Samuel Faboyede <samuel.faboyede@covenantuniversity.edu.ng>

International Conference at Goa India

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To: Oluku Mukoro <oluku.mukoro@covenantuniversity.edu.ng>, dr.mukoro@yahoo.com, samuel.faboyede@covenantuniversity.edu.ng, bchioma@4mail.com

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-THE EFFECTIVENESS OF FORENSIC ACCOUNTANTS IN STRENGTHENING INTERNAL CONTROL OF BUISNESS ORGANIZATIONS IN NIGERIA (A STUDY OF SELECTED BUISNESS ORGANIZATIONS IN NIGERIA)

Mukoro, Oluku Dick Ph.D
Department of Accounting, School of Business, College of Development Studies, Covenant University, Canaanland, Ota, Ogun State, Nigeria. oluku.mukoro@covenantuniversity.edu.ng
dr.mukoro@yahoo.com

Faboyede, Olusola Samuel
Department of Accounting, School of Business, College of Development Studies, Covenant University, Canaanland, Ota, Ogun State, Nigeria. samuel.faboyede@covenantuniversity.edu.ng

Eziamaka Chioma Blessing
Department of Accounting, School of Business, College of Development Studies, Covenant University, Canaanland, Ota, Ogun State, Nigeria. **bchioma@4mail.com**

ABSTRACT

The research work examined the effectiveness of forensic accountants in strengthening internal control of business organizations in Nigeria. Companies were chosen due to the important role they play in increasing the level of economic activity. The study aimed at investigating how fraud can be managed and handled in business organizations. The research work is a survey research and the sampling technique employed was the purposive sampling with a sample of five companies that was selected. A total of 100 copies of questionnaire were distributed to the staff of the selected business organizations. The data collected were analyzed using Statistical Packages for Social Sciences (SPSS). All the hypotheses were tested using Regression Analysis. The results of the empirical findings showed that internal control and its components play a significant role in controlling fraud in business organizations. It is recommended that internal control should be undertaken with effective continuous monitoring of the controls and companies should be stricter with compliance to control procedures.

Key words: forensic accountant, internal control, sampling techniques, regression analysis,

INTRODUCTION

1.1 BACKGROUND OF STUDY

With the rate at which fraudulent activities are growing or spreading, it is no simple vice; it demands full time and professional attention. The existing type of crime a far as Nigeria is concerned is abuse of trust in public offices, government officials. Crime and corruption in Nigeria has gone on rampage. Nigeria is ranked one of the most corrupt nations in the world. Crime and corruption had existed in various forms and extent in this country from time immemorial. But recently, the floodgates of this great "misfortune" were exceptionally opened, and the "bees" of corruption were let loose on the economy, the stings were pervasive with untold pains. Due to the increasing negative effect of this on the country both domestically and internationally which forced the leadership to be opened from its slumber, the government is throwing it back at the episode in some ways.

Internal control and fraud as concepts and theories are foremost issues in Auditing and investigation that were carefully examined and analyzed in this research work. The increasing rate of organizations and firm's fraud in recent times has prompted this research with the aim of using internal control as a tool for checking fraud. Internal control system is a critical component of management and a foundation for the safe and sound operation of business organizations. Also from recent examination reports on most business organizations, the absence of effective internal control had featured very prominently. It is also on record that weak internal control system had led to frauds of unimaginable magnitude in the system.

Therefore, internal control can be defined as "not only internal check and internal audit but the whole system of controls, financial and otherwise, established by the management in order to carry on the business of the organization in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of records"(Izedonmi 2000). The key to business success is a management that strictly adheres to internal control. The adequacy of capital alone cannot guarantee success. (Sanusi, 2001). There is no doubt that effective internal controls are definitely necessary for achieving the safety and soundness of the business organization system.

According to Webster, (1972) the word fraud means deceit, a trick, dishonest practice or a breach of confidence. The Oxford Advanced Learner's English Dictionary defines fraud as a criminal deception. That is to say, a fraud is any act of deception which is deliberately practiced in order to gain something dishonestly. Therefore, any action to constitute a fraud, there must be a proof of dishonest intention to benefit one person at the expense of the other. Fraud is a major economic crime which has become one of the most intractable problems of modern day business organizations. Business organization fraud is an international phenomenon which has become pervasive as the fraudsters become more sophisticated and daring in their approaches (Udenwa, 1998).

In the first half of the century, mostly audit work was done, the goal was to determine whether financial statements gave a true and fair view picture of financial positions, operating results and changes in financial position, but with the intense economic pressure forcing many to corrupt acts, stock market woes, the tightening and sluggish economy, the investigative accountant rose. It is believed that the auditor should be married with the investigator. The forensic accountant is referred to as the investigative accountant or fraud auditor. In today's business environment, with increased restrictive and regulatory requirements, there is a greater need for organizations to understand and address fraud. Implementing effective antifraud programs that identify fraud in a timely and minimize the resulting damage can reduce the likelihood of fraud occurring. Forensic accounting provides an accounting analysis that is suitable to the court and would form the basis for discussion, debate and ultimately dispute resolution. Forensic accountants are trained to look behind the numbers.

In contrast to the traditional auditor who is an independent person appointed by the owners of a limited liability company (i.e. shareholders) to examine the financial statements of the company prepared by the management of that company, the forensic auditor goes further using scientific detection methods. The forensic auditor uses explanatory analysis. The regular auditors focus on errors, omissions, exaggerated assertions, and misstatements of facts and even though they sometimes track suspicious things, a regular auditor hardly ever use the word. On the other hand, forensic auditors focus on exceptions, oddities, irregularities, patterns and suspicious things.

1.2 Statement of Problem

Frauds are not new in the Nigerian business organization system. They are as old as the industry itself. However, in recent times the rate and frequency at which they have been a cause of great concern to the management of all the business organization in Nigeria.

The level of fraud in the present day Nigeria has assumed an epidemic dimension. It has eaten deep into every aspect of our life to the extent that a three year old child talks about yahoo mail or 419, newly discovered nickname for Advanced Free Fraud that is hunting us a nation. Nigeria today with all its natural and human resources, confine on the brink of destruction because of fraud. Much of what we do is "cutting leaves" instead of dealing with the root problem. Generally, fraud takes its root from the human heart. It is an axiom that the heart is deceitful above all things and is desperately wicked.

According to Nwankwo (1991), Fraud is the number one enemy of the business world, no company is immune to it and it is in all works of life. The fear is now fife that the increasing wave of fraud in the Nigerian banking institutions in recent years, if not arrested might pose certain threats to stability and the survival of individual business organizations and the performance of the industry as a whole and no area of the economy is immune from fraudster and even the banking system. Fraud, if not checked might ruin the business organization sector.

The purpose of this work is to examine the effectiveness of forensic accountant in strengthening internal control in business organizations.

1.3 Objectives of the Study

The purpose of this study therefore, is to analyze the level of fraud in business organization system in recent year; determine the causes of these frauds and the contribution and effectiveness of forensic accountant in curbing fraud.

The objective of this study is to examine fraud in the business organization sector as well as forensic accounting as a mechanism for fraud control. Other objectives include:

1) To ascertain the roles of forensic accountant in the prevention, detection and control of fraud.
2) To determine if the business organizations are aware of the need for introducing forensic accounting.
3) To determine how effective internal control can prevent and detect fraud in the business organizations.

4) Compare the roles of a forensic accountant and the regular auditor in fraud investigation and detection.
5) To determine the forensic accountant effectiveness in strengthening operational efficiency in business organizations.

1.4 Research Questions

The central questions that this study seeks to answer are:

1. To what extent is the forensic accountant effective in strengthening operational efficiency in business organizations?
2. The effectiveness of forensic accountant and the regular auditor have it helped in fraud investigation and detection?
3. How can the introduction of forensic accounting help to reduce fraud to the minimum?
4. How has internal control help to prevent fraud in the business organizations?

1.5 Research Hypothesis

A hypothesis is a conjecture of a definite statement used for further investigation. It is of two types:

a) The Null $H_{(0)}$ Hypothesis
b) The Alternative $H_{(1)}$ Hypothesis.

The null hypothesis states that a conjecture in a negative form, while the alternative states a conjecture in a positive form, Izedonmi (2005). For the purpose of this study, the hypothesis testing shall be stated thus:

Hypothesis 1:
H_0: Internal control system has no significant role to play with regards to curbing fraud in business organizations.
H_1: Internal control system has significant role to play with regards to curbing fraud in business organizations.
Hypothesis2:
H_0: Compliance to control procedures does not control fraud in business organizations.
H_1: Compliance to control procedures controls fraud in business organizations.
Hypotheses 3:
H_0: The monitoring process of forensic accountants does not control fraud perpetration in business organizations
H_1: The monitoring process of forensic accountants controls fraud perpetration.
Hypotheses 4:
H_0: Risk assessment is not significant in controlling fraud.
H_1: Risk assessment is significant in controlling fraud.

1.6 Significance of The Study

This research work is very important because upon its completion, it will add intensely to existing knowledge and will be beneficial to the following:

i. **Government:** This work is significant to government because it enlightens government on the role of forensic accountant and how effective the forensic accountants can be in detecting and curbing fraud in all sectors especially the business organizations.

ii. **Accountants:** This work is significant to accountants because it broadens the thinking of the accountant to know that the profession has a significant role to play in combating this virus of fraud that has eaten deep into the fabrics of our economy and also realize that they are not restricted to auditing or accounting skill alone, but can become investigators in their own field of work.
iii. **Professional accounting bodies:** To reveal emerging trends in the accounting profession (A Nigeria Perspective) especially in the rise of forensic accounting so that professional bodies can evaluate their curriculum to appropriately suit the trend as well as to keep their members abreast of new development and emerging trends in the profession.
iv. **Researchers:** Researchers who will like to carry out further studies on this area will find this study very relevant because it will serve as a data bank for further studies.
v. **Society:** The society at large will have a better understanding on the effect of fraud and corruption practices on the growth and development of the nation and how it effect her public image in the world at large.

1.7 Scope of Study

This issue covers the problems relating the effectiveness of forensic accountant in strengthening internal control in the business organizations.

