

Forensic Accounting in the Local Government Council of Ondo State, Nigeria: A Case Study of Owo Local Government

FADAKINTE Bukola Veronica¹ and EMMANUEL-Adeyefa Olayinka²

¹ Department of Taxation, Rufus Giwa Polytechnic, Owo, Ondo State, Nigeria; ² Department of Accountancy, Rufus Giwa Polytechnic, Owo, Ondo, State, Nigeria
E-mail: bukolafadakinte@gmail.com

Abstract

The rising incidence of financial fraud and the limitations of statutory audits in effectively detecting and preventing such activities have heightened the demand for forensic accounting services across various sectors of the economy. This study evaluates the impact of forensic accounting as a tool for fraud detection and prevention within the Owo Local Government Area of Ondo State, Nigeria. Primary data were collected through a structured 5-point Likert-scale questionnaire administered to 150 respondents comprising accountants, internal auditors, and other staff members of the Council. The data were analysed using descriptive statistics, graphical representations, Chi-square (χ^2), and Ordinary Least Squares (OLS) regression. Three hypotheses were formulated and tested using Chi-square and regression analysis via the Statistical Package for Social Sciences (SPSS) at a 0.05 level of significance. Findings indicate a high level of awareness regarding the importance of forensic accounting in curbing fraudulent practices within the local government. The study establishes that forensic accounting is significantly effective in identifying loopholes in government revenue expenditure. It concludes that forensic accountants must possess strong verbal and written communication skills, keen attention to detail, proficiency in investigative techniques, and substantial knowledge of accounting technologies and auditing procedures. The study therefore recommends the integration of forensic accounting practices as a vital mechanism for enhancing transparency, accountability, and fraud prevention in public financial management.

Keywords: *Forensic Accounting, fraud detection, fraud prevention, public sector, forensic accountant*

How to Cite: Fadakinte, B. V., and Emmanuel, A. O. (2025). Forensic accounting in the Local Government Council of Ondo State, Nigeria: a case study of Owo Local Government. *RUGIPO Research and Technical Journal in Business, Social Science and Communication Studies*, 4(3):42–54.
https://elearning.rugipo.edu.ng/Rugipo_Tetfund_Journal_Research_Portal/.

1.0 Introduction

Forensic accounting has emerged as a rapidly expanding field of accounting that focuses on engagements arising from actual or anticipated disputes and litigations. The term *forensic* signifies “suitable for use in a court of law,” which underscores the standard to which forensic accountants operate. In essence, forensic

accounting represents an investigative approach designed to ascertain whether individuals or organisations have engaged in unlawful financial practices (Kranacher, Riley & Wells, 2011). Although the discipline has existed for several decades, it has evolved considerably to encompass diverse forms of financial data analysis. Forensic accounting requires

professional expertise and specialised skills to uncover evidence of financial irregularities (Edebiri, 2015).

The growing prevalence of employee and management fraud, embezzlement, and other financial crimes has underscored the need for accounting and auditing professionals to acquire adequate training in fraud recognition and control. Such competence is required across all governance levels; national, state, and local to strengthen fraud prevention, deterrence, detection, investigation, and remediation capacities. Owojori and Asaolu (2009) emphasized the role of fraud examiners in preventing and controlling fraudulent practices within organisations. Similarly, Manning (2005) defined forensic accounting as the integration of investigative techniques, accounting knowledge, and auditing expertise applied within judicial contexts to resolve criminal litigation matters.

Forensic accounting encompasses the combined use of accounting, auditing, and investigative techniques to support legal processes. Its two core components include: (1) **litigation services**, which recognise the accountant's role as an expert consultant, and (2) **investigative services**, which require forensic accountants to apply their skills and, in some cases, provide courtroom testimony (Sabo, Saidu, & Muhammed, 2024). The American Institute of Certified Public Accountants' (AICPA) Forensic and Litigation Services Committee defines forensic accounting as the application of specialised knowledge in accounting, auditing, finance, quantitative methods, law, and research. It involves not only the collection, analysis, and evaluation of financial evidence, but also the interpretation and effective communication of findings (Ubesie, Nnaji, & Okafor, 2023).

Fraud, as defined by *Black's Law Dictionary* (1979), refers to acts of deceit for unlawful gain, including false representations, suppression of truth, manipulation, or any scheme that results in unfair advantage. By extension, fraud represents a

significant criminal act that undermines trust and disrupts economic systems. Forensic accounting is therefore recognised as a critical mechanism for improving the quality of fraud detection and prevention (Polycarp, 2019).

