' realize that there is a great need for skilled professionals that can identify, expose, and prevent weaknesses in corporate governance, flawed internal controls, and fraudulent financial statements. Ramaswamy suggests that there is need for a centralized system to measure and monitor internal controls' effectiveness and the alignment between corporate governance, internal control, and external reporting activities. Also, in any governance committee set up by any company, a forensic accountant can make a significant contribution in areas such as corporate governance, fraud prevention, creating a positive work environment, establishing effective lines of communication, vigilant oversight, establishing consequences and fraud investigation. Furthermore, Enofe et al, (2013) maintains that most times fraud cases emerge as a result of weak corporate governance. An environment where corporate governance is weak, individual or group of people with similar interest can take advantage of the poor governance structure to commit corporate fraud. They postulate that fraud may not be easily detected, but the symptoms are usually observed. Some symptoms may be observed as a result of mistakes and not necessary activities that may cause fraud or cause assumption that fraud has been committed. It is advisable that one should apply caution when fraud is reported or perceived as it may be false allegation. They suggest that a well implemented corporate governance policy is a panacea to alleviate the problem within corporate reporting system.

Consequently, the fraud menace has instigated different groups/stakeholders in the society to charge the accountants to employ more robust measures in providing assurance regarding reliable financial reporting, sound corporate governance and detection and prevention of fraud (Bhasin, 2013). Forensic accountant may have been in the best position to track this complexity of fraud and highlight them to investors. Bhasin also maintains that the recent financial crisis has been a compelling issue for policy-makers, regulators, investors and other stakeholders to have a rethink on what improvement could be made to the corporate reporting system. Despite the good corporate reporting system that may be installed, management override of control may still persist subjecting a sound corporate reporting system to nothing. The question is how robust should corporate governance structure be in order to eliminate any symptom of corporate collapse? Corporate collapses or scandals for the past few years have rendered investors a big shock that will remain in posterity even though such collapse came as a shock to them and to the global society. Most of the scandal emanates not only because of the big corporate failures, but also as a result of sharp accounting practices. In the light of this, Bhasin posit that the linkage between the accounting failure and corporate governance is beginning to emerge.

However, research suggests that poor corporate governance is a leading factor in poor performance, manipulated financial reports and unhappy stakeholders. As a result of this, regulatory authorities and corporations are making frantic efforts to analyse and correct any existing weaknesses in their reporting system (Ramaswamy, 2005). While trying to analyse some problems within the corporate reporting system, Ramaswamy says that a three-tier security system usually protects the interest of investors and other stakeholders external to the company. The three-tier security system highlighted include; the company governance code at the top level which aim at enforcing company policies, achieving company objectives, performance monitoring and disclosure of company's operations. Aside the top level, at the other end is the reporting system by which public and private institutions such as the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) and Financial Accounting Standard Board) which require public companies to comply with accounting and disclosure standards, and their auditors to audit, independence, ethical and quality control standards. Within the Nigeria environment currently, these regulatory bodies consisting of both private and public institutions include the defunct Nigeria Accounting Standard Board (NASB) which has converged with the International Accounting Standard Board (IASB) regulations and standards as from January 1, 2012, the Nigeria SEC and Company and Allied Matters Act (CAMA).

However, Ramaswamy (2005) maintains that the corporate governance system seems to have been inadequate in many corporations. As companies employ more efforts to reposition their interest with that of their stakeholders, some areas of short-comings are evolving which include; lack of a well-developed and implemented policy of corporate governance, lack of honesty and transparency in reporting, and inefficient and ineffective system of internal control. Owing to some of these emerging weaknesses, Enofe et al (2013) suggests that though auditors does not have the full duty to detect fraud, they should ensure fair, true and transparent reporting practices that protects the interest of the public as well as the employees. They opine that with the use of forensic accounting guidelines, auditors can assume the position of a forensic accountant. On the issue of inefficient and ineffective internal control system, it is difficult to change a weak management with internal control system in as much as management overrides of control persist. In such situation, it is ideal that the old approach should be discarded for current feasible approaches. Employing forensic accounting will be a welcome alternative in tackling the menace. When the forensic accountant is allowed to be part of the management board in developing a robust internal control mechanism, the occurrence of fraud or the tendencies to commit fraud will be curtailed to the barest minimum if not eliminated into to.