Putting it more emphatically, the scope of the study will constitute the following:

a) **Sample size:** consist basically of two companies in Nigeria. Therefore I will issue 100 copies of questionnaire.
b) **Geographical coverage:** the research study will cover two of our Nigeria companies (Unilever Nigeria Plc, May and Baker Nigeria Plc, KPMG, Cadbury Nigeria PLC, UAC of Nigeria PLC).
c) **Time horizon:** The research will examine the current trends of fraud in the business organizations.
d) **Sites:** The research work will be carried out in Lagos and Ogun state.

1.8 Sources of Data

In collecting data for this research primary and secondary source of data will be used. Primary source of data occurs when a researcher obtains a first data or information directly from the respondents. It will be obtained through questionnaires.

Secondary source of data will be obtained through the use of textbooks, journals, newspapers.

1.9 Limitations of Study

1) **Time constraint:** The combination of both academic activities and the writing of this project will really be a stretching task. The project was very demanding, so also is academic assignment. This wouldn't permit the use of a very large sample size.
2) **Resource constraint:** This research cost a lot to carry out. Expenses ranged from transportation costs, printing costs, telephone costs and some others posed a challenge on writing this project.
3) **Difficulty in gathering data:** The data used for this project is a combination of both primary and secondary data. The gathering of this data was really tedious especially the primary data which involves the distribution of questionnaires to various respondents.

4) **Poor response to questionnaire:** Most respondents were very reluctant in divulging the information needed. They refused to grant their assistance until basic requirements were met and my ability to meet such made them to respond inadequately.
5) **Difficulty in gathering relevant materials:** The broadness of the topic might hinder my access to specific materials such as journals and write-ups that will aid the smooth presentation of the research. Some information on various cases was not included in the research because they were not readily available.

1.10 Methodology of Study

In collecting data for this research study, both primary and secondary will be used, the primary data comprises of the statistical material used in collecting first hand responses to specific questions, as well as observations from field exercise. On the other hand secondary data will be purely historical in nature. These shall include materials from past records, journals, textbooks and the internet.

1. **Questionnaire:** the type of questionnaire to be administered shall contain both structural and unstructured questions relevant to the research topic. The questionnaire shall be structured in simple language, uncomplicated and its intention clear enough for easy understanding and response.
2. **Secondary source of data:** all other data to be used in this study, which will not be collected through any of the means previously mentioned, shall be obtained extensive research. This will cover various studies, articles reports, educational literature, textbooks, journals and also materials from the internet.

1.11 Definition of Terms

1) **Accounting:** This is the art of collecting, analyzing, classifying and recording of financial transactions affecting the performances and financial position of any business organization.
2) **Forensic:** Forensic according to the Cambridge international dictionary of English, can be used to discover information about a crime by scientifically examining the object or substance that are involved in the crime.
3) **Forensic Accounting:** It can be defined as the integration of accounting, auditing and investigative skills that provides accounting analysis which is suitable to the court and also from the basis for discussion, debate, and ultimately dispute resolution.
4) **Forensic Accountant:** A forensic accountant is a qualified professional who utilizes accounting, auditing and investigative skills in conducting an investigation.
5) **Crime:** Commission of an act or act of omission that violates the law and punishable by the state.
6) **Corruption:** The vision 2010 committee defined corruption as "all those improper action, or transaction aimed at changing the normal course of events, judgments and position of trust".
7) **Internal Control:** Committee of Sponsoring Organization (COSO) (2003) defined Internal Control as a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories; (a) effectiveness and efficiency of operations; (b) reliability of financial reporting; (c) compliance with laws and regulations.

8) **Fraud Control:** This is a way of limiting the illegality or complicated ways of defrauding or rubbing the resources of an organization which includes area of finance, materials, assets, documents etc. Georgetown university internal audit department giving a public seminar on "reporting and resolving know or suspected acts of fraud, embezzlement and dishonesty" said "fraud is a deceptive act or false representation undertaken or made by an employee during the course of employment with the course of employment with knowledge of its falsity and with the intent to deceive".

2.0 Literature Review

2.1 Introduction

Fraud has become an industry, not just for the fraudster, but for others as well. The investigation of fraud is only one of the roles of forensic accounting. Fraud and its root-greed and arrogance are of the human nature and as business people; we must see fraud as a permanent risk and seek ways to prevent it. Despite the fact that statistics show a major escalation in the preparation of fraud over the past decades, many company executives still dismiss the fact that they are victims of it. Being an effective accountant does not necessarily translate into being an effective forensic accountant but requires the professional to possess a broad spectrum of skills and knowledge.

In 2006, Bruce Dubinsky, a partner and director of forensic accounting and dispute analysis at the Bethesda, Maryland firm of Dubinsky & company, PC, emphasized that: Although forensic accounting is currently on the "hot" list of client services, there are plenty of accounting getting involved who shouldn't be because they don't understand the ins and outs of the niche...Many accountants think it is simply fraud investigation, and it's not. It is really much more than dealing with the numbers. It's no longer basic fraud work.

The review that will be used for this study will entail all relevant works that have been done by others scholars in the area of inquiry. The review is usually presented as summaries indicating the source including names of authors, titles of books/journal, title of articles, publishers and years of publication of such work. The literature review also entails a critical assessment of such works, indication of their strengths and weaknesses. However, the purpose of this literature review is to provide in-depth information on the area of inquiry.

2.2 Conceptual Framework

Forensic accounting is the practice of utilizing accounting auditing and investigative skills to assist in legal matter and the application of specialized body of knowledge to the evidence of economic transaction and reporting suitable is the purpose of establishing accountability or valuation of administrative proceeding. In wide sense, it can be said as the integrity of accounting auditing and investigative skill to abstain a particular result. U.S news and world report listed "forensic accountant as one of the 20 not job tracks" of the future and has made this branch of accounting trendy. However, forensic accounting is different from the old debit and credit accounting as it provides an accounting analysis that is suitable to the organization which will help in resolving the disputes that arise in the organization.

Forensic accountants utilize accounting; auditing and investigation skills while conducting an investigation, these accountants are trained to look into the dispute in a number of ways. They often retain to analyze, interpret, summarize and present a complex manner which is understandable and probably supported. Under contemporary conditions of business activity securing reliable financial information through disclosing financial statements is considered a generally accepted objective. Numerous financial frauds from the past and the beginning of the century have seriously disrupted the trust of numerous users of financial information contained in financial statements. The greatest frauds of the users of financial information and primarily investors have been committed by presenting false or falsified financial statements.

The responsibility of preventing, detecting and investigating frauds in financial statements lies in the hands of management of an enterprise, but also in the hands of other control institutions and mechanism. The system of internal control, internal auditing and audit committee are the key element as is for preventing that are created through misuse as well as those that use financial statements as instruments of fraud.

According to the Association of Certified Fraud Examiners (2008) Forensic Accounting is the use of professional accounting skills in matters involving potential or actual civil or criminal litigation, including, but not limited to generally accepted and audit principles; the determination of lost profits, income, assets or damages; evaluation of internal controls; fraud; and any other matter involving accounting expertise in the legal system. The word "forensic" is defined by Black's Law Dictionary as "used in or suitable to courts of law or public debate". Therefore "forensic accounting" is actually litigation support involving accounting.

In the last fifteen years, and increasingly today, the accountants that are called forensic investigators or forensic accountants have been engaged in detecting frauds in financial statements. In order to perform the given tasks, forensic accountants must have solid knowledge of accounting and auditing, developed capability of good communication-verbal, written and investigative, independence and a considerable degree of knowledge about the usage of information technology in accounting and auditing procedures.

Forensic Accounting, sometimes called investigative accounting, involves the application of accounting concepts and techniques to legal problems. Forensic accountants investigate and document financial fraud and white collar crimes and embezzlement. They also provide litigation support to attorneys and law enforcement agencies investigating financial wrongdoings.

Definition of forensic accounting

According to Adegbie, (2008) a forensic accountant is one who has mastered the science of accounting to assist lawyers and the courts to understand and supply accounting issues to the law and disputed matters.

i. Forensic accounting experts have extensive experience in investigations to determine solutions to disputed accounting matters to write experts reports on their investigation and to appear in court as expert witness.
ii. The expert may be hired solely as a consultant to an attorney and his client during litigation, or as one provides opinion as an expert.
iii. The accounting expert witness should reach conclusions independent of the attorney and client who hired him even though they may arrive at similar conclusion.

2.3 Historical Background of Forensic Accounting.

Despite the sudden interest in forensic accounting, it is not new. Thus, the website of Association of Certified Forensic Investigators of Canada maintains that forensic accounting has its genesis in Canada. Seven years after the court case, on march 12 1824, a young accountant by name James McClelland started his business in Glasgow, time, it may not have been known as forensic accounting, it can be traced to the early Scotland, issued a circular advertising various classes of work he was ready to undertake.

In the early 1900's the FBI used forensic accountants to snare criminals such as AI Capone. Yet forensic accounting is a profession remained relatively unknown until the recent degree of high-profile corporate scandals and stricter reporting and internal control regulations increased its public awareness and value in the business world. The first person to coin the phrase 'forensic accounting' was probably Maurice Peloubet in 1946. Kenneth Robinson suggested to that there is teamwork to be done both lawyers and accountants. Max Lourie, a lawyer employed in the New York Supreme Court published an article in which he suggests that he probably invented term "forensic accounting" although his particle appeared seven years after Maurice Peboulet had apparently coined them.

The field of forensic accounting is not a new concept, though it has grown in popularity in recent years. The basis of this field is founded upon understanding the mind of the fraudster in order to understand why frauds are committed. Donald Cressey, a sociologist and criminologist in the 1940s, became a leader in understanding fraudsters and why they do what they do. Cressey wrote, "Theft of the Nation", a treatise on la Cosa Nostra, and he was widely known for his studies in organized crime. Cressey first gained notoriety in this field while completing his PhD dissertation on embezzlers, while at Indiana University. Cressey interviewed nearly 200 incarcerated individuals charged with embezzlement. From his research, Cressey developed "The Fraud Triangle".

The Fraud Triangle states that there are three factors that must be present for fraud to occur: pressure, opportunity and rationalization. Employees faced with immediate financial needs may feel pressure to relieve the financial burdens facing them. This financial need is often secret and employees feel anxiety to solve their problems quickly and quietly. Once in this perceived dire situation, employees may then identify an opportunity to commit a fraud without the fear of being caught at their place of employment. Employees may rationalize that the motivation for committing fraud is that their needs outweigh the cost to the employer or they are entitled to take assets due to a perceived unjust treatment. Frauds often spiral out of control as the need to conceal the crime grows.

