



## A REVIEW OF FORENSIC ACCOUNTING PRACTICES ON LEADERSHIP EFFICIENCY IN NIGERIAN OIL AND GAS COMPANIES

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### ABSTRACT

This paper reviews forensic accounting and its application in oil and gas companies in Nigeria with the following specific objectives: (1) To investigate fraud prevention and detection mechanisms and their levels of effectiveness in Nigeria oil and gas companies. (2) To identify the primary factors that hinders the application of forensic accounting in fraud prevention and detection in Nigeria oil and gas companies. (3) To examine practitioners' opinions and behavioural intention to apply forensic accounting in the prevention and detection of fraud in Nigeria oil and gas companies. (4) To explore the level of awareness of forensic accounting application in Nigeria oil and gas companies and how it has engendered leadership efficiency in the industry. This paper identified that the use of forensic accounting is still very minimal in Nigeria oil and gas companies. Also, that lack of professional accountants with adequate skill and technical know-how on forensic issues, political factors, as well as the involvement of top management in fraudulent practices were identified to hinder the application of forensic accounting in Nigeria oil and gas companies. Thus, there is an urgent need for human resources development, the institutionalization of forensic accounting in Nigeria, as well as employing and allowing forensic accountants to anchor the investigative units of oil and gas companies in Nigeria.

**Keywords:** Forensic Accounting, Practices, Leadership, Efficiency, Nigerian, Oil and Gas, Companies.

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### INTRODUCTION

Nigeria is said to be the largest oil and gas producer and the largest exporter of oil and gas in Africa. The oil industry in Nigeria has always been an important source of income in the

country. It is currently the source of 95% of Nigeria's foreign currency earnings (Ibenegbu, 2019). The oil and gas sector can best be described as the bride of the Nigerian economy, so, if well fed, it can be so fruitful that the divisions are expected to transform it into the axiom of the long-awaited 'Giant of Africa' (Okoromadu, 2018). According to data from the Central Bank of Nigeria (CBN), the oil sector currently provides 95% of its export revenue and about 60% of the Nigerian government's revenue (www.proshareng.com). Worlu and Okereke (2017) also pointed out that oil exploration and production play a dominant role in the Nigerian economy, as oil revenues accounted for about 90 percent of their gross profits.

In Nigeria, crude oil is the main source of energy and income. Natural gas will soon become the second largest source of energy and income for the Federal Republic of Nigeria. The discovered oil depot should last over this century. There are possibilities for the discovery of more oil fields. Natural gas production is secondary to crude oil (Okezie, 2014). It is undeniable that the oil and gas companies in Nigeria have an important role in the Nigerian economy. Oil and gas companies in Nigeria contribute significantly to federal government revenues. As a result, this sector needs special attention in accounting and research procedures, as the revenues generated by this sector of the economy have a great impact on the growth and development of the economy. Okoromadu (2018) also noted that despite this crucial role that the industry should play, over the years it has not satisfied the desire of many common Nigerians in terms of the fundamental role of economic transformation and development of the country. This could be attributed to the high level of fraudulent practices in the industry.

All oil exploration and production is carried out under the aegis of joint ventures between foreign multinationals and the federal government of Nigeria. These joint venture agreements were led by the federal government through the National Petroleum Corporation of Nigeria (NNPC), a nationalized state company. All companies operating in Nigeria must legally be secondary entities of the leading company, often incorporating "Nigeria" in their name (Worlu & Okereke, 2017). There are six major oil and gas exploration and production companies in Nigeria with a high level of production capacity. The current comprehensive list of oil and gas companies in Nigeria shows a total of 85 companies such as African Petroleum PLC., Ascon Oil Company Limited, Conoil photos. Honeywell Oil and Gas Limited, Nigeria Liquefied Natural Gas Limited (NLNG), etc., a joint venture managed by the Shell Petroleum Development Company of Nigeria represents 50% of Nigeria's total oil production (Worlu & Okereke, 2017).