Furthermore, the forensic accountant efforts in mitigating corporate crime can emanate from evidence collected in an internal corporate investigation that may lead to internal discipline which can serves as deterrence to others. Forensic accountants are also relevant to the legal environment by providing expert services on issues regarding fake invoicing valuations, suspicious bankruptcy valuations, and analysis of financial documents in fraud schemes (Gottschalk, 2010).

Methodology

The study adopted a survey research design. The population for the study consists of the entire staff of the Economic and Financial Crimes Commission (EFCC) and the big auditing firms in Nigeria (Deloitte, KPMG and PWC). In view of the large population, a sample size of eighty (80) staff spread across EFCC, Delloitte, KPMG and PWC was selected of which only sixty-six (66) questionnaire were retrieved after administration. The criteria for the sample selection were convenience and accessibility (a non-probability sampling method).

The justification for the use of questionnaire, designed in a Likert-scale was to enable the researcher to scale/measure the strength of responses elicited from the various respondents. In line with NacMaiah and NacMaiah (2009), the reliability and validity of the research instrument were achieved using the test-retest and content validity method respectively.

Both descriptive and percentage analyses were used to analyze the data. The acceptance of the alternate hypotheses was based on the mean statistics hovering around 1 and 2 which indicate ‘’strongly agreed’’ and ‘’agreed’’ respectively.

The model specification for the study is given below:

C_{crime}= (FR_{acc}, C_{gov}_FR_{acc})

Where:

C_{crime}= Corporate Crime

FR_{acc}= Forensic Accounting

$C_{gov}\_FR_{acc}$= Strengthening of Corporate Governance through forensic accounting

Data presentation and analyses

This section entails the application of both mathematical and statistical techniques which provided the bases for the testing of the research hypotheses. Hence, it is a vital part of any research work, since it forms the bases for recommendation and conclusions at the end of the research.

Data Presentation

The data for the study are presented below:

Table 1

Categorization

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	EFCC	16	24.2	24.6	24.6
	Deloitte	15	22.7	23.1	47.7
	KPMG	16	24.2	24.6	72.3
	PWC	18	27.3	27.7	100.0
	Total	65	98.5	100.0	
Missing	System	1	1.5		
Total		66	100.0		

Source: Output from SPSS 17.0

24.2% of the questionnaire was retrieved from staff of EFCC, 22.7% from Deloitte, 24.2% from KPMG and 27.3% from PWC making a total of 98.5%.

Table 2

Years of Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5	7	10.6	10.6	10.6
	6-10	29	43.9	43.9	54.5
	11-15	27	40.9	40.9	95.5
	16-20	3	4.5	4.5	100.0
	Total	66	100.0	100.0	

Source: Output from SPSS 17.0

In line with the number of questionnaire retrieved from the target audience, 10.6% had 0-5 years of working experience, 43.9% had 6-10 years of working experience, 40.9% had 11-15 years of working experience while 4.5% of the respondents had 16-20 years working experience.

Table 3
Academic Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	B.Sc Accounting	21	31.8	32.3	32.3
	Post-graduate Degree in Accounting	24	36.4	36.9	69.2
	Others	20	30.3	30.8	100.0
	Total	65	98.5	100.0	
Missing	System	1	1.5		
Total		66	100.0		

Source: Output from SPSS 17.0

On academic qualifications of the target audience, 31.8% had B.Sc Accounting, 36.4% had post graduate degree in Accounting while 30.3% had other qualifications.