2.4 Theoretical Framework

Theory of reasoned action: This has been consistently utilized in behavioral intention research Theory of reasoned action originated from expectancy value theories in the field of social psychology.

Ajzen and Fishbein (1980:4) emphasized that theory of reasoned action is "designed to explain virtually any human behavior". The basis of TRA is built on the assumption that human beings systematic use of information available to them before they make decisions. TRA asserts that intention is the best predictor of behavior assuming that humans make rational decisions (Ajzen & Fishbein 1975). However, intention to perform a particular behavior depends on attitude toward that behavior and subjective norm (Ajzen & Fishbein 1980).

Sheppard, Hartwick and Warshaw (1988) in their meta-analysis on TRA studies verified that attitude and subjective norms had the predictive power to explain both intention and behavior in various contexts. TRA may be relevant for the current study because attitude and subjective norm may have a significant impact on the behavior to the use of FAS.

The Health Belief Model (HBM) is a health specific social cognition model that has adapted theories from behavior sciences (Ajzen 1988). The original HBM was developed to understand the decision to use preventive health service in the public health system (Hochbaum 1958). The imperative was to comprehend, explain and ultimately increase the use of preventive public health services such as vaccines and screening programs.

The result of the two reviewed studies suggested that each construct of the HBM is a significant predicator for protective health behavior (Harrison Mullen & Green 1992; Janz and Becker 1984). The behavior to prevent fraud is comparable to the behavior to prevent and screen for illness. The motivation to use FAS and protective health services arises from the same expectation that this susceptibility to fraud and perceived severity of harm. Therefore, perceived susceptibility to fraud and perceived severity of fraud may be relevant construct that could determine the behavioral intention to use FAS. However, since this study is based on organizational decision making the limitation of these HBM is the lack of consideration on normative and external factors.

2.5 Characteristics and Skills of a Forensic Accountant

There is a definite need for forensic accountants in the business world today, but not everyone possesses the many characteristics and qualities that comprise a high quality forensic accountant. Aderibigbe (2000) suggested that a forensic accountant require high level of competence, integrity and honesty to perform his job. He is of the opinion that a forensic accountant must be thoroughly trained and must prove his competence by passing all relevant examination to become a member of a recognized accountancy body. He maintains that a forensic accountant should always work with integrity, honesty and probity and must maintain a professional attitude in the performance of his responsibilities.

Forensic accountant need to posses strong writing and oral communication skills. In this profession it is imperative to have strong accounting background, a thorough knowledge of auditing, risk assessment, control and fraud detection: and a basis understanding of the legal system. It is important for forensic accountant to posses the ability to interview and effectively elicit information from the people who may not be willing to give truthful answer. Therefore, it is important for forensic accountant to be skeptical of those people they deal with.

There are many skills and characteristics that are necessary for successful forensic accountant. According to Grippo (2003), effective forensic accounting requires:

i. Education and training.
ii. Advanced and continued education in appropriate discipline.
iii. Diversified accounting and auditing experience.
iv. Communication skills, oral and written.
v. Practical business experience
vi. Diversified forensic auditing experience
vii. Ability to work in team environment
viii. People skills and flexibility.

However, the most important skill is experience. This experience is gained through natural maturing in the profession, in experience, the forensic accountant acquires skills in accounting, auditing, taxation, business operations and management, internal controls , interpersonal relationship, communication and people knowing how a business operate and effective types of internal control is a critical part of being a forensic accountant (Grippo 2013).

2.6 Qualities of a Forensic Accountant

According to Bologan & Robert (1995), the qualities of forensic accountant are;

a) The most foremost quality of a forensic accountant is independence, because a forensic accountant is often forced to balance conflicting opinion about the same piece of documentation.
b) The second major quality is an intense sense of curiosity coupled with a desire to put a puzzle back together.
c) The forensic is calm and collected; has business judgment: and has a mind that can deal logically with esoteric and precise matters.

d) Ability to step out of that which could otherwise be a normal business situation and consider alternative interpretations that might not necessary make business sense, in other words, creative.
e) Confidence
f) Curiosity the desire to find out what has taken place in a given set of circumstance.
g) A forensic accountant involved in litigation must be physically fit to with stand the long days and night of investigation and preparation for trail, and the trial itself.
h) Good communication skills.

2.7 Comparison Between Forensic Accounting and Traditional Accounting.

According to Adegbie, (2007) Traditional accounting helped to bring about industrial revolution, and today, accounting is the underlying foundation of business and finance. Accounting is essential for evaluating the efficiency of a business, and it does this by recording the history of a business failures, successes, and projections for the future. Accounting is commonly defined as the art of recording, classifying, summarizing, and interpreting monetary transactions and events of a financial character.

Forensic accounting does not always have to reconstruct financial statements, but should not take the ones given on face value. It is more a mindset than a method. The analysis of accounting records without such a mindset is called auditing. Looking for signs of deception is forensic accounting. An auditor may help provide an investigative lead by discovering the absence of a business purpose for a transaction or an auditor may find an insufficient amount of documentation for a transaction. All these inconsistencies and out-of-ordinary transactions will be part of any standard audit report. Forensic accounting looks further into these matters for "suspect" transactions and may start with the journals or ledger to scrutinize the "explanation section of books".

An audit in traditional accounting is called a report of independent accountants. Independence is a key issue and the ultimate purpose of the auditor's opinion is to provide users with reasonable assurance that the financial statements are in full conformity with the generally accepted principles. The concept of reasonable assurance is intended to describe the whole process {the audit was also conducted in accordance with generally accepted auditing principles} as well as have the following meanings: reliability of financial reporting, effectiveness and efficiency in operations, and compliance with applicable laws and regulations. An audit also leads to reflect upon a company's management in terms of credibility and integrity.

Regular auditors therefore focus on errors, omissions, and exaggerated assertions, misstatements of fact. Fraud auditors under forensic accounting focus on exceptions, oddities, irregularities, patterns and suspicious things. Only 10% of the time will a regular auditor detect fraud and it will probably be by accident, fraud auditors might improve on this detection percentage by going straight to the types of accounts where fraud is likely to occur.

Examples of fraud targets are:

a) Payables, payroll, benefits, and expense claims are typical targets of lower-level employees.
b) Profits, deferred expenses, sales revenue, and inventory are typical of higher-level employees.

The characteristic that distinguishes fraud auditors and forensic accounting from regular auditors is the persistence and doggedness to which a suspicion is followed upon. Suspicion refers to signs of cover up or disgrace. Forensic accountants may be ordered in by a regulatory agency after receiving notice from an employee whistleblower, or press coverage make it known that a company has a scandalous CEO or history.

Forensic accountants react in response to criminal complaints statements made in civil litigation, and rumors that come to the attention of authorities. Class-action suits by shareholders may trigger a forensic accounting investigation, but class-action suits only hurts the corporation, and let the offending CEO go free. Regular auditors also tend not to make good witness in court, and they sometimes are more a hindrance than help for law enforcement.

2.8 The Need for a Forensic Accountant

The increase in the complexities of various businesses in a litigation environment has given rise to the need of the discipline-forensic accounting. They are:

i. **Criminal matters:** white- collar crime have consistently used accountants and auditors In attempts to sort out, assess and report on financial transactions related to allegation against individuals and companies in a variety of situations such as arson, shams, fraud, kickbacks and stock market manipulations. In criminal matters, accountants and auditors as expert witnesses are increasingly important in court cases.

ii. **Corporate investigation:** the forensic accountant assists in addressing allegations ranging from kickbacks and wrong dismissal to internal situations involving allegations, rumors or enquires: they may view the accountant as an independent and objective party and thus be more willing to engage in discussions.

iii. **Litigation support:** Litigation support includes assisting counsel in investigating and assessing the integrity and amount relating to such areas as loss of profits, construction claims, product liability, shareholders disputes and breach of contract.

iv. **Government:** The forensic accountants can assist governments to achieve regulatory compliance by ensuring that companies follow the appropriate legislation. Grant and subsidy investigations and public inquiries for a part of its service to government.

v. **Insurance claim:** The presence of the forensic accountant is required when the integrity and quantum of a claim need to be assessed. The more significant areas relate to the calculation of loss arising from business interruption, fidelity bond and personal injury matters.

vi. **Matrimonial dispute:** matrimonial disputes form a forensic accountant point of view often involves locating and evaluating of assets. The assets are to be valued may be businesses, property or other assets.

2.9 The Significance and Relevance of Forensic Accountants

The forensic accountants trace out fraud and criminal transactions from financial record of the public and private organizations. They look for indisputable evidences.

Forensic accountant take a more practical, doubtful approach in investigating the books of accounting. In fact, they have nothing to do with accounting or assurance standards rather they are only interested in investigating possible crime, so forensic accountants apply specialized knowledge and explain skills to pause upon the evidence of economic transactions. The job requires reporting where the responsibility of the fraud is recognized and the report is considered as evidence in the court or other considering administrative proceedings. They are expected to think much beyond their normal ability that is needed to succeed in any particular field. By developing the ability of thinking, they enhance a person's probability of success in life. Likewise, they increase a person's worth in his business.

The significance of forensic accountant is growing at a rapid rate, rising cybercrimes, malfunctioning of regulators, security scams and many other upcoming issues of this kind are openly indicating demand of forensic accountants.

According to Adegbite (2008), forensic accounting is relevant to the present situation because of the desire to have economic growth, crime free society foreign direct investment and positive image both locally and internationally. The relevance to the economy can be derived from the following:

i. It support's forensic audit, which is an estimation of evidence regarding an assertion to determination its correspondence to establish criteria carried out in a manner suitable to the court.
ii. It leads to the application of financial skills and an investigative mentality to unresolved issues, conducted within the context of the rules of evidence.
iii. It helps and supports the investigation of criminal matters like: employee theft, securities fraud insurance fraud, embezzlement and proceeds of crime investigations litigation support. It provides assistance of an accounting nature in a matter involving existing or pending litigation.
iv. As a discipline, it encompasses financial expertise, fraud knowledge, and a strong knowledge and understanding of business reality and the working of the legal system.
v. It provides litigation support by providing assistance with examination for discovery including the formulation of question to be asked regarding financial evidence.
vi. It provides at the examination for discovery to review the testimony, assist with understanding the financial issues and to formulate additional questions to be asked.
vii. It provides attendance at trial to hear the testimony of the opposing expert and to provide assistance with cross-examination.