However, over two-thirds of the Nigerian population is poor, despite living in a country with great wealth potential. In 1970, the end of the Biafra war coincided with the increase in world oil prices, and Nigeria was able to collect instantaneous wealth from its oil production and it was then that the then head of state of Nigeria boasted " that the problem Nigeria was not money but how to spend money "(Worlu & Okereke, 2017). However, it was during the Gowon years and his successors Murtala Mohammed and Olusegun Obasanjo were officially known as Heads of State. In the midst of the oil boom of the 1970s, they established that the political economy of oil in Nigeria was characterized by endemic sponsorship and corruption of political elites, which hit the nation to this day the petroleum industry in Nigeria).However, with the current level of oil production in Nigeria, if properly managed, the level of poverty in Nigeria will drastically reduce. This high level of poverty in Nigeria is no doubt linked up to a high level of fraud and other levels of corruption in the country especially in the oil and gas industry which is the most top revenue-generating sector in the country (Ordu & Worlu, 2018). The growth and development of this sector affect every other area in Nigeria, thereby impacting on the peoples' standard of living.

Donwa, Mgbame and Julius (2015) have stated that, despite the efforts of the ICPC and the EFCC, corruption remains a problem for the Nigerian economy. Nigeria, as a nation, is deeply soaked and characterized by fraud and related corrupt practices (Hamilton & Gabriel, 2012). Baghebo and Atima (2013) pointed out that since Royal Dutch Shell discovered oil in the Niger Delta in 1956, namely in Oloibiri, in the state of Bayelsa, the oil industry has been hit by political and economic conflicts mainly due to a long history of corrupt soldiers regimes, civil government and complicity of multinationals. The increase in financial scandals in Nigeria's oil and gas companies keeps Nigeria poor and supports brutal regimes. Businesses and governments must end the secret and discover agreements and benefits. And these financial scandals are associated with the incidence of fraud, therefore questioning the role of the auditor in financial investigations. Research evidence has shown that an increasing number of frauds have undermined the integrity of financial reports, contributed to substantial economic losses and eroded investor confidence in the usefulness and reliability of financial statements.

Several cases of fraud have been reported to Nigerian oil and gas companies. Some of which have recently been published in national newspapers are the NNPC which caused oil fraud of \$ 184 million (Jaafar, 2017). Several oil companies in Nigeria have perpetrated this fraud. Nigerian, an Italian detained for oil fraud in Malibu, claimed for the first time (Ogundipe, 2018). Nigeria could lose \$ 6 billion from the "corrupt" oil deal linked to fraud (Padmore, 2018). Companies accused of fraud of billionaire subsidies to increase Nigerian crude in 2017 (Ezeamalu). It has also been reported that the oil subsidy regime between 2009 and 2011 has recorded one of the most monumental fraud cases in the history of Nigeria. In addition, the case of Nigerian corruption Shell-Eni. In December 2018, Nigeria filed a \$ 1.092 billion lawsuit against Shell and Eni oil companies for alleged fraudulent practices and corruption. The arrest of the former Nigerian oil minister in London for alleged money laundering of over 4 billion naira or 20 billion US dollars represents the intensity of corruption in Nigerian oil and gas companies. Most of these fraudulent practices are perpetrated by highly qualified fraudsters who employ sophisticated methods and members of senior management who have the skills and opportunities and understand the weaknesses of internal control. Therefore, it requires highly qualified people who are able to cancel fraudulent schemes.

The incidence of fraud continues to occur in Nigeria's oil and gas companies. Fraud is a universal problem since no nation can resist, although developing countries like Nigeria and its various states suffer from more pain. Although the fraud case is not exclusive to oil and gas companies, the high rate of fraud and corruption cases in Nigerian oil and gas companies requires an urgent and more practical approach to find durable solutions.

The Association of Certified Fraud Examiners defines fraud as any illegal act characterized by deception, concealment or breach of trust. Such acts do not depend on the application or threat of violence or physical force. The large number of frauds in modern organizations has rendered traditional audit and research activities ineffective and ineffective in detecting and preventing various types of scams that companies have to face all over the world (Onuorah & Appah, 2012). This is because the financial audit focuses on identifying and preventing errors by using sampling techniques to detect unintended errors caused by deficiencies in internal controls that occur at regular intervals rather than by identifying frauds (intentional errors) that occur in some transactions. The statutory auditor is not primarily required to detect fraud and errors. Your duty is clearly defined by Section 359 (CAMA, 2004) and the relevant audit standards. Uwojori and Asaolu, (2009), also considered that, unfortunately, the inability of the statutory auditor is limited by the statutes and by the applicable rules for the management of financial crimes. Okunbor and Obaretin (2010) reported that the series of corporate bankruptcies had placed greater responsibility and