Fraud has been described as a "cancerous threat" to national development, with profound socio-economic consequences that demand urgent global attention (Gebremedhin, 2024). In the Nigerian context, despite the efforts of institutions such as the Independent Corrupt Practices and Other Related Offences Commission (ICPC), the Economic and Financial Crimes Commission (EFCC), and the Code of Conduct Bureau (CCB), fraudulent practices remain pervasive. Studies such as Effiong (2013) and Kasum (2009) highlight the alarming rate of fraud in Nigeria's public sector, with corruption deeply embedded in governance systems and severely affecting citizens' welfare. Forensic accounting is thus indispensable in addressing financial crimes that erode national integrity and economic stability.

Fraudulent activities in Nigeria have become systemic, particularly in the public sector. Scholars such as Agbiboa and Oko (2013) note that both the frequency and magnitude of fraudulent practices are exceptionally high, often perpetrated by management officials who are expected to safeguard internal control systems (Adebisi & Gbegi, 2015). This paradox highlights the urgent need for rigorous research on the role of forensic accounting in Nigeria's public sector. While much of the existing literature has concentrated on the financial and banking sectors, there remains a critical gap regarding forensic accounting in local government administration.

This study seeks to bridge that gap by examining forensic accounting practices in the Nigerian public sector, with particular focus on Owo Local Government Area. By analysing previous findings and conducting a comparative review, the study investigates whether forensic accounting has a direct and substantive impact on fraud prevention in local government

administration, or whether earlier research has overstated its significance. Addressing this gap will contribute to a broader understanding of how forensic accounting can be effectively deployed within grassroots governance structures to combat fraud and enhance accountability.

2.0 Literature review

2.1 Forensic accounting

Forensic accounting is widely recognized as a specialized branch of accounting and auditing that integrates investigative skills to examine financial information suitable for use in legal proceedings. Edebiri (2015) argues that forensic accounting requires professional expertise and specialised competencies to uncover evidence of economic transactions. Similarly, Modogbo and Anyaduba (2013) describe forensic accounting as a distinct investigative process that combines accounting knowledge, auditing practices, and investigative techniques to uncover the extent of financial fraud in matters subject to litigation. In a related study, Alabdullah (2013) examined the role of forensic accounting in mitigating fraud in Iraq, using a correlation research design that employed interviews and questionnaires. The study found that forensic accounting is an effective method for addressing financial fraud and that its application facilitates easier detection of fraudulent activities while curbing the dissemination of false information.

Owojori and Asaolu (2009) highlight the importance of fraud examiners in preventing and controlling fraudulent practices within organisations. Manning (2005) similarly defines forensic accounting as the integration of investigative techniques with accounting and auditing knowledge, specifically for application in judicial proceedings related to criminal litigation. Coenen (2005) extends this perspective, viewing forensic accounting as the application of auditing concepts, accounting

skills, and investigative methods to legal contexts to expose financial crimes within organisations. Across these definitions, a consistent theme emerges: forensic accountants extend beyond conventional accounting and auditing functions, adopting the role of financial detectives characterised by professional skepticism and critical inquiry. They draw upon historical accounting records, legal frameworks, and investigative methods to establish whether fraudulent activity has occurred within an organization.

2.2 Conceptual framework

2.2.1 Concept of Fraud

Fraud is commonly defined as a deliberate act carried out by an individual or an employee of an organisation, often in collaboration with third parties, with the intent of obtaining an unfair or unlawful advantage. (Albrecht et al., 2019). According to Suleiman, Othman, and Ahmi (2018), fraudulent activities typically encompass actions such as theft, collusion, money laundering, dishonesty, bribery, extortion, abuse of office, insider trading, and misappropriation of assets. The increasing prevalence of such practices has highlighted the critical importance of forensic accounting investigations, which has attracted significant scholarly attention. For instance, Okoye & Gbegi (2013) examined the relationship between forensic accounting and fraud management in Nigeria, finding that forensic accounting exerts a positive influence on both the detection and prevention of fraudulent activities.

2.2.2 Concept of Forensic Accounting

Accounting is often referred to as the *language of business* because it serves as the medium through which financial information about an organisation is communicated to various stakeholders. (Horngren, Sundem, Elliott, & Philbrick, 2014). The discipline encompasses several specialised

branches. One such branch is management accounting, which focuses on providing financial and non-financial information to internal users such as employees, managers, owner-managers, and auditors. Its primary purpose is to support decision-making and operational planning within the organisation (Horngren et al., 2014; Hansen & Mowen, 2018). In contrast, forensic accounting—sometimes termed *investigative accounting* or *fraud auditing* represents a fusion of accounting principles with forensic science. As noted by Kasum (2009), this branch is particularly oriented toward the detection, investigation, and prevention of fraud.