2.10 Definition of Internal Control

There has been a difference about the meaning of internal control and different definition has been given by different people. Many people interpreted the term internal control as the steps taken by business organizations to prevent fraud both misappropriation of assets and fraudulent financial reporting. Such differences in interpretation also existed in the professional publications issued by American Institute of Certified Public Accountants, the Institute of Internal Auditors, and the Research Foundation of the Financial Executives Institute.

Auditing practices committee as cited in Adeniji, (2004) defined internal control as "the whole system of control, financial or otherwise, established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management's policies, safeguard the asset and secure as far as possible the completeness and accuracy of the records".

International standards on Auditing (ISA 400) as citied in Ageniji defined internal control as all policies and procedures adopted by the management of an entity to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

Internal control is not the office or the officer in charge of internal but internal controls according to Carl & James are policies and procedures that protect assets from misuse, ensure that business information is accurate, and ensure that laws and regulations are being followed. Policies of any organization are the established ways of doing things, it is unique to each organization and it differentiates ne from the other. Procedures are laid down guidelines that may be unique to a company or industry as the case may be in the absence of policies and procedures, rule of thumb will be applicable and this weakens internal control of any firm.

Finally, the definition of internal control is comprehensive in that it addresses the achievement of objectives in the areas of financial reporting, operations and compliance with laws and regulations. It encompasses the methods by which top management delegates authority and assigns responsibility to its subordinates. Internal control also includes the program for preparing, verifying and distributing to various levels of management those current reports and analyses that enables executives to maintain control over the variety of activities and functions that are performed in a large organization.

2.11 Objectives of Internal Control

According to Izedonmi (2000), the broad objectives of internal control system include the following:

a. To provide a framework for an organizational structure so as to ensure that business activities are conducted in an orderly and efficient manner.
b. To provide adequate safe guard over the enterprise assets both tangible and intangible.
c. To provide a monitoring mechanism that helps to ensure compliance with policies set up by management.
d. To provide adequate controls which help to ensure only valid transactions are recorded and the transactions are correctly recorded.

2.11.1 Types of Control

i. Preventive controls

These are controls that predict potential problems before they occur and make adjustments. They also prevent an error, omission or malicious act from occurring. These are controls that prevent risks occurring. For example, authorization controls should prevent fraudulent or erroneous transactions taking place. Other preventative controls include segregation of duties, recruiting and training the right staff and having an effective control culture, using well-designed documents to prevent errors, establishing suitable procedure for authorization of transactions. Employ only qualified personnel.

ii. Detective controls

These are controls that detect if any problems have occurred. They are designed to pick up errors that have not been prevented. These could be exception types of reports that reveal that controls have been circumvented. For example, large amounts paid without being authorized. Other examples could include reconciliations, supervision and internal checks.

iii. Corrective controls

Corrective controls are ones that address any problems that have occurred. Where problems are identified, the controls ensure that they are properly rectified. Examples of corrective controls include follow-up procedures and management action.

Clearly the most powerful type of control is preventative. It is more effective to have a control that stops problems occurring rather than to detect or correct them once they have occurred.

2.12 limitations of internal control

Internal control can provide reasonable, not absolute, assurance that the objectives of an organization will be met. The concept of reasonable assurance implies a high degree of assurance, constrained by the costs and benefits of establishing incremental control procedures.
Effective internal control implies the organization generates reliable financial reporting and substantially complies with the laws and regulations that apply to it. However, whether an organization achieves operational and strategic objectives may depend on factors outside the enterprise, such as competition or technological innovation. These factors are outside the scope of internal control; therefore, effective internal control provides only timely information or feedback on progress towards the achievement of operational and strategic objectives, but cannot guarantee their achievement.
Internal control involves human action, which introduces the possibility of errors in processing or judgment. Internal control can also be overridden by collusion among employees or coercion by top management.
No matter how well the internal controls are designed, they can only provide a reasonable assurance that objectives will be achieved. Some limitations are inherent in all internal control systems. These limitations include:

a) Judgment - the effectiveness of controls will be limited by decisions made with human judgment under pressures to conduct business based on the information available at hand.
b) Breakdowns - even well designed internal controls can break down. Employees sometimes misunderstand instructions or simply make mistakes. Errors may also result from new technology and the complexity of computerized information systems.
c) Management Override - high level personnel may be able to override prescribed policies or procedures for personal gains or advantages. This should not be confused with management intervention, which represents management actions to depart from prescribed policies and procedures for legitimate purposes.
d) Collusion - control system can be circumvented by employee collusion. Individuals acting collectively can alter financial data or other management information in a manner that cannot be identified by control systems.

2.13 The Application of Internal Control to Reduce Fraud

Internal control is defined as the whole system of controls, financial or otherwise, established by the management in order to carry on the business in an orderly manner, safeguard its asset and secure, as far as possible, the accuracy and reliability of its records. Internal control can be divided into 2 main parts:

i. Organizational controls.
ii. Accounting controls.

Organizational controls: Organizational controls provide the condition and framework under which the system of accounting and internal controls can operate efficiently. They help to monitor performance of the accounting system through analysis and reporting of the results which it produces.
Organizational controls include;

i. Organization: overall management and department structure clearly defined preferably by organizational charts. Written job descriptions showing authorities, duties and lines of responsibility.

ii. **Authority levels:** adequate authority levels established and set out for the initiation or approval of transaction.
iii. **Competence of staff:** staff must both understand and be competent to carry out transactions entrusted to them.
iv. **Accounting records:** simple as possible (to minimize errors) be in permanent form, kept current so that up to date management information is available, therefore errors are discovered.
v. **Management information:** management needs information to enable them make decisions based on knowledge of all relevant facts and run the organization in the most effective manner.
vi. **Internal audit:** they are responsible for reviewing and reporting to management on the design and operation of the control in force and the accuracy of information provided for management.

Accounting controls

They ensure that:

a) The organization receives and enters in its accounting records all income and revenue to which it is entitled to.
b) All expenditure is properly authorized.
c) All liabilities are properly recorded and provision is made for known or expected losses.
d) All assets are properly recorded and safeguarded.
e) The accounting records provide a reliable basis for the preparation of accounts.

Internal accounting controls are in two forms:

a) Basic controls which are controls necessary for the completeness and accuracy of accounting records. They include;
   i. Maintaining total amounts to provide an independent overall control over ledgers to which they relate.
   ii. Detailed checking of one document or accounting record against another. (.e.g. cheques, invoice, goods received notes)
   iii. Establishing batch total of documents to be processed e.g., naira value total for the batch documents
   iv. Holding files: a list of transaction's or a file of originating documents is maintained and items are deleted from the list or file as processing is finalized.
   v. Verifying records with evidence from outside sources such as the regular comparison of the cash book with the bank statement.
   vi. Taking a periodic trail balances.
   vii. Checking records by verifying the physical existence of the assets to which they relate.
   viii. Pre-numbering of originating documents (goods received notes, sales, invoices etc.)
b) Discipline over basic controls is exercised by:
   i. **Supervisory controls**: Approval of documents before processing and reviewing of completed checks. E.g. Reconciliation such checks bring evidenced in writing by signature of official performing.
   ii. **Separation of duties**: well defined responsibilities division. Genuine errors are concealing his action by falsification of the relevant records.
   Division of responsibilities should exist for:

a) Authorizing the transaction.
b) Rotation of duties.
c) Physical custody and control of assets relating to the transaction.
d) Recording the transaction in the accounting records.

iii. **Custodial control:** these are designed to ensure that assets such as stock, cash, cheques or significant documents are maintained securely.

The need for evaluation

Evaluating the internal control system means judging its purpose, effectiveness and highlighting its strengths and weaknesses. Auditing testing, both substantive and compliance, contributes a necessary element in judging the effectiveness of the system.

The internal audit has to make judgments about the effectiveness of control and the scale at certain critical stages in each audit assignment or task:

i. When deciding which activities to examine in detail.
ii. When evaluating the controls after recording the system.
iii. When deciding which aspects of each activity selected for examination should be recorded by flow chart or otherwise.
iv. When reassessing the system in the light of the result of compliance tests.

Progressive evaluation is critical in deciding what further audit work to do. The internal auditor must react positively and constructively to the circumstances uncovered as the audit assignment progresses.

Control weaknesses

Weaknesses in control procedures will be classified into four categories according to impact upon the system;

1. **Negligible effect:** when the effect on ultimate performance is likely to be negligible, the weakness will not normally be a cause for concern.
2. **Loop holes:** the internal auditor should assess and report the consequences of the weakness and recommend protective measures.
3. **Definite weakness:** the internal auditor should report the weakness and recommend a means of rectification.
4. **No effective control:** urgent action by the accounting management is required; the internal auditor should evaluate the risk and endeavor of focus management attention on it.

The system should be considered as a whole and the internal auditor must exercise judgment to assess whether the effect of a weak control is compensated by other control within the system.

Application of mission to prevent and control fraud

The corporate mission has four elements:

i) **Purpose:** a definition of what the company exist for (the company exists to satisfy all its shareholders, stakeholders, customers, employee, supplier and the community).
ii) **Strategy:** this defines the business that the company is going to complete in the position that the company plan to hold in that business, and the distinctive competence or competitive advantage that the company has or plan to create.
iii) **Policies and behavior standards:** purpose and strategy are empty intellectual thoughts unless they are converted to action, policies and behaviors are guidelines that help people to decide what to do on a day to day basis.

iv) **Values**: these are beliefs, moral principles that lie behind the company's culture. A value gives meaning to the norms and behavior standards in the company. Company values are not explicit and can be understood only by perceiving the philosophical rationale that is behind management behavior.

A corporate mission is much more than good intentions and fine ideas. It represents the framework for the entire business; the value which drives the company has in itself and what it can achieve.

Listing internal control system

The aims of internal audit are:

I. To evaluate how effectively the implementation of management policy is controlled, and how efficiently operations are controlled.
II. To check compliance with management policy and directives as exercised through the systems of internal control.
III. The testing has to be designed to fulfill a number of separately identifiable purposes. The internal auditor examines the system documentation and assesses the contribution of each prescribed procedure toward the achievement of the management objectives as defined for the system.