function on accountants to equip themselves with the capacity to identify and act on indicators of corporate bad governance, mismanagement, fraud and other irregularities. The increasing rate of white-collar crime requires severe sanctions, exemplary punishment and effective law enforcement in the right spirit (Bhasin, 2015). Oyebisi, Wisdom, Olusogo and Ifeoluwa (2018) have agreed that, despite the establishment of anti-fraud agencies such as the Commission on Economic and Financial Crimes (EFCC) and the Independent Commission for Corrupt Practices (ICPC), cases of fraudulent practices in the sector Banking activities appear to be on the rise and it seems complicated for these anti-fraud agencies to successfully prosecute many of the alleged fraud cases involving Naira billions. Many of these fraudulent practices are perpetrated by highly qualified fraudsters, who employ sophisticated methods, so they require highly qualified people who can cancel fraudulent schemes. Therefore, the increasing rate of fraud, money laundering and other corrupt commercial practices, in particular the oil and gas companies in Nigeria, as well as government organizations, have required the revision of forensic accounting and its application in Nigeria oil companies.

## **CONCEPTUAL REVIEW**

### **Concept of Forensic Accounting**

Forensic accounting is composed of two words: forensics and accounting. Forensic accounting, also called fraudulent accounting or audit accounting is a fusion of forensic science and accounting (Kasum, 2009). Forensic means applying scientific knowledge to legal issues that will make it easier to understand the term of the sentence. Okoye and Gbegi (2013) agreed that forensic accounting, also called investigative accounting or fraud verification, is a fusion of forensic science and accounting. Forensic science, according to Crumbley (2003) "can be defined as the application of the laws of nature to the laws of man". A forensic scientist is referred to as an examiner and interpreter of evidence and facts in legal cases that also require expert opinions on their findings in a court of law. The science in question here is the science of accounting, which means that the examination and interpretation will be financial information. Forensic is an adjective used in court. It also refers to forensic accounting as the use of accounting and information from other sources to effectively determine the facts in a way that can support a reasonable position adopted by the court. The American Institute of Certified Public Accountants (AICPA) has defined accounting as the art of registering, classifying and summarizing in a meaningful way and in terms of money, transactions and events that are, at least in part, of a financial nature, and interpreting them the result (AICPA Terminology Committee). Bacon (1905) defines forensic accounting as the application of the investigative and analytical capacity to solve financial problems in order to meet the standard requirements of a court.

Chegg defines forensic accounting as a process of verifying the financial status of a company using accounting principles, audit and investigation procedures. It is a combination of accounting and auditing skills, as well as research into the study and interpretation of accounting practices and proofs for presentation in a legal forum used when someone commits fraud, such as money laundering, embezzlement, abuse of rights and authority. Forensic accountants are often called investigators or fraud examiners. Therefore, forensic accounting occurs when unique accounting and auditing techniques are used to collect and present information to the court or other legal issues. Forensic accounting is also defined as "the application of investigative skills to resolve financial problems in order to meet the standards required by the courts of justice". It is the specialized practical area of accounting that describes the commitments deriving from real or expected disputes or disputes (Effiong,

2013). Forensic means "suitable for use in a court of law", and it is to that standard and potential result that forensic accountants generally have to work, forensic accountants are also known as forensic auditors or investigative auditors. They must provide expert evidence in the eventual process. Forensic accountants apply special skills in accounting, auditing, finance, quantitative methods, some areas of the law, research and investigation skills to collect, analyze and evaluate evidence and interpret and communicate results. Financial forensic work can be classified into different categories, such as the calculation of economic damages, either due to damage or breach of the contract; post-acquisition disputes, such as guarantee violations; bankruptcy, insolvency and reorganization; security fraud; tax fraud; money laundry; business evaluation; and computer forensics / electronic discovery. Some forensic accountants specialize in forensic analysis, which is the acquisition and analysis of electronic data to reconstruct, detect or support a financial fraud claim.

Maurice Peloubet coined the term "forensic accounting in 1946," he said, forensic accounting is the application of accounting knowledge and investigative skills to identify and resolve legal problems. It is the science of using accounting as a tool to identify and develop a cash flow test. . These tools and techniques, skills and knowledge can be invaluable for forensic fraud and accounting investigators. "In the late 1940s, forensic accounting had become popular during World War II, but conducting academic field studies. They were published in the 1980s (Rassey, 2009). Therefore, a new accounting profession has emerged over the years. 80 with the interest of Western countries and especially the United States This new profession identify the fields that include accounting, auditing and investigation skills (Ozkul & Pamuke, 2012). Dada, Owolabi and Okwu (2013), Zysman (2004) quoted by Effiong (2013) also agreed that forensic accounting is the integration of accounting, auditing and research skills.