Table 4
Professional Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FCA	13	19.7	26.5	26.5
	ACA	12	18.2	24.5	51.0
	CNA	5	7.6	10.2	61.2
	ACCA	4	6.1	8.2	69.4
	CPA	7	10.6	14.3	83.7
	Others	8	12.1	16.3	100.0
	Total	49	74.2	100.0	
Missing	System	17	25.8		
Total		66	100.0		

Source: Output from SPSS 17.0

On professional qualification audience, 19.7% had FCA, 18.2% had ACA, 7.6% had CNA, 6.1% had ACCA, 10.6% had CPA while 12.1% had other qualification outside the knowledge of the researcher.

Table 5

Forensic accounting could be a better complement to the auditing profession in mitigating corporate crime in Nigeria

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	5	7.6	7.6	7.6
	A	32	48.5	48.5	56.1
	U	26	39.4	39.4	95.5
	D	3	4.5	4.5	100.0
	Total	66	100.0	100.0	

Source: Output from SPSS 17.0

The result above showed that cumulative percentage of 56.1 went for both strongly agreed and agreed which indicates that the role of the auditing profession in Nigeria should be complemented by the introduction of forensic accounting.

Table 6

Corporate crime mitigation could be achieved by strengthening corporate governance through forensic accounting

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	12	18.2	18.2	18.2
	A	32	48.5	48.5	66.7
	U	19	28.8	28.8	95.5
	D	3	4.5	4.5	100.0
	Total	66	100.0	100.0	

Source: Output from SPSS 17.0

The result showed that cumulative percentage of 66.7 went for both strongly agreed and agreed which is an indication that forensic accounting is a tool that could aid the strengthening of corporate governance in a bid to mitigate corporate crime in Nigeria.

Table 7

Non-involvement of forensic accountant in setting up and implementing internal control measures contributes to weak internal control mechanism, thus giving room for corporate crime

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	9	13.6	13.6	13.6
	A	33	50.0	50.0	63.6
	U	12	18.2	18.2	81.8
	D	10	15.2	15.2	97.0
	SD	2	3.0	3.0	100.0
	Total	66	100.0	100.0	

Source: Output from SPSS 17.0

A cumulative percentage of 63.6 went for both strongly agreed and agreed which is an indication of the assertion that the non-involvement of forensic accountants in setting up and implementing internal control measures contributes to weak internal control mechanism, thus giving room for corporate crime.

Table 8

Inability of statutory auditing to identify, expose and prevent weaknesses in corporate governance , flawed internal controls and fraudulent financial statements have made the need for forensic accounting inevitable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	5	7.6	7.6	7.6
	A	30	45.5	45.5	53.0
	U	17	25.8	25.8	78.8
	D	14	21.2	21.2	100.0
	Total	66	100.0	100.0	

Source: Output from SPSS 17.0

Given the result above, 7.6 and 45.5 percent of the respondents went for strongly agreed and agreed respectively which indicates that forensic accounting has become inevitable due to the shortcoming of statutory auditing to identify, expose and prevent weaknesses in corporate governance, flawed internal control and financial statements.

Table 9

The existence of corporate crime in Nigeria could be attribute to the auditing profession role of being a watch dog rather than a bloodhound

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	33	50.0	50.0	50.0
	A	32	48.5	48.5	98.5
	D	1	1.5	1.5	100.0
	Total	66	100.0	100.0	

Source: Output from SPSS 17.0

Table 9 above revealed that 50.0 and 48.5 percent of the respondents went for strongly agreed and agreed respectively indicating that the existence of corporate crime in Nigeria could be attributed to the auditing profession role of being a watch dog rather than a bloodhound.

Table 10

The existence of corporate crime in Nigeria could be attributed to weak corporate governance in most Nigeria corporation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA	4	6.1	6.1	6.1
	A	27	40.9	40.9	47.0
	U	15	22.7	22.7	69.7
	D	17	25.8	25.8	95.5
	SD	3	4.5	4.5	100.0
	Total	66	100.0	100.0	

Source: Output from SPSS 17.0

Given the result in table 10 above 6.1 and 40.9 percent went for strongly agreed and agreed respectively while 22.7 percent were undecided. This equally shows that the perpetuation of corporate crime in most Nigerian corporation is due to weak corporate governance.