2.14 The Internal Control Structure

- Control environment
- Monitoring
- Risk assessment
- Information and communication
- Control activities

It is important that these components be examined critically and explicitly;

Control Environment

The control environment sets the tone of an organization, because it influences the control consciousness of the organization personnel and it's the foundation for other components. The auditor obtains an understanding of the control environment because it influences the consistency of procedures and the general effectiveness of the accounting system and control procedures. The control environment will include among others:

i. **Methods of assigning authority and responsibility:** this influences how well responsibility are communicated, understand and how much responsibility personnel feel in performing their duties.
ii. **Organizational structure:** this deals with the overall framework of planning, directing, and controlling operations. This is very important especially in areas of finance as it will review persons delegated with specific responsibility and will enable the internal auditor directs discretion with specification.

Monitoring

This deals with the process of assessing the quality of internal structure's performance over time. Especially in finance two important aspect of monitoring are management control methods and an internal function:

i. **Management control:** control is enhanced if management regularly compares recorded transactions and balances with expected results, based on sources such as budgets, standard costs, and prior experience. The effectiveness of these procedures depends on the thoroughness of management in investigating the variances between planned and actual results. Diligent use of budgets, Component involves responsibility reporting, and operating data by management to monitor operations can contribute to the achievement of specific objectives.

ii. **Internal audit function:** this is identified as a factor in the control environment because it is a means management uses in monitoring or to monitor the accounting system and related control procedures.

Douglas et al records that the internal audit function is an individual, group, or department within a company that act as a separate higher level of control to determine that the internal control structure is functioning effectively.

Risk Assessment

This is the organization process for identifying and analyzing the risks relevant to the attainment of its objectives. The risk assessment for the basis for the determining how the risks should be managed.

For financial reporting purposes, risk assessment involves the identification, analysis, and management of risk relevant to the reparation of financial statements that are fairly presented in conformity with generally accepted accounting standards or principles. The risk assessment process should consider external and internal events and circumstances that may occur of adversely affect the ability to record, process, summarize, and report financial data consistent with the assertion of management in the financial statements.

Information and Communication

The identification, capture, and exchange information in a form and timeframe that enables organization personnel to carry out their responsibilities.

For financial reporting purposes, the accounting system is the most significant aspect of the information and communication component. An efficient accounting system gives appropriate consideration to establish records and methods that will:

i. Identify and record all valid transactions
ii. Describe on a timely basis the transactions in sufficient details to permit proper classification of transactions for financial reporting
iii. Measure the value of transactions in a manner that permits recording their proper monetary value in the financial statements
iv. Determine the time period in which transactions accrued to permit recording of transactions occurred to permit recording of transactions in the proper accounting period.
v. Present properly the transactions and related disclosures in the financial statements.

Control Activities

This encompasses both policies and procedures that management has established to help ensure that management directives are carried out. However those relevant to the audit are called the control procedures, which include:

i. Authorization and approval
ii. Validity
iii. Completeness
iv. Recording accuracy
v. Safeguarding
vi. Reconciliations

2.15 Effectiveness of Internal Auditing in Fraud Control

According to the Blue Ribbon Commission on the Audit Committee (2002), there are various ways vial which the internal audit can exercise control over fraud in the organization, however there are also some of its component that will be considered thus:

Audit Committee or Board of Directors

The audit committee (or the board of directors where no audit committee exists) should evaluate management's identification of fraud risks, implementation of antifraud measures, and creation of the appropriate "tone at the top." Active oversight by the audit committee can help to reinforce management's commitment to creating a culture with "zero tolerance" for fraud. An entity's audit committee also should ensure that senior management (in particular, the CEO) implements appropriate fraud deterrence and prevention measures to better protect investors, employees, and other stakeholders. The audit committee's evaluation and oversight not only helps make sure that senior management fulfills its responsibility, but also can serve as a deterrent to senior management engaging in fraudulent activity (that is, by ensuring an environment is created whereby any attempt by senior management to involve employees in committing or concealing fraud would lead promptly to reports from such employees to appropriate persons, including the audit committee).

The audit committee also plays an important role in helping the board of directors fulfill its oversight responsibilities with respect to the entity's financial reporting process and the system of internal control. In exercising this oversight responsibility, the audit committee should consider the potential for management override of controls or other inappropriate influence over the financial reporting process. For example, the audit committee may obtain from the internal auditors and independent auditors their views on management's involvement in the financial reporting process and, in particular, the ability of management to override information processed by the entity's financial reporting system (for example, the ability for management or others to initiate or record nonstandard journal entries). The audit committee also may consider reviewing the entity's reported information for reasonableness compared with prior or forecasted results, as well as with peers or industry averages. In addition, information received in communications from the independent auditors can assist the audit committee in assessing the strength of the entity's internal control and the potential for fraudulent financial reporting.

Internal Auditors

An effective internal audit team can be extremely helpful in performing aspects of the oversight function. Their knowledge about the entity may enable them to identify indicators that suggest fraud has been committed. The Standards for the Professional Practice of Internal Auditing (IIA Standards), issued by the Institute of Internal Auditors (2002), state, "The internal auditor should have sufficient knowledge to identify the indicators of fraud but is not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud." Internal auditors also have the opportunity to evaluate fraud risks and controls and to recommend action to mitigate risks and improve controls. Specifically, the IIA Standards require internal auditors to assess risks facing their organizations. This risk assessment is to serve as the basis from which audit plans are devised and against which internal controls are tested.

The IIA Standards require the audit plan to be presented to and approved by the audit committee (or board of directors where no audit committee exists). The work completed as a result of the audit plan provides assurance on which management's assertion about controls can be made.

Internal audits can be both detection and a deterrence measure. Internal auditors can assist in the deterrence of fraud by examining and evaluating the adequacy and the effectiveness of the system of internal control, commensurate with the extent of the potential exposure or risk in the various segments of the organization's operations. In carrying out this responsibility, internal auditors should, for example, determine whether: the organizational environment fosters control consciousness. Realistic organizational goals and objectives are set. Written policies (for example, a code of conduct) exist that describe prohibited activities and the action required whenever violations are discovered. Appropriate authorization policies for transactions are established and maintained.

Policies, practices, procedures, reports, and other mechanisms are developed to monitor activities and safeguard assets, particularly in high-risk areas.

Communication channels provide management with adequate and reliable information.

Recommendations need to be made for the establishment or enhancement of cost-effective controls to help deter fraud.

Internal auditors may conduct proactive auditing to search for corruption, misappropriation of assets, and financial statement fraud. This may include the use of computer-assisted audit techniques to detect particular types of fraud. Internal auditors also can employ analytical and other procedures to isolate anomalies and perform detailed reviews of high-risk accounts and transactions to identify potential financial statement fraud. The internal auditors should have an independent reporting line directly to the audit committee, to enable them to express any concerns about management's commitment to appropriate internal controls or to report suspicions or allegations of fraud involving senior management.

Certified Fraud Examiners

Certified fraud examiners may assist the audit committee and board of directors with aspects of the oversight process either directly or as part of a team of internal auditors or independent auditors. Certified fraud examiners can provide extensive knowledge and experience about fraud that may not be available within a corporation. They can provide more objective input into management's evaluation of the risk of fraud (especially fraud involving senior management, such as financial statement fraud) and the development of appropriate antifraud controls that are less vulnerable to management override. They can assist the audit committee and board of directors in evaluating the fraud risk assessment and fraud prevention measures implemented by management. Certified fraud examiners also conduct examinations to resolve allegations or suspicions of fraud, reporting either to an appropriate level of management or to the audit committee or board of directors, depending upon the nature of the issue and the level of personnel involved.

2.16 General Role of Internal Audit Fraud Control Measures

Internal Audit should fulfill its terms of reference by systematic review and evaluation of risk management, control and governance which comprises the policies, procedures and operations in place to:

i. Establish, and monitor the achievement of the organization's objectives.
ii. Identify access and manage the risks to achieving the organization's objectives.
iii. Advise on, formulate, and evaluate policy, within the responsibilities of the Accounting Officer.
iv. Ensure the economical, effective and efficient use of resources.
v. Ensure compliance with established policies (including behavioral and ethical expectations), procedures, laws and regulations.
vi. Safeguard the organization's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption

vii. Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

Internal audit should devote particular attention to any aspects of the risk management, control and governance affected by material changes to the organization's risk environment.

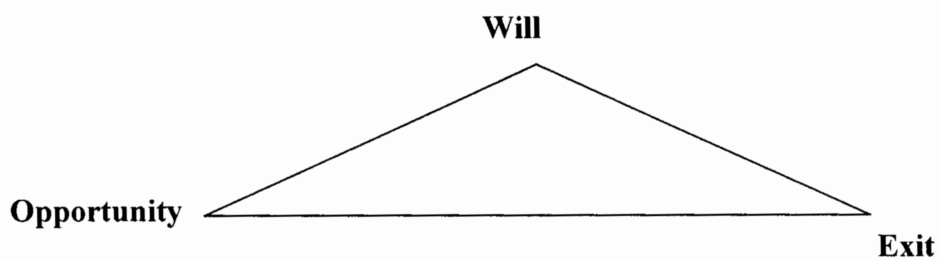
2.17 Fraud

Fraud takes its origin from time when people began trading money for goods and services. The cost of trading money for goods and services was associated with many ills such as business default, abuse of trust, false claim etc. which led to bad business. But since then, fraud has become such a phenomenon that it has become accepted as the term to describe how to steal money using information as weapon.

Dr. Francis Ojaide in his contribution sees fraud as an action of deceit, dishonesty, false claims, unlawful possession and conversion, dispossession of money, goods and services whether armed or not thereby causing the other party to be at disadvantage. To this, it is seen as a violent or obnoxious to the economic well-being of an individual or society at large. But criminologists believe that fraud is caused by three basic elements namely;

i. Will
ii. Opportunity
iii. Exit

i.



According to Jenfen B.I, the will to commit fraud is associated with the intention to defraud and consolidation of ideas before looking at the opportunity to exist. The will to defraud is as a result of economic hardship, which is a function of many variables such as unemployment, inability of ends to meet high cost of living, high taste and inability to get rich quickly which I will refer to as "me too" syndrome to achieve a self recognized status.