Dhar Sarkar (2010) has defined forensic accounting as the application of accounting concepts and techniques to legal problems. It requires the submission of reports, in which the responsibility for fraud is established, and the report is considered evidence in court or in administrative proceedings. Forensic accounting uses accounting, auditing and research skills to examine the finances of an individual or a company. It provides an adequate accounting and accounting analysis to be used in legal procedures (Chen, 2019).

According to the Association of Certified Fraud Examiners (ACFE, 2016), forensic accounting is the use of professional accounting skills in matters involving potential or actual civil or criminal litigation. Joshi (2003) also believes that forensic accounting is the application of specialist knowledge and the specific ability to stumble over economic translation tests. Degboro and Olofinsola (2007), in their opinion, stressed that the forensic investigation has to do with determining and ascertaining the facts in support of a lawsuit. That is, using forensic techniques, detecting and investigating a crime is exposing all of its assistance features and identifying the culprits.

According to Silverstone and Sheetz (2006), as quoted by Okunbor and Obaretin (2010), forensic accounting is the process of interpretation, synthesis and presentation of complex financial problems, in a succinct and objective manner, often in court as an expert, it has to do with the use of accounting discipline to help determine aspects of the facts in commercial disputes. Forensic accounting is a discipline that has its model and its methods of investigative procedures that aim at security, certification and consultancy to produce legal evidence. A forensic investigation can be based on accounting, medicine, engineering or other disciplines. A forensic audit is an examination of the evidence relating to a statement to determine its correspondence with the established criteria, conducted appropriately for the court.

## **Origin and Growth of Forensic Accounting in Nigeria**

Joshi (2003) traced the history of forensic accounting to Kautilya, the first economist to openly recognize the need for forensic accountants and mentioned 40 forms of embezzlement centuries ago. However, the main form of forensic accounting dates back to a court decision of 1817. However, he noted that the phrase "forensic accounting" was first coined by Maurice E. Puloubet in 1946. Puloubet was the first man to publish in your forensic accounting book. Another noteworthy person according to Ghosh and Banerjee, (2011) cited by (Efiog, 2013) is Birbal, one of the famous Navaratna of the Mughal Emperor who used various forms of tricks to investigate crimes. Forensic accounting is not a new field. Research shows that the profession existed a long time ago, although it was not yet called forensic accounting. For example, in ancient Egypt, the forensic accountants who invented the pharaoh's grain, gold and other goods were called the eyes and ears of the pharaohs (Grumbley, 2001).

Other evidence of the existence of a forensic accountant dates back to 1817, when the accountant who examined the bankruptcy account had to testify in the court case. In the United Kingdom, the fraud review is the first report that analyzes the country's fraud problem and recommends anti-fraud strategies, including the creation of a national strategic anti-fraud authority (Salierno, 2006). Therefore, although forensic accounting is not completely new in developed countries, it has begun to gain importance due to the growing wave of crime in recent years (Coenen, 2005) and the need to prevent and identify such crimes (Ozkul & Pamuku, 2012).

However, Huber, (2012) quoted by (Efiog, 2013) pointed out that forensic accounting may not have full public recognition as a profession, but needs time for its evolution and maturity. The same could be said of Nigeria. Since Nigeria gained independence in 1960, forensic accounting has existed due to increased fraud, money laundering and other forms of economic and financial crimes in the country (Enyi, 2012). The term "forensic accounting" is not completely new in Nigeria, since auditors, police and intelligence units apply it daily in the performance of their duties. Forensic accounting is gradually gaining acceptance in Nigeria as companies have realized that the service of a forensic accountant is necessary as fraud cases have increased significantly in number. Currently, forensic accounting is gaining popularity in the world and Nigeria is not excluded. Most universities and professional accounting agencies in Nigeria have added it to their curriculum. Ihunwo and George (2017) pointed out that the Institute of Public Accountants of Nigeria (ICAN) on April 8, 2014 induced 67 new experts in forensic accounting (FAE) for a total of 365 certified forensic accountants (CFA) in Nigeria. This indicates that the government and the private sector in Nigeria have not yet implemented forensic accounting despite the increase in complex financial crimes and the lack of properly trained professionals to investigate them.