2.2.3 Competences Required of a Forensic Accountant

According to Zysman (2011), effective forensic accountants should possess personal traits such as curiosity, persistence, creativity, discretion, organisational ability, confidence, and sound professional judgment in order to perform investigative and analytical tasks accurately and thoroughly. Such professionals are expected to remain open to alternative possibilities, examine intricate details, and simultaneously maintain a holistic perspective. Effective listening skills, along with the ability to communicate clearly and concisely, are also essential attributes. In addition to these qualities, forensic accountants, as well as auditors and investigators are required to develop specific technical and analytical skills that complement their professional roles. DiGabriele (2009) identified a core set of competencies necessary for forensic accountants, which include deductive reasoning, creative thinking, unstructured problem solving, investigative flexibility, analytical proficiency, oral and written communication, specialised legal knowledge, and composure under pressure.

2.3 Theoretical Framework

This study is anchored on two theories; Theory of Fraud Triangle and Theory of Fraud Diamond.

2.3.1 Theory of Fraud Triangle

In 1950, criminologist Donald Cressey pioneered the systematic study of fraud, contending that every human action is motivated by underlying reasons. Building on earlier works, he developed the **Fraud Triangle Theory**, which focused particularly on embezzlers whom he referred to as “*trust violators*.” Cressey hypothesized that individuals entrusted with financial responsibility become violators of that trust when three conditions coexist: (i) they perceive themselves as having a non-shareable financial problem, (ii) they recognize that this problem can be surreptitiously resolved by abusing their position of trust, and (iii) they can rationalize their conduct in a way that allows them to reconcile their self-image as trusted persons with their actions as misappropriations of funds or property (Cressey, 1973, as cited in Coene, 2005).

The Fraud Triangle is based on three interrelated elements—pressure, opportunity, and rationalization—as foundational conditions under which occupational fraud is likely to occur (Awang et al., 2021; Suryandari et al., 2023; Inayati, Arochman & Kholidiah, 2025).

Undisturbed Pressure: The individual experiences a financial or personal need that they believe cannot be disclosed to others who might otherwise offer legitimate assistance.

Opportunity- Weak or ineffective internal controls, oversight, or supervision within the organisation create conditions that enable the individual to exploit their position of trust to resolve the perceived problem.

Rationalisation- The individual engages in self-justification, constructing explanations to excuse or legitimise their fraudulent actions, thereby silencing their conscience and preserving their self-image.

2.3.2 Theory of Fraud Diamond

Wolfe and Hermanson (2004) expanded upon Cressey’s Fraud Triangle by proposing the **Fraud Diamond Theory**, which they argue provides a

more comprehensive explanation of the conditions that enable fraud. While the Fraud Triangle emphasises pressure, opportunity, and rationalisation, Wolfe and Hermanson (2004) introduced a fourth element **capability** as a critical factor. They contend that even when pressure, opportunity, and rationalisation exist, fraud cannot occur unless the perpetrator also possesses the ability and authority to execute it. Capability refers to the personal traits, skills, and positional authority that enable an individual to recognise a fraudulent opportunity and successfully exploit it, encompassing aspects such as technical knowledge, confidence, and organisational position (Wolfe & Hermanson, 2004; The CPA Journal, 2024):

Position: An individual's role within an organisation may provide access, authority, or privileges that allow them to create or exploit opportunities for fraud that would be unavailable to others (Wolfe & Hermanson, 2004).

Intelligence, Creativity, and Ego: Perpetrators are often highly knowledgeable about internal control systems and skilled at identifying weaknesses. Intelligent, creative, and experienced individuals with strong egos are particularly adept at manipulating systems and exploiting vulnerabilities, often orchestrating large-scale frauds (Wolfe & Hermanson, 2004).

Coercion, Deceit, and Stress: Fraudsters may pressure or manipulate others into participating in or concealing fraudulent acts. As Rudewicz (2011) observes, individuals with persuasive or dominant personalities can convince colleagues to comply with fraudulent schemes or, at a minimum, to ignore irregularities.

The Fraud Diamond thus enriches the theoretical understanding of fraud by emphasising that opportunity, pressure, and rationalisation alone are insufficient. Instead, the capacity of the fraudster is shaped by position, intelligence, personal traits, and influence which ultimately determines whether fraud is successfully perpetrated.