In every opportunity, there must be established loophole and the development of a plan to aid the development of a plan of action and the plan must be tested and consolidated. The perpetrator will identify the loopholes that are as a result of weak internal control measure, which will serve as an incentive to commit the fraud. In the same way the perpetrator will develop his plan defining the little action, the procedure to follow, the task or responsibility and the timing of his action.

2.17.1 Error

The term error refers to un-intensive/mistake in financial statements. Errors can be of a multitude of kinds- mathematical, or clerical, or in the application of accounting principles. There can be mistakes of commission, mistakes of omission, and errors in the interpretation of acts. Error is a regrettable act and every human being is capable of committing error. Error relates to unintentional misinterpretation of financial information.

2.17.2 Factors Influencing the Existence of Fraud And Errors

The following factors will increase the risk of fraud and errors within an enterprise, accordingly, the following steps should be taken to minimize them:

i. Where authority is concentrated in a few hands within the organization.
ii. Where management continually fails to implement internal control recommendation made by the external auditor.
iii. Where there is high rate of turnover in key accounting functions.
iv. Where there are frequent changes in the internal auditors of the enterprise.
v. Where the test and to legal advisers appears to be out of proportion with the actual services rendered.
vi. Where the accounting system is inadequate and the books of account cannot be reconciles with the financial statements.
vii. Where documentations supporting transactions are generally non-existent.

2.17.3 Auditors Responsibility

The legal position is that it is not the auditor's primary responsibility to detect or prevent fraud, errors or other irregularities. (see Re-Kingston cotton mill & co 1896). The auditor's duty is to state whether a set of account gives a true and fair view and comply with the relevant legislation. The auditor's responsibility is to design his work with a view to detecting these errors which might impair the truth and fairness of the financial statement. Therefore, in obtaining audit evidence, the auditor should satisfy himself that those errors & irregularities which may be material to the financial statements have not occurred or if they occurred, they are either corrected or properly accounted for in the financial statement. In carrying out these responsibilities the auditor should exercise reasonable care, skill and apply current auditing technique.

A. If the auditor discovers a possible fraud, other irregularity or error, the action he should take is:

i. Clarify whether the event has actually occurred.
ii. Consider taking copies of relevant original records.
iii. Inform senior management (unless senior management is suspected of fraud).
iv. Carry out test to quantify the amount involved.
v. Consider the effect on the financial statements, agreeing any adjustments with management (or otherwise qualifying his report).
vi. Reconsider the reliability of other aced + evidence (e.g. fraud by senior management cast double on their representations)
vii. Consider approaching the company's lawyer if they have advised, or seeking his own legal advice, on any further actions necessary.

(In the public sector, auditors have particular responsibility regarding unlawful items of account & improper losses.)

Where the auditor concludes that, as a result of fraud or other irregularity, the financial statements do not give a true and fair view, he should qualify his opinion on the financial statements. There may, however be other grounds for qualifying the audit report. For example, in the case of a company:

i. The auditor must state in his own report whether in his opinions the financial statements have been properly prepared in accordance with the CAMA 1990.

ii. There is also a requirement for the auditor to qualify his report if he considers that proper accounting records have not been kept or if he considers that the financial statements are not in agreement with the accounting records. A qualification on either of these grounds may be appropriate where the auditor has evidence of fraud or irregularities.
iii. The auditors must also state in his report if he has not obtained all the information and explanations he considered necessary for the purpose of his audit. (in such circumstances, it will also often be the case that the scope of his audit has been restricted & he should qualify his report accordingly).

B. In these extreme circumstances, the auditor should consider resigning:

i. Where the entity refuses to issue its financial statements
ii. Where he has considerable doubts about management's integrity and there is no immediate way of reporting to members. Where if it is in the public interest to disclose and where information is disclosed to an appropriate body or portion & there is no malice motivating the disclosure, the auditor is protected from the risk of confidence or deformation.

2.17.4 Types of fraud

Fraud being defined in different ways by different schools of thought is subject to different classification. According to Dr. Francis Ojaide, fraud is classified as violent and non-violent fraud. Fraud involves the use of force (arms and dangerous weapons) to dispossess an individual, group or an organization for money, assets r many things that have monetary value. While non-violent fraud is illicit activities being carried out in offices, organization, government etc. jenfa B.I classified fraud as;

a) Bite fraud
b) Nibble fraud
c) Management fraud
d) Con artist or 419.

Bite fraud:

Bite fraud occurs when assets are taken and the individual taking them disappears. This usually involves large assets, hence it is detected quickly and to avoid being tracked down, the bitter absconds to a protected place e.g. a thief.

Nibble fraud:

Nibble fraud involves small assets that are taken in piecemeal and the possibility of early detection is very low. The occurrence of this type of fraud is heavy.

Management fraud:

Management fraud involves those in authority in an organization who use their position to deceive which results in loss or disadvantage to the organization or to those they are dealing with. An example is the panel- beating manipulating of financial statements by management to meet business financial expectation or to obtain indirect personal gain.

Con Artist or 419

This is an advanced thief who survives with the help of his victims. The victim is willing and without duress succumbs either because of inherent greed for quick wealth and gullible nature. The devices of the con artist are many such as the following:

a) Get you to handle multiple transactions at the same time.
b) Divert your attention from the laid down procedure.

c) Advance reason as to why you should overlook required procedure.
d) Reduce your security awareness.
e) Confuse you so that you take wrong actions in his favor.
f) Strengthen you to make exceptions to definite procedures, to deviate from the procedure.

A con artist often tries to divert your attention from the procedure you should follow by exhibiting one of the following behaviors: rudeness, arrogance, fast tacking, smooth taking and nervousness. Apparently, no matter how fraud is defined, it is all about;

a. lying
b. stealing
c. payoffs
d. hiding revenue
e. accounting fraud
f. larceny
g. embezzlement
h. corruption
i. financial fraud
j. investment fraud
k. money laundering
l. Computer fraud etc.

This is because from the origin, fraud has been accepted as the term to describe how to steal money using information and smile as a weapon. It is the use of information and smile is a weapon that makes fraud non- violent and basically because the act of committing fraud requires lying, abuse of trust and cover- up.

2.18 Signals of Fraud

There are a lot of signs that can help to indicate the existence of fraud in any business organization. Some of the signs or signals may be too easy to see with ordinary eyes but others may request a cautious and a careful mind to trace prevent and detect it. Here it may not be necessary to mention the different causes of fraud but what is important is how to trace some of the fraud cases we have experienced. For instance the standards of living of a person by far and large exceeding his legitimate means or that of his contemporaries in the same organization there will be cause to suspect his source of income. In a business organization, especially if he is being recognized as the best in service delivery thus pulling down others to get recognition. This type of person faces the temptation of stealing and pilfering at the initial stage and graduate to a more sophisticated type of fraud. The other signal of fraud in any organization could be classified in two basis factors:

i. Institutional factors
ii. Environmental factors

Institutional factors: these are factors that are traceable to the internal environment of the organizations.

i. Poor internal control or inefficient and ineffective internal control measure in any organization create loopholes for persons with unlike minds among the staff, customer or non- customers can exploit to commit fraud.
ii. Lack of or inadequate on the job training and retraining of staffs leads to poor performance, breeds malpractice and unsatisfactory performance which gives more room for fraud.

iii. Inadequate security arrangement exposes the environments and security documents, assets are weak, poor and vulnerable.
iv. Bad management leads to frustration of staff which in turn breeds malpractice. This is so in situation when management practices are negative to the aspiration and development needs of staff.
v. Poor remuneration subjects staff and harsh conditions in the face of the economic realities of the time thereby forcing staff to be compelled to source means of making money that are bound to look for foul means of which will increase illicit activities and wide spread of malpractice including misappropriation of assets etc.
vi. The use of accounting machines in the hand of dishonest fraudster and disgruntled staff could lead to deliberate omission of entries, substitution of improper calculation and posting, manipulation of documents and substitution of genuine with fictitious documents.
vii. Negligence of staff by top management exposes staff of doubtful character or weak minds to fraudulent activities.

Environmental factors:

i. The personality profile of any person is the composite made up of the individual. This true for overzealous and ambitious individuals who are determined to make it by any means. The general attribute of an average Nigeria is indiscipline, laziness, dishonesty, nepotism and tribalism which are necessary indices for both corrupt and fraudulent behavior.
ii. The societal values are strong signals to fraud especially where there is outright misplacement of societal norms and values in the society.
iii. The inability of the government and law enforcement agents to prosecute the offenders and the indiscipline in the public service are strong signals of fraud.
iv. Again tribe or where you come from and whom you know tend to cover up many fraud cases thereby encouraging individuals to defraud especially in the public sector.

2.19 Elements of Fraud

a) The act requirement:

There must be conscious intention between mind and body-a physical movement that results from the determination or effort of the actor. If only the mind is active and the body does not move, we do not have an act. If we carry a thought into the physical action, we commit an act, which may be a crime.

b) The legality requirement

The law gives the person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly, for somebody to adhere to a standard, the person must know what the standard is the law is interested only in an act(actus) that is guilty, evil, and prohibited.

c) The harm requirement

Harm has been created to prevent something bad from happening, and the detrimental consequence is called harm. If the specific harm /injury are not created by the defendant's act, the crime is not complete. Offensive against a person involves harm to an individual, and offensive against property involves damage to property or loss of its possession.

d) The causation requirement

Causation requires that the actor achieve the result (the harm) through his/her own effort. The causation requirement holds that a crime is not complete unless the actor's conduct necessarily caused the harm without interference by somebody else, and it is the proximate cause of the act.

e) Men's rea: the guilty mind requirement

The doer of the act knows that what he is doing is wrong. Anyone who violently attacks another person, takes another's property, invades another's home, forces intercourse, or forges a signature on someone else's cheque knows rather well that he/she is doing something wrong. Men's rea-an intention to achieve harm, knowledge that prohibited harm will have negative result.

f) The concurrence requirement

The criminal act must be accompanied by an equally criminal mind.

g) The punishment requirement.

The act must be subjected to a punishment the punishment requirement helps us to differentiate between crimes which are subject to punishment and torts ,civil wrongs for which the law does not prescribe punishment, but the right to recover damages. The nature and severity of punishments differentiate between grades of crime.

i. Felonies-crimes subject to capital punishment.
ii. Misdemeanor-less severe crimes-fines can be imposed as punishment.
ii. Violations- minor offences normally subject to fines.