Furthermore, Nigeria now has a forensic accounting institution (IFA) established and located in Kaduna. Currently, there is a bill that establishes the collegial Institute of legal auditors and investigators from Nigeria for the effective regulation, registration of members and determination of the knowledge and skills that a professional must acquire in order to qualify to exercise the profession of auditor. Forensic and investigator. For related questions (HBs. 1540, 1340 and 1455) (Head of the Senate), (Hon. UzomaKem-Abonta, Hon. KayodeOladele and Hon. Ekpoattai I. Owoidighe). However, the bill was rejected after intense discussions by defenders and opponents of the bill ([www.proshare.com/news](http://www.proshare.com/news), April 16, 2019). Suffice it to say that forensic accounting awareness remains low in Nigeria, but will certainly gain importance in the near future.

## Focus of Forensic Accounting

Mehta and Mathur (2007), forensic accounting focuses on the detection of financial fraud "linking information and data on data and preventing fraud by establishing and positioning the accounting system on the right track". It also creates deterrence, as it promotes fear in the minds of evildoers that there is the possibility of being caught and punished (Efiong, 2013). The forensic accounting approaches identified by (Chary, 2005; Owojori & Asaolu 2009; Kasum, 2009) are (1) support and investigation for litigation and (2) dispute resolution. It is argued that litigation support and research represent the objective representation of the economic problems related to the existing dispute. Hamid (2014), quoted by Ihunwo and George (2017), states that the first thing that comes to mind when it comes to forensic accounting is the occurrence of fraud and related investigations. He further states that, in reality, it is true that one of the main objectives of forensic accounting is to enter the comfort zone where no fraud occurs due to the in-depth control of records and financial transactions. But in the current scenario, there is another very relevant aspect of forensic accounting, which is the monitoring and review of unnecessary expenses that must be further discovered to be part of the business and internal audit. A few decades ago, no one considered internal control as one of the company's functions, but now it has been ordered by the legislation of many countries.

Chary (2005) noted that forensic accountants can help in the following specific areas, as observed by Zysman (2004).

- Obtain documentary evidence necessary to support or refute the complaint.
- Review the relevant documents to form an initial assessment of the case.
- Examination of the discovery, including the wording of the deed relating to the financial residence.
- Participation in the discovery test to review the testimony.
- To help understand financial problems and ask further questions.

When the dispute is brought into the courtroom, the forensic accountant can testify as an expert witness. Ali (2014) quoted by Ihunwo and George (2017) noted that forensic and investigative accounting was designed to provide the basis that will be admissible as evidence in any judging authority. The sole purpose of presenting it was to establish a method capable of guaranteeing transparency, avoiding fraudulent activities and identifying lawbreakers who will be punished in court. Furthermore, he stressed that the evidence presented will be undeniable and will help the court of justice establish the responsibility or resolve the dispute amicably between the two parties. And for evidence to be irrefutable, it must be appropriate, reliable and sufficiently relevant. This, the forensic accountant must take into account in gathering evidence.

In resolving disputes, forensic accountants quantify the damage suffered by the parties involved and help resolve them before they can reach the court. Here, forensic accounting looks for an out-of-court solution and formulates some recommendations or actions that can be taken to reduce future risks and losses (Chary, 2005). Forensic accountants' commitments aim to find out where the money went, how they arrived and who was responsible, since they are trained to look beyond the numbers in managing the situation (Zysman, 2004). An accounting and forensic investigation job is usually substantially longer than any other question. Therefore, the continuity of the customer's staff is often difficult to maintain. This makes it even more essential for the forensic accountant to carry out his work in a concise, detailed and documented way.

Jitendra Prasad noted the following in areas where forensic accounting can be applied: criminal and civil investigations, preparation of reports, review and tests, presentation of oral evidence in court, insolvency and liquidation support investigations, fraud prevention and strategies awareness raising, breach of contract, breach of warranty, in particular in the acquisition of the company, insurance claims, regulatory investigations, special and confidential investigations, fraud investigations and reports and risk management. He also noted that the first area of forensic accounting is a fraud investigation.

### **Basic Skills of Forensic Accountants**

In addition to the professional skills of accounting and legal knowledge, forensic accountants must possess the following skills:

- Remarkable curiosity.
- Attention to detail.
- Persistence.
- The ability to think creatively.
- Communicate effectively.
- Analytical and research skills ([www.allbusinessschool.com](http://www.allbusinessschool.com)).

It is essential for forensic accountants to have expertise in many areas (Hopwood et al., 2008). Those who are part of the forensic accounting career combine their accounting, auditing and research skills to analyze and interpret commercial and financial evidence and can participate in tests as expert witnesses.