2.4 Empirical review

Empirical evidence provided by Singleton (2010) positions forensic accounting as a comprehensive approach to fraud analysis, emphasising the evaluation of anti-fraud controls through the examination of accounting records for evidence of financial misconduct. Singleton further reiterates that forensic accounting entails the application of specialised accounting knowledge and investigative skills to establish financial facts relevant to legal disputes.

Previous studies highlight the alarming prevalence of fraud within the Nigerian public sector. Effiong (2013), for instance, notes the escalating rate at which fraudulent activities are being perpetrated, while Kasum (2009) stresses that corruption has become deeply entrenched in the systems of many developing countries, with devastating consequences on citizens' welfare. Forensic accounting, therefore, is considered a crucial mechanism for mitigating fraud, corruption, and related activities that undermine national integrity and economic development.

In Nigeria, fraudulent practices are particularly systemic and pervasive within the public sector. The severity of the problem is underscored by both the scale and frequency of fraud cases (Agbibo & Oko, 2013). Literature further reveals that many of these fraudulent acts are committed by management officials who, in principle, should serve as custodians of the internal control system and overseers of auditing processes (Adebisi & Gbegi, 2015). This paradox underscores the need for rigorous research into the role of forensic accounting in curbing fraud in the Nigerian public sector. Specifically, it is necessary to determine whether a substantive relationship exists between forensic accounting practices and fraud prevention, or whether prior research merely assumes a connection without empirical substantiation.

2.5 Objectives of the study

The main objective of this study is to examine the use of forensic accounting as a tool for fraud detection and prevention in Public Sector by using Owo Local Government Area as a case study. The other specific objectives are to;

- i. examine the extent to which forensic accounting can help to prevent and detect fraud.
- ii. find out whether Local Government in Nigeria makes use of services of forensic accountant.
- iii. ascertain whether the use of forensic accountant can instill probity in their financial transaction in Owo Local Government.

2.6 Research hypotheses

The following research hypotheses were formulated to suite this research work.

H₀₁: The use of forensic fraud investigation does not significantly reduce the occurrence of fraud cases at Owo Local Government Area of Ondo State.

H₀₂: Application of expert witnessing service has no significant difference from external audit on effective detecting of fraud in Owo Local Government Area.

H₀₃: There is no significance difference between litigation support service and external auditors on fraud prevention in Owo Local Government Area of Ondo State.

3.0 Research design

The study adopted a descriptive survey design, utilising both interviews and questionnaires as primary data collection instruments. The integration of these techniques enabled the researcher to develop a balanced methodological framework that combined qualitative and quantitative approaches in examining the role of forensic accounting as a tool for fraud detection and prevention in the public sector. Employing both designs concurrently provided a more

holistic perspective, as reliance on a single approach would have been insufficient to achieve the study's objectives.

Moreover, the study categorised its variables into two groups: **independent variables** and **dependent variables**.

The **dependent variables**, which represent outcomes influenced by other factors under investigation, include: fraud detection and prevention, fraud management, financial performance, public sector performance and electronic fraud mitigation

Conversely, the **independent variables** are the predictors or explanatory factors whose influence on the dependent variables was examined. These include: Forensic accounting skills, Forensic auditing (FRAUD), Forensic investigation, Litigation support, Investigative tenure and Forensic accounting knowledge

3.1 Population of the Study

The study projected a sample size of three hundred (300) respondents. The research population comprised the staff of Owo Local Government Area in Ondo State. However, due to challenges associated with data collection, the study focused specifically on personnel within the Administration Unit and the Planning and Budget Unit. These units were purposively selected as they include both accounting and auditing staff members of the Council, who are directly relevant to the objectives of the study.

3.2 Sample and Sampling Technique

This research applied strata sampling technique to select sample from the population. This sampling technique method was good because it gives room for entire population to be divided and selected randomly without any bias base on the Administrative Unit and Budget and planning unit. With the used of Taro Yamani sample technique size formula this study got one hundred and fifty (150) as sample size

4.0 Materials and methods

A survey research design was used in the study and the population of the study consists of 150 respondents who were staff members of Owo Local government. However, one hundred and fifty (150) copies of questionnaire was administered to the respondents (i.e. the Accountancy department and Administrative staff of the Council). To capture their responses, the questionnaires were administered and used in line with the objectives of the study and to foster more substantial point on the topic. They are therefore expected to be knowledgeable about the thrust of the study. A well-structured 5-point Likert scale questionnaire was used to elucidate information from the respondents. These results were analyzed using tables, simple percentages, and statistical analysis techniques chi-square and the results was used to validate the hypotheses. The findings were discussed and conclusion were drawn.