2.19 Prevention and Detection of Fraud in Business Organization

According to izedonmi, (2000) "the responsibility of preventing or detecting fraud within an organization rest squarely with the management." This responsibility is discharged by management through the establishment of an adequate system of internal control. This is so because management is answerable to the shareholders as well as the customers who invest their money into the business. The primary objective of the auditor is not to detect or prevent fraud. The primary objective of an audit is to report on the truth and fairness of the view shown by the financial statement.

Adeniji opined that fraud can be prevented through the following;

i. Periodic rotation of staff.
ii. Reinforcement of control system.
iii. Adequate number of staff and separation of duties.
iv. Mangers showing interest in the life of staff without necessarily policing.
v. Moving in company of good friends.
vi. Strict disciplinary actions to deter staff.
vii. Effective use of police personnel.
viii. Staff to be screened before employment (use of reference/referees).
ix. Sequential numbering of cheques or document.
x. Audit function- internal audit.
xi. Installation of machine or mercury light that is capable of detecting forged notes.

Others may include;

i. Ensure that employees understand relevant codes of conduct.
ii. Monitoring relevant legal requirement and ensuring that operating procedures and condition meet this requirement.
iii. The installation of an effective accounting system.

iv. The institution and operation of an appropriate system of internal control (including authorization controls and controls covering segregation of duties).
v. The appointment of an independent committee.

2.20 Definition of the Concept of Corruption

According to Abubakar, (2006) there is usually the difficulty to define concepts, because of their relatively one cannot put forward a dogmatic definition of the concept. However, that is not to say that we must not strive to put up an acceptable definition of corruption. We therefore need to determine what corruption is all about, so as to get a better perspective of it, identify it in our societies and outline ways and means of combating it.

According to the Report of the Common Wealth Expert on Good Governance and the Elimination of Corruption, in the book of fighting corruption promoting good governance, produced by the common wealth secretariat (2000), corruption is generally defined as the abuse of public office for private gain. This definition has been engaged because of the widened scope of corruption to cover the abuse of all offices of trust for private gain, whether in the public or private sector.

Nye, (1967), defines corruption as a behavior which deviates from the normal duties of a public role because of private regarding family, close private clique, pecuniary or status gain, or violates rules against the exercise of private- regarding influence.

In all definitions of corruption given so far, it could be observed that corruption is seen as among others, the abuse of public office, and the abuse of all offices of trust, misappropriation, private gain etc.

2.21 Differences between independent auditor and forensic accountant

An auditor essentially intends to cover significant deviations from generally accepted accounting principles (GAAP) and to verify that acceptable accounting and auditing practices have been used in the preparation of the financial statements. The forensic accountant takes a much more skeptical and proactive approach to uncovering fraud, not just verifying what is in the financial statements (crumbley & Apostolou, 2002). The differences between the independent auditor and forensic accountant rely mainly in their objective. The independent auditor generally assumes that the client have confronted to Generally Accepted Accounting Principles. The independent auditor also follows the guidelines set forth by the generally accepted auditing standards (GAAS). After the audit, they recommend adjustments to adjust the fairness of the financial reporting (Conway & Rouse, 2002).

On the other hand forensic accountants make no assumptions. The forensic accountant critically assesses the legitimacy of the company's financial transactions and conformity to GAAP. When there is alleged fraud, it is important to engage independent forensic accountants because the current auditors may encounter potential inherent conflicts (Conway & Rouse. 2002).

2.22 Gap in Literature

Corruption is a serious problem that must be tackled before any meaningful development can take in any country. While poverty is a contributing factor to corruption, endemic corruption enhances and spreads poverty, it is a vicious circle. The Enactment of the Corrupt Practices and other Related Offences Act and the Establishment of the Economic and Financial Crimes Commission are two very important steps by the current administration to arrest the scourge. It is about three years now since the establishment of the Anti- corruption; yet, the commission has not been able to successfully prosecute any single case of corruption under the act. The inability to prosecute is not because the incidents of corruption have reduced; indeed such incidents have grown in leaps and bounds. Rather, it is because of the several obstacles place before the commission by the very people to be investigated by it.

Thus, Nigeria finds herself with a good legal instrument that should ordinarily tackle the problem, but is unable to do so because of human factor or what can be derisively referred to as the "Nigeria factor". This situation reinforces the belief earlier expressed in this paper that the problem is more of a social one than legal. The solution lies in a complete Nigerian psyche on the evils of corruption. All hands must be on deck to achieve that.

In summary, the study observed that fraud and corruption practices in business organizations are common in developing countries and negative impact on their economy. We found out empirically that people are of the opinion that services of forensic accountant in strengthening internal control are required in both private and public sector of Nigeria economy and their services are more required for fraud and corruption related issues. The test, however, shows that the result for private sector need, for fraud and corruption related issues, and not of statistical significance.

Based on the result of our review study and empirical investigation, we conclude as follows; forensic accounting practices is neither new to the developed nor it is in developing nations: that corruption in third world countries is alarming and is not only crumbling their economy but also affecting innocent national standards of living and their image; that the services, of the experts (forensic accountant) are more required in developing economy.

3.0 Research Methodology

3.1 Introduction

In fulfillment of the objectives of this study, this chapter was devoted mainly to the procedural pattern of techniques used by the researcher in gathering information on this topic. In this research endeavor, the researcher would be required to make use of relevant data recovered during the course of the research work in analyzing the framework of the study, answering the research questions posed and endeavoring that the objectives laid out from the inception of the study are properly addressed. Thus the research would seek to disclose the research design used, type of data to be used, the source of data, instruments used in the data collection and method at which such data would be presented. This chapter seeks to explain the methods employed in collecting data as well as analyzing those data collected in order to interpret it into useful information and to promote understandability. It focuses also on the research design, the research instruments, the validation, and reliability test, the method of data presentation and analysis.

3.2 Nature of Research Design

For the purpose of this study, the researcher would make use of relevant primary and secondary data. Consequently in order to ensure that all categories of population involved in the research are equally represented, there would be a random selection from each division or department used. In this research, the researcher would be required to make use of relevant data recovered during the course of the research work in analyzing the framework of study, answering the research questions posed and endeavoring that objectives laid out from the inception of the study are properly addressed. Thus the research would seek to disclose the research design used, type of data to be used, the source of data, instruments used in data collection and method at which such data would be presented.

3.3 Research Design

The success of any research work is to a large extent a function of a judicious choice of research method or strategy that allows the researcher to collect the necessary data to deal with the research problem envisaged (African Development Foundation as cited in Kpaduwa).The sampling size to be used would be 100 persons who are also the staff of the organizations and auditors since they would be in a much better position to provide the relevant answers to the research questions posed to them.

3.4 Sources of Data

Data to be used in the research process involves primary, secondary, or combination of both. Primary data to be used for the successful completion of the research process would include questionnaires drafted and administered to 100 respondents. This method was chosen for its high level of accuracy and reliability.

The secondary data would be used to complement those of the primary data. Thus materials gotten from completed research work would also be engaged to see to the successful completion of a well detailed research. Secondary data to be used include: Relevant Textbooks, Seminar papers, Internet, Published Journals.

3.4.1 Instrument for Data Collection

The instrument made use of is the questionnaire. The question designed and administered is the close-ended questions designed to generate concise and precise answers from the respondents.

3.4.2 Description of Questionnaire

According to Ojo (2005) a questionnaire is an instrument containing some questions and/or statements for which the respondent is expected to provide answers to the questions or confirm/ disconfirm the statements. The emphasis on the questionnaire was whether internal control and its components actually help in the control of fraud in business organizations. The type of questionnaire used was the closed ended questionnaire where respondents are offered a series of answers and asked to choose the one that most closely represent their opinion.

The questionnaire was divided into five sessions which is section a - e. Section 'a' was designed to obtain information on the respondent demography and general information about the work environment while section 'b - e' focused on the topic under discussion.

3.5 Sampling Method

The sampling technique adopted for the purpose of this study was simple random sampling technique which requires that each element of the population has an equal chance of being selected. It is also known as the lottery method. It is done in either of two ways, by random selection or through the generation of a random number table (Ojo, 2001).

3.6 Research Instruments

Due to the fact that it is not feasible to draw the entire population involved in auditing, a sample had to be chosen as a representative portion from the population. The instrument used to collect information is the questionnaire which will be well structured and presented in an orderly manner to aid quick understanding and response from the respondent.

3.7 Validation Test

Izedonmi (2005) defines validity "as an indication of the extent to which a measure provides an accurate representation of what one is trying to measure".

Researchers usually evaluate validity by determining whether test performance correlates with performance on some other measure assumed. In this study, the measuring instrument is the effectiveness of forensic accountant while the measuring outcome is the strengthening of internal control in business organizations. Predictive validity is the degree of correlation between the results of a given measurement and the external criterion (Ojo, 2003). This was adopted for this research. Likewise, similar source of data were used by different researchers such as a similar empirical framework first used by Shin and Soenen (1998) and the subsequent work of Deloof (2003). Others are Raheman and Nasr (2007), Peel and Wilson (1996).

Validity test answers questions varying from what we are measuring, what we think we are measuring, does the instrument really measure what it claims to measure (Izedonmi 2005). The validity of measuring instrument according to Asika (1991) is defined as the ability of the instrument to measure what it is suppose to measure. The validity of the questionnaire could be deducted from the set of questions posed to the respondents. It is evident that the questions are related to the research topic and measures what it out to measure.

3.8 Reliability Test

Izedonmi reports that the guiding rule in reliability test is that will the measuring instrument produce similar results when repeated over and again. The researcher will employ the use of the parallel form of reliability test this will be done by distributing the questionnaire to the staffs of the company.

3.9 Method of Data Presentation and Analysis

3.9.1 Methods of Data Analysis

The data collected were processed both manually and electronically using Statistical Packages for Social Sciences (SPSS). SPSS is an integrated system of computer programs specifically conceived and designed for the analysis of social and behavioral science research data and information. The statistical test used in the analysis of the data collected was regression analysis. This is because regression analysis is used in measuring the effects of one variable on another and as well shows if there is a significant relationship between two variables.