There are many views of different authors on the skills that the forensic accountant must possess. Harris and Brown (2000), by examining the qualities of a forensic accountant, have identified specialist skills and techniques that should be owned by these experts. His study reveals that forensic accountants must be familiar with civil and criminal law. They must understand courtroom procedures and expectations, research skills, creative thinking and clear and precise communication skills. A forensic accountant is often employed to analyze, interpret, summarize and present complex financial and commercial issues in an understandable and adequately supported manner (Mehta & Mathur, 2007). Some forensic accountants specialize in analysis, which is the acquisition and analysis of electronic data to reconstruct, detect or support a financial fraud claim. They do this through data collection, data preparation, data analysis and reports. For example, forensic analysis can be used to review an employee's purchase card activity to assess whether any of the purchases has been diverted or diverted for personal use.

Like any other profession where you need to have a set of basic skills to be successful, forensic accountants in addition to being professionally qualified as accountants must possess some transversal skills if they want to succeed in this new forensic accounting skill. These skills are:

- Identification of fraud Sixth sense: this is the ability of the individual who works as a forensic accountant to identify fraud with little initial information.
- Reasonable knowledge of the investigation: forensic accountants should be able to properly investigate any matter that has attracted their attention.
- Ability to identify problems within the figures: forensic accountants are generally presented with data relating to complaints, accusations, rumors, etc. Now the

accountant is left to identify where things can go wrong. This skill is what forensic doctors collect at work, as university accounting programs do not teach us.

- Ability to collect and retain evidence: as a forensic accountant, part of your duty is to prepare forensic accounting information. The collection and storage of evidence is, in effect, the most crucial skill that a forensic accountant must possess. As a general rule, you should not do a test of the source of evidence, do some steam if it is in digital format.
- Presentation skills: Accountants, who are professionals with a broad knowledge of the corporate language, should be able to fluently communicate the required accounting information to users. Forensic accountants must have excellent presentation skills.
- An eye for detail: a forensic accountant must be someone who has the ability to get more information. You should see the larger image that is incorporated into what many call trivial,
- Interview skills: interviewing the parties involved in an investigative task is an integral part of the work of a forensic accountant. Valuable information is usually the analysis and interpretation of financial information obtained through a well conducted interview.
- Positive criminal mind: there is no doubt that criminals are among the most intelligent people on earth. Criminals cannot succeed unless they are intelligent. Forensic accountants must borrow a sheet. The only difference is that the street intelligence of a forensic accountant should be used to fight crime and not commit fraud. What else will you do as a forensic accountant if you don't have a solid foundation of financial analysis and interpretation? The answer is small or nothing. Once again, you need to apply your positive criminal mind here. Looking beyond the ordinary when analyzing financial statements as a legal accountant.
- Use of technology: it will be placed in a very disadvantageous position if your knowledge of the technology is delayed. Technology is now inseparable from the world of business, accounting and finance. In most cases, you should be able to find a tour of most accounting programs.
- Understanding the relevant laws: forensic accounting vouchers have the legal provisions of the sector specialized in a forensic accountant working on a case involving a real estate dispute ([contablenextdoor.com](http://contablenextdoor.com)).

The most critical skills of a forensic accountant derive from experience in accounting, internal auditing, fiscal management, interpersonal relations, commercial operations and communication ([www.accountantnextdoor.com](http://www.accountantnextdoor.com)).

Consequently, a series of skills required by a forensic accountant have been identified as deductive analysis skills, unstructured competence to solve problems, investigative flexibility and analytical competence, including verbal communication skills, specific legal knowledge and good composure. They must be detailed, ethical, receptive, insightful, persistent and septic. They are expected to have expertise in a wide range of disciplines, including accounting, law, auditing, criminology, computer science and communication skills, research skills, quantitative method, finance, law and knowledge of law enforcement officials. law. They must have a deep analytical capacity, develop critical thinking, knowledge and skills in organizational behavior and apply psychology.

## **RELEVANCE OF FORENSIC ACCOUNTING**

Commercial accounts can be extraordinarily complex, which makes it difficult or even impossible to detect problems without thorough investigation. Neglecting or ignoring the

evidence of monetary doubts can lead to devastating legal and financial consequences. It is the duty of forensic accountants to seek, prevent and prevent fraudulent activities, for the protection of the respective company or organization ([www.oxfordhomestudv.com](http://www.oxfordhomestudv.com)).