5.0 Data analysis

Data analysis was conducted using Chi-square (χ^2), Ordinary Least Squares (OLS) regression, and simple percentage techniques. The Chi-square test was employed to confirm that the

sample was randomly drawn from the population and that the values of the variables were mutually exclusive. OLS regression analysis was applied to determine both the strength and the long-run direction of the relationship between forensic accounting and its role as a tool for fraud detection and prevention in the public sector. In addition, a simple percentage analysis was used to address the research questions and hypotheses, thereby providing a comprehensive understanding of the study's findings.

Presentation of the results

The study examined forensic accounting as an instrument for fraud detection and prevention within the Owo Local Government Area. The research questions were measured using a homogeneous 5-point Likert scale, ranging from 1 = *Strongly Disagree* to 5 = *Strongly Agree*. Data analysis was conducted at a 100 per cent level of significance. Responses obtained from the questionnaires were subjected to psychometric evaluation and validation to ensure both the quantitative reliability and qualitative integrity of the survey instrument and the measurement scale applied in addressing the research questions. These are presented in Tables 1 - 9.

Demographic Characteristics of the Respondents

Table 1: Demographic Characteristics of the Respondents (Consumers)

Demographic Characteristics	Categories	Frequency	Percentage (%)
Working Experience	1-5 Years	42	28.0
	6-10 Years	33	22.0
	11-15 Years	33	22.0
	16-25 Years	25	16.7
	26-30 Years	17	11.3
Position at Work	Others	22	14.7
	Lower Level Management	72	48.0
	Middle Level Management	26	17.3
	Top Level Management	30	20.0
Academic Qualification	BSc/ HND	56	37.3
	MSc/MBA	42	28.0
	ICAN/ACCA	52	34.7

Source: Author's Computation, 2025

4.2 Test of hypothesis

H₀₁: The use of forensic fraud investigation does not significantly reduce the occurrence of fraud cases at Owo Local Government Area of Ondo State.

Table 2: Fraud and Forensic Accounting Cross Tabulation

		Forensic Accounting					Total
		SD	D	U	A	SA	
Fraud	SD	0	0	2	1	0	3
	D	1	4	1	3	1	10
	U	3	3	8	12	1	27
	A	3	9	3	22	23	60
	SA	2	2	5	16	25	50
Total		9	18	19	54	50	150

Source: Author's Computation, 2025

Table 3: Chi-Square Tests for Hypothesis One

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43.476 ^a	16	.000
Likelihood Ratio	43.369	16	.000
Linear-by-Linear Association	16.609	1	.000
N of Valid Cases	150		

Source: Author's Computation, 2025

Table 4: Fraud and External Auditors Cross Tabulation

		External Auditors					Total
		SD	D	U	A	SA	
Fraud	SD	1	1	0	1	0	3
	D	0	2	0	5	3	10
	U	1	4	2	10	10	27
	A	2	3	6	24	25	60
	SA	0	1	5	16	28	50
Total		4	11	13	56	66	150

Source: Author's Computation, 2025

The analysis showed that the use of forensic accounting in Owo local government at a significant level was 43.476, which was greater than the table value of 26.296 and significant at 0.05(5%) significance level, hence the null hypothesis was rejected.

H₀₂: Application of expert witnessing service has no significant difference from external audit on effective detecting of fraud in Owo Local Government Area.

Table 5: Chi-Square Tests of Hypothesis Two

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	27.902 ^a	16	.032
Likelihood Ratio	22.843	16	.118
Linear-by-Linear Association	11.542	1	.001
N of Valid Cases	150		

Source: Author's Computation, 2025

The analysis showed that the use of forensic accounting in Owo local government at a significant level was 27.902, which was greater than the table value of 26.296 and significant at 0.05(5%) significance level. The research rejected the null hypothesis (H_{02}).

H₀₃: There is no significance difference between litigation support service and external auditors on fraud prevention in Owo Local Government Area of Ondo State.

Table 6: Fraud and Effective Detection Cross Tabulation

		Effective Detection					Total
		SD	D	U	A	SA	
Fraud	SD	1	1	1	0	0	3
	D	0	3	1	4	2	10
	U	3	5	6	8	5	27
	A	0	4	5	26	25	60
	SA	0	2	5	24	19	50
Total		4	15	18	62	51	150

Table 7: Chi-Square Tests Hypothesis Three

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.927 ^a	16	.000
Likelihood Ratio	35.711	16	.003
Linear-by-Linear Association	20.938	1	.000
N of Valid Cases	150		

The result value was 42.927, which was greater than the table value of 26.296 and was significant at a 0.05(5%) significance level. The research rejected the null hypothesis (H_{03}).