3.9.2 Instruments for Data Collection

Instruments for data analysis include tables, charts, percentages, frequency, and tables of mean, standard deviation, model summary, ANOVAs (b) and coefficient table. This was analyzed using the regression analysis.

The standard formula for Regression Analysis is:

$$y=a+bx+\mu$$

Where: $a = \frac{\sum y}{n} - \frac{b\sum x}{n}$

$$b = \frac{n\sum xy - \sum x \sum y}{n\sum x^2 - \sum\{x^2\}}$$

$$S_{y\text{-}x} = \frac{\sum y^2 - a\{\sum y\} - \{\sum xy\}}{n-2}$$

Where a =the y intercept

b= the slope {gradient} of the regression line i.e. the regression co-efficient

x= the independent variable

y= the dependent variable.

μ= Error factor usually assumed =0

y^1= Estimate on the value of y given x.

Summary of Findings, Conclusion and Recommendations

4 .0 Introduction

The findings of this research, in detail and in summary are discussed in this chapter. Conclusions are drawn from the findings which then give the basis for recommendation later given to solve the research problem. The recommendations given are for further research of the topic and related topic. This chapter discloses the summary and conclusion of the work, with recommendations for the project. It contains the following subheads:

1. Summary of work done
2. Theoretical findings
3. Empirical findings
4. Conclusion
5. Recommendations
6. Suggestion for further study.

4.1 Summary of Work Done

This research was embarked upon with the primary objective to determine the effectiveness of forensic accountant in strengthening internal control of business organizations.

The chapter one of this work was an introduction to the study. It had the background to the study, statement of research problem, objectives of the study, research questions, research hypotheses, and significance of the study, scope of the study, limitations of the study, summary of research methodology, sources of data, and the definition of operational terms.

In chapter two, attention was focused on reviewing existing literature gotten from textbooks, journals, unpublished lecture notes, materials from the internet and previous projects related and relevant to this research. The research work explores the subject matter comprehensively based on the findings of previous researchers on the topic. In this chapter, the subject topic was well defined and the researcher went back into history, detailed definitions on internal control, objectives, types, major components of the internal control, monitoring, the relevance of internal controls, roles and responsibilities in internal control, limitations of internal control, what fraud is, types, causes, varieties, the history of fraud in Nigerian and in the Nigerian banking industry, types of fraud common to banks in Nigeria, overview of fraud in Nigeria, detailed explanation of how fraud can be prevented and controlled in banks through the use of internal controls.

The chapter three of this study dealt with the research methodology adopted for this study. The chapter contained the research design, the population of the study, the sample size and sampling technique, data gathering method, the types and sources of data used for the study, the instrument for data collection, actual field work and data analysis method.

The spotlight of the fourth chapter was on the actual presentation, analysis, and interpretation of the data gathered, making use of the Statistical Package for Social Sciences. All questions contained in the questionnaire were further presented in tables and bar charts and also expressed in percentages. The hypotheses stated in the first chapter were tested. The hypotheses were tested using Regression Analysis.

4.2 Summary of Findings

This covers the analysis of a date that was gotten during the course of this work. The summary consists of both theoretical findings which refer to the findings drawn from literature and views of authors in previous studies and different publications, and empirical findings which refer to the details and the findings from the analyzed secondary data.

4.2.1 Theoretical Findings

The research found out that:

1. According to COSO (1992) internal control is a means by which an organization's resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization's resources, both physical (e.g., machinery and property) and intangible (e.g., reputation or intellectual property such as trademarks).
2. Risk assessment is the umbrella term for the process and methodology by which a bank's board and management identify and analyze the various kinds of risk that might prevent a bank from realizing its budgetary objectives. Risk assessment assist in determining exactly what kinds of risks are present, how to manage those risks identified and what kinds of controls are needed to be established (Anderson, 2008).
3. According to Anderson (2008) and COSO's monitoring Guidance 2008 monitoring provides an oversight function in assessing the performance of the bank's control systems. Monitoring is only one approach to a basic review of internal control activities; however, monitoring cannot be the only approach to assessment of the effectiveness of a bank's internal control systems. Internal and external audits provide a more independent approach to the assessment of the bank's internal control function.
4. The research with reference to Anderson (2008) found out that control activities help the board and management control risks that could adversely affect the bank's operations and results.
5. According to the COSO Framework (1992), the Chief Executive Officer (the top manager) of the organization has overall responsibility for designing and implementing effective internal control. More than any other individual, the chief executive sets the "tone at the top" that affects integrity and ethics and other factors of a positive control environment. This was also supported by Leslie (1978:29), who said the auditor may help, advice, and report, but has no power to demand that an adequate system of internal control should exist. The final responsibility remains with those in authority which is the management.
6. Based on the research carried out, it found that according to Whittington and Pany (2004), internal control is made up of five interrelated components or elements which consist of the control environment, control activities, risk assessment, information and communication and monitoring.

4.2.2 Empirical Findings

This has to do with the findings gotten from the field survey that was carried out through the distribution of questionnaires.

In course of this research, questions were reasoned and drawn, encompassed in the research questions and objectives and questionnaires were administered in order to satisfy and test the research objectives and the research hypothesis respectively. The following findings refer therefore to the analysis as in chapter four of this research.

In determining whether internal control plays a significant role in curbing fraud of hypothesis 1 and the corresponding research objective 1, question 1, 2, 3, 4 and 5 gave 448.4% (97.7%+ 94.3% + 79.3% + 85.1% + 92.0%), on the cumulative percent of both strongly agree and agree from the respondents, which obviously proves that the internal control system plays a significant role in curbing fraud in business organizations.

Secondly, in determining if compliance to control procedures controls fraud in banks of hypothesis 2 and the corresponding research objective 2, question 6, 7, 8, 9 and 10 gave 464.6% (86.2%+ 90.8% + 97.7% +96.9% + 93.0%), on the cumulative percent of both strongly agree and agree from the respondents which obviously proves that compliance to control procedures controls fraud in the business organizations.

Thirdly, in determining if the monitoring process control fraud perpetration of hypothesis 3, and the corresponding research objective 3, question 11, 12, 13, 14 and15 gave 457.7% (95.5%+86.2%+87.4%+90.8%+97.8%), on the cumulative of strongly agree and agree from the respondent, which proves that the monitoring process control fraud perpetration in business organizations.

Finally, in determining if risk assessment is significant in controlling fraud of hypothesis 4, and the corresponding research objective 4, question 16, 17, 18 and 19 gave 364.8 % on the cumulative of strongly agree and agree from the respondent, which proves that risk assessment is significant in controlling fraud in business organizations.

Other empirical findings include:

1. The internal control is the principal factor for fraud prevention. This means that for the control and deterrence of fraud in business organizations internal controls are compulsory to achieve this purpose (deter and control fraud). This was obtained from question 2 having 90.8% on the cumulative of strongly agree and agree.

2. Segregation of duties can control fraud in business organizations. This means responsibilities with potential conflict of interest must not be assigned to staff. This was obtained from the result of question 9 having 90.8% on the cumulative percent of strongly agree and agree.

4.3 Conclusion

The importance of internal control in the business organizations cannot be overemphasized. Adequate and effective internal controls as well as its components (control activities, monitoring, risk assessment, information and communication, control environment) are essential ingredients for preventing and controlling the menace of fraud that has posed a serious concern to the banking industries.

From the research conducted, it is concluded that business organizations cannot function effectively without a strong internal control in place. Internal control is adequate enough to: limit opportunities to commit fraud, makes it difficult to conceal fraud, checks fraud and is essential for corrective measures to be taken on fraud occurrence and deter further occurrence.

4.4 Recommendations and Contribution

Based on the analyses carried out and the findings deduced, in addition to the review of relevant literature, the following recommendations are deemed necessary:

1) Based on the findings obtained from hypothesis one stating that internal control is significant in curbing fraud and that from COSO (1992) which says internal control plays an important role in preventing and detecting fraud, it is recommended that Nigerian Business Organizations should give more attention and regard to adequate internal controls.
2) Again based on the findings obtained from hypothesis two stating that compliance to control procedures control fraud as well as findings on segregation of duties, it is recommended that Nigerian Business Organizations should be stricter with compliance to

procedures and punish whoever defaults. It is also recommended based on this finding that staff should not be assigned responsibilities with potential conflict of interest.

3) Also based on the findings from hypothesis three stating that the monitoring process controls fraud perpetration as well as the findings of Anderson (2008) that monitoring provides oversight function for assessing the performance of Companies, it is recommended that management and board adopt a continuous effective monitoring process on all controls, activities, themselves as well as staff.
4) Furthermore based on the findings from hypothesis four stating that risk assessment is significant in controlling fraud, it is recommended that adequate risk assessment be made on new products, services, technology, personnel, operations as well as growth and expansion of business.
5) Finally based on the theoretical findings from COSO framework (1992) and Leslie (1978) stating that the top manager of an organization has overall responsibility for effective internal control, it is recommended that management (top manager) should set a good tone at the top for others to follow.

Contribution to Knowledge

From the result of this study carried out the researcher was able to add to knowledge that Internal control as well as risk assessment, monitoring, control procedures if adequately and effectively implemented is significant and potent enough to control fraud which has posed a serious problem to the banking sector. The results of the research proves that internal control, risk assessment and monitoring are predominant factors and answer to fraud menace in Business organizations.

4.5 Suggestions for Further Study

This study generally looked at "The effectiveness of forensic accountants in strengthening internal control (A Study of Selected business organizations in Nigeria)". A research of this nature cannot effectively cover the issues needed to be discussed, considering the time constraint, inadequate materials, limited sample size, etc.

The following are the researcher's suggestions for further studies:

1. The research looked at a sample size of five companies; sample size of a future research on this topic should cover a wider scope of the study by increasing the sample size and covering a larger geographical area.

2. The companies was considered for the purpose of the research, for those who might decide to further study this topic, other sectors such as banking sector and public sector (government establishment) should be considered.

3. The research focused more on operational staff and few forensic accountants as well as internal controllers as respondents; further research should focus more on respondents such as the auditors, management and internal controllers for their opinions.

4. Further research can be conducted on "Investigating the Effectiveness of Management in Fraud Control.

5. The basis that was used in analyzing the hypotheses was the regression analysis. Other researchers can use the Pearson Product correlation, Rank correlation and chi-square.

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