Presentation and Discussion of Results

Test of Hypothesis One

Forensic accounting does not reduce the level of corporate crime in Nigeria.

Question 5 was used to test the above hypothesis using descriptive statistics as presented below:

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Forensic accounting when combined with auditing profession could help in mitigating corporate crime in Nigeria	66	1	4	2.41	.701	.058	.295
Valid N (listwise)	66						

Source: Output from SPSS 17.0

The mean value in the table above tends toward ‘’agreed’’ which indicate a rejection of the null hypothesis that forensic accounting does not reduce the level of corporate crime in Nigeria. The result also showed that the data were positively skewed, though not high. Given the menace of fraud in the society, accountants have been charged to employ more robust measures in providing assurance regarding reliable financial reporting, sound corporate governance and detection of fraud (Bhasin, 2013). In the light of this, forensic accounting could be a better option when combined with auditing profession to track the complexity of fraud thus, reducing corporate crime in Nigeria.

Test of Hypothesis Two

Forensic accounting role in corporate governance does not mitigate corporate fraud in Nigeria.

Questions 6, 7 and 8 were used to test the above stated hypothesis.

Descriptive Statistics							
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Corporate crime mitigation could be achieved by strengthening corporate governance through forensic accounting	66	1	4	2.20	.789	.213	.295
Non-involvement of forensic accountant in setting up and implementing internal control measures contributes to weak internal control mechanism, thus giving room for corporate crime	66	1	5	2.44	1.010	.679	.295
Inability of statutory auditing to identify, expose and prevent weaknesses in corporate governance , flawed internal controls and fraudulent financial statements have made the need for forensic accounting inevitable	66	1	4	2.61	.909	.244	.295
Valid N (listwise)	66						

Source: Output from SPSS 17.0

From the result above, the mean statistics for each of the questions were 2.20, 2.44 and 2.61 (average of 2.42) tends towards ‘’agreed’’ which indicate a rejection of the null hypothesis that forensic accounting role in corporate governance does not mitigate corporate fraud in Nigeria. According to Okoye and Gbegi, (2013) forensic accounting is an alternative to statutory auditing if corporation wish not to settle for corporate collapse. Ramaswamy (2005) opines that the failure of corporate governance mechanism has made the financial stakeholders’ realize that there is a great need for skilled professionals that can identify, expose and prevent weaknesses in corporate governance , flawed internal controls and fraudulent financial statements. According to Enofe et al (2013), fraud cases emerged as a result of weak corporate governance mechanism. An environment where corporate governance is weak, individual or group of people with similar interest can take advantage of the poor governance structure to commit corporate fraud. They suggested that a well implemented corporate governance policy is a panacea to alleviating the problem within corporate reporting system and one of such measures is the use of forensic accounting which encompasses both litigation support and investigative accounting. Investigative accounting is associated with investigations of criminal matters. In addition, the auditing profession role should also transcend mere reportage of the books of accounts of an entity and if they were prepared in line with the relevant laws. The auditing profession should assume the role of being a bloodhound by embarking on forensic audit in order to curb the menace of corporate crime in Nigeria rather than being only a watchdog. Having a corporate governance structure that incorporate both forensic accounting and forensic audit will in no small measure curb corporate crime thus, boost the economic realities of corporations in Nigeria and also enhance the confidence of users of financial statements.

General Questions

The general questions below were used to ascertain respondents view on:

(a) The existence of corporate crime in Nigeria could be attributed to the auditing profession role of being a watch dog rather than a bloodhound.