4.3 Regression analysis of effect of forensic accounting

To further capture the broad objectives of the study, Ordinary Least Squares (OLS) regression analysis was employed to examine the effect of forensic accounting as a tool for fraud detection and prevention in Owo Local Government Area of Ondo State. The analysis was proxied by Forensic Accounting (FA), Fraud (FRAUD),

Effective Detection (ED), and External Auditors (EXAu). Multiple definitional models were specified and applied in the course of the analysis. The primary objective of the regression test was to determine whether the signs and magnitudes of the estimated coefficients align with theoretical expectations. Specifically, the postulated theory suggests that the coefficients of the explanatory variables should exhibit a positive relationship

with the dependent variable. Thus, an increase in any of the independent variables is expected to

result in a corresponding increase in the dependent variable.

Table 8: Ordinary Least Squares (OLS) Regression Model of Fraudulent Practices

Dependent Variable: Fraudulent Practices (FRUAD) Method: Ordinary Least Squares Included Observations: 150				
Variables	Coefficient	Standard Err	T-statistic	Probabilities
Intercept	1.675	0.377	4.449	0.000
ED	-0.256	0.073	-3.513	0.001
FA	-0.188	0.063	-2.986	0.003
EXAu	0.137	0.075	1.835	0.069
$R^2=0.468$, $R^2\text{ bar}=0.429$, F-stats(3, 146)= 13.659, D.W-stats., 1.618				

4.4 A Priori Expectation Criteria

The primary objective of the test is to assess whether the signs and magnitudes of the estimated coefficients conform to the postulated theoretical expectations. Specifically, the theory posits that the explanatory variables should demonstrate a positive relationship with the dependent variable. In other words, an increase in any of the independent variables is expected to result in a corresponding increase in the dependent variable. Accordingly, the variables under consideration and their parameter estimates, along with their expected *a priori* signs, are summarised in the table below. The interpretation of this table is guided by the theoretical criteria established in the research framework.

When $\beta > 0$, a Positive relationship.

When $\beta < 0$, a Negative relationship

Table 9: A priori Expectation for Models

Variable(s)	Expected Sign	Estimate	Remarks
ED	(-)	$\beta_1 < 0$	Conform
FA	(-)	$\beta_2 < 0$	Conform
EXAu	(-)	$\beta_3 > 0$	Not-Conform

Source: Author's Computation 2025

$$\text{FRAUD} = 1.675 - 0.256\text{ED} - 0.188\text{FA} + 0.137\text{EXAu} + \epsilon_t$$

S.e (0.377) (0.073) (0.063)
(0.075)
T-Stat {4.449} {-3.513} {-2.986}
{1.835}

The intercept value shown was 1.675, which means fraud practices and perpetration (Fraud) have 1.675 units when other variables are held constant. This means, fraud practices and acts (Fraud) have positive value when other variables are held constant and can stand alone without independent variables, which serve as an endemic thing without independent variables. Effective Detection (ED) shows that 1 unit increases in Effective Detection (ED) will bring -0.256 unit decreases in fraud practice (FRAUD) and which will increase detection and prevention and it was substantial enough to justifies the decrease in fraudulent practices at (i.e. council) Owo Local Government of Ondo State can be curbed through forensic accounting practice effectively because t-critical value is less than t-calculated $1.9674 < 3.513$, thus, it can be used for policy making by way of reducing unethical behavior at the council.

Forensic Accounting (FA) shows that 1 unit increases Forensic Accounting (FA) brought -0.188 units decrease in fraud acts and practice at Owo Local Government (Fraud), and it is

statistically significant using the rule of thumb and T-test statistic $2.986 > 1.9674$, respectively. External Auditors (EXAu) showed a 1-unit increase brought a 0.137-unit increase in fraud (FPD), and it was statistically insignificant using the rule of thumb and T-test statistic, respectively, as reflected in the result analysis $1.835 < 1.9674$. Thus, it cannot be used for policy making because of the insignificance of the variable, which means that the external audit system may not have much effect in the case of fraud control as long as using the Forensic Accounting system is concerned.

5.0 Discussion of Findings

This study agreed with Okoye & Gbegi (2013) that examined forensic accounting as a tool for fraud detection and prevention in the public sector organization. Based on the analysis, findings were drawn in relation to the study's hypotheses. The results revealed that forensic accounting exerts a significant impact on combating financial crimes in Owo Local Government and, by extension, other local councils across the country, provided it is fully implemented and rigorously adhered to. This effectiveness is particularly evident across the three main components of the forensic accounting system: forensic accountants, fraud auditors, and financial auditors.