The digital age makes it easier than ever for criminals to change corporate accounts and generally disappoint others. Many companies rely on computers and the Internet. Whenever security experts intensify efforts to minimize internal risks, hackers retreat with equal force.

Most of the time, conventional accountants and company executives do not have sufficient knowledge, specialist skills or the time available to conduct global audits and financial investigations. By taking a proactive approach to accounting, a company can protect itself from both devastating losses and serious legal consequences. This is done by forensic accountants who investigate activities and record in detail, looking for evidence of fraudulent or unusual activity. When detected, the required evidence is collected, collected and finally presented in a clear and concise manner, often in a judicial environment.

Forensic accounting's fraud preventive role can be perceived as strengthening the functionality of organizations towards fraud control and fraud mitigation (Rehman & Hashim, 2018). Ambitious and non-achievable targets influence fraud perpetrators to perform non-proper accounting transactions which eventually bring losses to the organizations or even closure of organizations. It can be quickly asserted that currently, available fraud mechanism is not enough. Assistance for the preventive role of forensic accounting is required (Enofe, Ekpulu & Ajala, 2015; Bhasin, 2013). Forensic accounting is that branch of accounting that deals with recovering the proceeds of fraud, money laundering and other related fraud practices that may occur in a business organization. Once the fraud is perceived or detected, a professional group of people is used: forensic accountants to help identify the scam and provide the administration with substantial evidence to present in court when the suspect is involved. In the fraudulent act. "Forense", which means evidence or material (s) that will be used in court, has been incorporated into accounting and finance following an increase in white-collar crimes (Mazunder, 2011).

Mazumder also noted that law enforcement personnel became more aware of white-collar crimes, but lacked experience and training to combat such crimes. Furthermore, Zysman (2004) commented that forensic accounting uses audit and investigation capabilities. Enyi (2012) also stated that an accountant is needed to capture a fraudulent accountant, since a man should know the trick of a monkey before he can capture it. An auditor must apply strict ethical conduct to properly perform forensic accounting. A forensic accountant must be totally independent and must be aware of the tricks of administrative staff and employees to commit fraud in an organization. Financial crimes such as employee theft, overpricing, inventory laundering, syndicated offers, collusion, espionage, conspiracy and fraud have been at the heart of Nigerian oil and gas companies. These are all clear indicators that the application of forensic accounting is a necessity in Nigerian oil and gas companies for the prevention and detection of fraud. Therefore, this document examines the extent to which Nigerian oil and gas companies apply forensic accounting in fraud identification and prevention.

Forensic accounting is the only realistic approach to get a deeper understanding of what is happening behind the scenes in a financial capacity. As such, for any company that has an interest in minimizing losses and maximizing revenue, it is an invaluable specialty. Therefore, the main importance of forensic accounting can be summarized as follows: reduction of losses, improvement of efficiency and reduction of the risk of exploitation, prevention of legal problems, improvement of reputation and authority.

Forensic accounting is an exciting and rewarding field that allows professionals to use their accounting knowledge and investigative skills to catch criminals, resolve lawsuits and reduce the risk of large-scale fraud.

Online.Maryville.edu has observed the following the importance of forensic accounting: complex litigation, government investigations, risk prevention and management. From the above, the importance of forensic accounting cannot be overstated.

In writing the role of forensic accounting in solving the annoying problems of the corporate world, Owojori and Asaolu (2009) stressed the failure of a legal review to prevent and reduce the misappropriation of company funds. This increase in corporate crime has prompted the accountant and lawyer to find a better way to report fraud in the business world. The importance of forensic accounting can be clearly understood from the context in which legal audits failed to detect and prevent fraud, as summarized by Owojori and Asaolu (2009). (Effiong, 2013). He noted that employee fraud generally involves asset theft and embezzlement. Others include employee participation in corruption programs or the conversion of company assets for personal use. The forensic accountant can intervene and observe the assets through an examination, an inspection, an inspection of the documents and an interview of those involved in the control of such practices. Experience and these types of commitments allow the forensic accountant to offer suggestions on internal controls that owners could implement to reduce the likelihood of fraud.

In addition, the forensic accountant will also be involved in a criminal investigation on behalf of the police. For example, a forensic accountant can be employed by the ICPC, the EFCC or even the police to be used in investigations (Eiya & Otor, 2013), where their report is prepared with the aim of presenting evidence in a manner professional and concise. These assumptions often involve a detailed analysis of many years of accounting records to assess controversial issues. It needs an understanding of the legal aspect of business activities. Therefore, the forensic accountant can help in various ways, including investigative accounting, review of the factual situation and the provision of suggestions, regarding possible lines of action, assistance with professional and asset recovery and coordination of others experts, in particular private investigators, forensic document examiners, consultant engineers, etc.