(b) The existence of corporate crime in Nigeria could be attributed to weak corporate governance in most Nigerian corporation.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
The existence of corporate crime in Nigeria could be attribute to the auditing profession role of being a watch dog rather than a bloodhound	66	1	4	1.53	.588	1.053	.295
The existence of corporate crime in Nigeria could be attributed to weak corporate governance in most Nigeria corporation	66	1	5	2.82	1.036	.292	.295
Valid N (listwise)	66						

Source: Output from SPSS 17.0

The mean statistic as per the general question (a) above tends toward ‘’agreed’’ which implies that most of the respondents are of the opinion that the auditing profession of only being a watch dog (reactive in nature) is insufficient and this is one of the major reasons why fraud has not been curbed to a large extent in Nigeria. Many have advocated that the traditional/primary role of auditing of error detection should be resorted to and made statutory if the profession wants to regain its pride of place of enhancing the confidence of users on financial statements.

The mean statistic as per the general question (b) above tends toward "undecided" as most of the respondents took a neutral role in providing answer to the above stated question. Be that as it may, there is the need for corporate governance to be strengthened if the issue of corporate crime is to be mitigated. Giving the rate of fraud and corporate collapse, it appears that the corporate governance is just a rubber stamp in order to fulfill the statutory law. However, corporate governance mechanism should be taking more seriously and further strengthened and one of such ways is the introduction of forensic accounting. According to Hopwood et al (2012), forensic accounting involves the application of investigative and analytical skills for the purpose of resolving financial issues in a manner that satisfies the standards required by the court of law. It is germane to state that the end product of forensic accounting should not only be for litigation purpose, but also using its investigative and analytical skills to curb fraudulent/sharp financial practices with the view to actually reporting the economy realities of an entity.

Policy Implication

In the light of the above results most especially on the collective agreement that forensic accounting could be an invaluable tool to ameliorate corporate crimes in Nigeria, board of directors should begin to see the need to embrace this all important tool in order to avoid corporate collapse. Regulatory authorities such as Securities and Exchange Commission (SEC) and Corporate Affairs Commission (CAC) should also ensure that forensic accounting should be taken into consideration in the composition of corporate governance mechanism in Nigeria. In this light, the Code of Best Practices on Corporate Governance issued by SEC/CAC in 2003 should be reviewed with the aim of taking forensic accounting into consideration.

Summary of Findings

(1) Cumulative percent of 56.1 of the respondents agreed with the assertion that forensic accounting could be a better complement to the auditing profession in mitigating corporate crime in Nigeria.
(2) Cumulative percent of 66.7 of the respondents agreed that corporate crime mitigation could be achieved by strengthening corporate governance through forensic accounting.
(3) Cumulative percent of 63.6 of the respondents posited that non-involvement of forensic accountant in setting up and implementing internal control measures contributes to weak internal control mechanism, thus giving room for corporate crime.
(4) Cumulative percent of 53.0 of the respondents asserted that the inability of statutory auditing to identify, expose and prevent weaknesses in corporate governance , flawed internal controls and fraudulent financial statements have made the need for forensic accounting inevitable.
(5) Cumulative percent of 98.5 of the respondents posited that the existence of corporate crime in Nigeria could be attributed to the auditing profession role of being a watch dog rather than a bloodhound.
(6) Cumulative percent of 47.0 of the respondents believed that the existence of corporate crime in Nigeria could be attributed to weak corporate governance in most Nigeria Corporation.

Conclusion and Recommendations

Based on the findings of this study, financial crime mitigation could be achieved if proper monitoring measures are in place and strong enough to curb the menace of corporate crime in Nigeria. And such measures could be an introduction of a centralized system to measure and monitor internal controls' effectiveness and the alignment between corporate governance, internal control, and external reporting activities.

In the light of the above, the following recommendations are made:

(1) Corporate governance mechanism should encompass forensic accounting in addition to its composition as contained in the Code of Best Practices on Corporate Governance as issued in 2003.

(2) In addition to the introduction of forensic accounting, the auditing profession should also not be left out in this all important innovation by embracing forensic audit to actually unveil fraudulent practices in Nigeria Corporations.

(3) Stiff sanction should be imposed and implemented on those found culpable of corporate crime.

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