Test Statistics:

For Hypothesis One (H_{01}), the Chi-square value obtained was 43.476, which exceeded the critical table value of 26.296 at the 0.05 significance level. This indicates statistical significance and supports the rejection of the null hypothesis.

For Hypothesis Two (H_{02}), the Chi-square test produced a value of 27.902, also greater than the table value of 26.296 and significant at the 0.05 level. Consequently, the null hypothesis was rejected, affirming a strong and significant relationship between the application of expert witnessing services from external auditors and the effective detection of fraud within the council.

Similarly, for Hypothesis Three (H_{03}), the Chi-square result was 42.927, surpassing the table

value of 26.296 and significant at the 0.05 level. The null hypothesis was therefore rejected, confirming a strong positive relationship between litigation support services and the role of external auditors in fraud prevention at the council.

6.0 Conclusion

The adoption of forensic accounting services by government institutions in Nigeria is a welcome development, as its effectiveness provides a concrete mechanism for curbing fraudulent activities and reducing corruption across all levels of governance, particularly within Owo Local Government. Conversely, the ineffective application of forensic accounting practices in Owo Local Government, Ondo State, carries significant implications for sound administrative systems and good governance, ultimately undermining service delivery to citizens.

The Chi-square (χ^2) results demonstrated a strong relationship between the adoption of forensic accounting systems and their effectiveness as a tool for fraud detection and prevention at the council. With a significance level of $p < 0.05$ ($0.000 < 0.05$) and further support from the Ordinary Least Squares (OLS) regression results, the study concludes that forensic accounting is an effective instrument for curbing corrupt practices within the public sector, and specifically in Owo Local Government. Accordingly, the null hypotheses (H_0) formulated for the study

The significance of forensic accounting, along with the role of forensic accountants under contemporary conditions, cannot be overstated. Forensic accountants, consistent with the essence of their profession, are tasked with investigating and documenting fraudulent practices. Findings from this study revealed strong evidence supporting the effectiveness of forensic accounting techniques in mitigating fraudulent activities and curbing corruption within government institutions. Specifically, the results demonstrated a significant relationship between forensic accounting practices and the occurrence

of fraud cases at the Owo Local Government Council in Ondo State. The study further established that the application of expert witness services, litigation support, and external auditing significantly enhances the detection of fraudulent activities at the council. Evidence from the council's accounting and reporting systems indicated that the integration of forensic accounting frameworks can effectively reduce and control fraudulent practices at the local government level. Based on these findings, the study recommends that government and regulatory authorities should establish and enforce standards and guidelines to regulate forensic accounting practices in the public sector. Furthermore, forensic accountants and chief auditors within local government councils must collaborate more effectively

7.0 Recommendations

This study establishes that the effectiveness of forensic accounting significantly improves when implemented within a digitalised and technologically advanced environment. Consequently, it is recommended that industries, corporations, and, most importantly, public sector institutions such as Owo Local Government review their strategies to incorporate digital forensic accounting systems and specialised software. Such integration would facilitate the prompt investigation of fraudulent practices, corruption cases, and other financial crimes. To achieve this, the following recommendations are emphasised. First, the council should leverage modern accounting and auditing software to improve efficiency and ensure the seamless operation of forensic accounting practices, with support from both experts and internal staff. Second, appropriate sanctions should be enforced whenever fraud is detected. In cases where prosecution is deemed necessary, proper forensic procedures must be strictly observed during investigations. These investigations should be carried out by qualified forensic accounting

professionals. Furthermore, where fraud is established, disciplinary actions consistent with the provisions of the Public Service Rules must be applied.

References

- Adebisi, J.F., & Gbegi, D. O. (2015). Fishbowl the Forensic Accountant: A Closer Look at the Skills Forensic Accounting Education Should Emphasize. *The Forensic Examiner, Nigeria*. 18(2), 77-79.
- Agbiboa, A. & Oko, P. (2013). "Legal Control of Fraud in Financial Institution". The Guardian Newspaper 12th March, Guardian Press Ltd, Lagos. pp. 22.
- Alabdullah, O. (2013). Validating Early Fraud Prediction Using Narrative Disclosures. *Journal of Forensic & Investigative Accounting*, 5(1), 35-57
- Albrecht, W. S., Albrecht, C. C., Albrecht, C. O., & Zimbelman, M. F. (2019). *Fraud examination* (6th ed.). Cengage Learning
- Awang, N., Hussin, N. S., Razali, F. A., & Abu Talib, S. L. (2021). Fraud Triangle Theory: Calling for New Factors. *INSIGHT Journal* 7:54-64 DOI:[10.24191/ij.v7i0.87](https://doi.org/10.24191/ij.v7i0.87)
- Black's Law Dictionary (1979). Risk Accounting and Risk Management for Accountants, CIMA Publication, Elsevier, United Kingdom.
- Coenen, U. (2005). Effects of tax audit on revenue generation: Federal Inland Revenue Service. *Journal of Good Governance on Sustainable Development in Africa*, 2(4): 67-80
- Cressey, D. R. (1953). Other people's money: A study in the social psychology of embezzlement. Free Press.
- DiGabriele, Y. (2009). Forensic accounting education: insights from academicians and certified fraud examiner practitioners.

- Managerial Auditing Journal*, 12(9), 479-489.
- Edebiri, E. (2015). Forensic Accounting Investigation for fighting public sector corruption in Nigeria: A conceptual paper. In *Proceedings of the Qualitative Research Conference (QRC) 2016* (pp. 194-202).
- Effiong, J. (2013). Appraising the effectiveness of Economic and Financial Crimes Commission (EFCC) in tackling public sector corruption in Nigeria. *Journal of Advanced Research in Business and Management Studies*, 7(2), 1-12.
- Gebremedhin (2024). The Cancerous Threat of Corruption in Ethiopia Driven by Ethnic Politics. Available online <https://borkena.com/2024/08/19/the-cancerous-threat-of-corruption-in-ethiopia-driven-by-ethnic-politics/>
- Horngren, C. T., Datar, S. M., & Foster, G. (2014). *Cost accounting: A managerial emphasis* (14th ed.). Pearson Education.
- Horngren, C. T., Sundem, G. L., Elliott, J. A., & Philbrick, D. R. (2014). *Introduction to financial accounting* (11th ed.). Pearson Education.
- Kasum, A. S. (2009). The relevance of forensic accounting to financial crimes in private and public sectors of third world economies: A study from Nigeria. In *Proceedings of the 1st International Conference on Governance, Fraud, Ethics and Social Responsibility* (pp. 11–13). SSRN.
- Kranacher, M.-J., Riley, R. A., Jr., & Wells, J. T. (2011). *Forensic accounting and fraud examination*. John Wiley & Sons.
- Manning, G. A. (2005). *Financial investigation and forensic accounting*. Taylor and Francis Group.
- Modogbo, H. & Anyaduba, L. (2013). An examination of impact of obedience pressure on perceptions of fraud acts and likelihood of committing occupational fraud. *Journal of Forensic Studies and Accounting Business*, 1(2)118.
- Okoye, E. I., & Gbegi, D. O. (2013). *Forensic accounting: A tool for fraud detection and prevention in the public sector*. **International Journal of Academic Research in Business and Social Sciences**, 3(3), 1–15.
- Owojori, R. & Asaolu, T. (2009). Money Laundering: The role of a forensic accountant as an expert witness. *A paper presented at the ICAN conference held at the International Conference Center in Abuja*, October 13-17.
- Polycarp, S. U. (2019). The Role of Forensic Accounting in Detecting Economic Crimes. *Research Journal of Finance and Accounting*, 10(16), 98-107.
- Sabo, A., Saidu, H. & Muhammed, N. (2024). Forensic accounting in fraud detection and prevention: a literature review. *Journal of the Management Sciences*, 61(8)
- Silverstone, H., Sheetz, M., Pedneault, S., & Rudewicz, F. E. (2011). *Forensic accounting and fraud investigation for non-experts*. John Wiley & Sons.
- Singleton, T. W., & Singleton, A. J. (2010). *Fraud auditing and forensic accounting* (4th ed.). John Wiley & Sons.
- Suleiman, G., & Ahmi, L. (2018). Adoption of forensic accounting in fraud detection process by anti-corruption agency: A conceptual framework. *International Journal of Management Research and Review*, 6(2), 139–148.
- Ubesie, M. C., Nnaji, M. O. & Okafor P. C. (2023). Role of forensic accounting in uncovering accounting fraud. *International Journal of Economics and Financial Management (IJEFM)* 8(8), 57-84
- Wolfe, D. T., & Hermanson, D. R. (2004). The fraud diamond: Considering the four elements of fraud. *The CPA Journal*, 74(12), 38–42.
- Zysman, A. B. (2011). Qualities and characteristics of forensic accountants (*unpublished*). Retrieved from forensicaccounting.com.