The Association of Certified Fraud Examiners has taken note of examples of the engagement area such as money laundering, insurance claims, employee fraud investigations, GAAP violations, GAAS violations, telemarketing fraud, kit verification, fraud and contract award, misappropriation of assets, fraud in securities, fraud in the balance sheet, fraud in the event of bankruptcy, embezzlement. The following are other areas in which a forensic accountant will often be involved according to Mehta and Mathur (2007), Ghosh and Banerjee (2011), Eiya and Otor (2013).

### **Shareholders' and Partnership Disputes**

They often involve a detailed analysis of the accounting records of several years to quantify the disputed problems. For example, a common problem that often arises is compensation and benefits received by each of the shareholders or partners in dispute, which may be due to the disappearance of a deceased partner or legal heirs (Mehta & Mathur 2007; Ghosh & Baanerjee, 2011).

### **Claims for Personal Injury / Traffic Accidents**

This involves quantifying the economic losses resulting from a car accident. Therefore, a forensic accountant must be familiar with the current legislation that refers to a car accident.

Similar issues are also involved in the calculation of economic damages due to cases of medical negligence and unjustified dismissal (Eiya & Otalor, 2013).

### **Business Interruption / other Types of Insurance Claims**

There is a significant difference in insurance policies in terms of terms and conditions. The assignment of a forensic accountant may therefore involve a detailed review of the survey plan on coverage problems and the appropriate method of calculating the loss. Here, the forensic accountant can help from the point of view of an insured or an insurer in solving a case (Mehta & Mathur, 2007).

### **Business / Employees Fraud investigations**

The duties of the forensic accountant here may include monitoring the funds, identifying and recovering resources, revising forensic information. Employee fraud investigations often involve procedures to determine the existence, nature and extent of fraud and may refer to the identification of an author. These investigations often involve interviews with personnel who had access to the funds and a detailed review of documentary evidence "(Mehta & Mathur, 2007).

### **Marriage Disputes**

The dispute over marriage is the act of tracking down, locating and evaluating goods that can be commercial property or any other good (Eiya & Otalor, 2013). According to Gosh and Banerjee (2011, p.62), the role of forensic accounting cannot be ignored because it can "help the organization, individuals and society in general, to have an indispensable part of the current legal team".

### **Business economic losses**

In the event of commercial economic losses, the forensic accountant may be involved in the resolution of disputes in contractual disputes, construction claims, expropriations, product liability claims, trademark and patent violations and losses arising from a breach of a non-agreement competition (Eiya & Otalor, 2013). With the attributes of rationality, neutrality and independence, forensic accountants have a kind of social value that leads to the translation of economic problems into symbolic trust (Williams, 2002). Similarly, forensic accounting provides the cultural mediation necessary for economic logic, since it represents a means of mediation to obtain commercial and legal claims (Huber, 2012). Therefore, forensic accounting provides the legal platform for resolving economic disputes. Mediation and arbitration

Mediation has to do with the ability of the forensic accountant to help the party in a dispute resolve its differences without resorting to court. The style used by the mediator can be facilitator or evaluative. In the case of facilitation, the forensic accountant is only helping the participants to reach a reciprocal agreement, while in the case of evaluation the opinion of the forensic accountant is required. In the event of arbitration, the third party is neutral or non-binding for the authors of the dispute (Hopwood, Leiner & Young, 2012).

The main phases of forensic analysis are data collection, data preparation, data analysis and reports. The methods of forensic accounting and fraud investigation differ from the internal audit. Therefore, forensic accounting services and practices should be managed by forensic accounting experts, not internal audit experts. Forensic accountants can appear at

the crime scene a little later than fraud auditors. Even so, his significant contribution is in the translation of complex financial transactions and numerical data in terms understandable to ordinary people. This is necessary because if the fraud arrives at the trial, the jury will be composed of average lay people. On the other hand, internal auditors pass on checklists that may not show evidence that the panel or regulatory bodies have investigated. Field work can involve legal risks if you use checklists for internal audits instead of consulting a forensic accountant and can involve serious risks of the consultant's negligence.

Forensic accountants use an understanding of economic theories, business information, financial information systems, accounting and auditing rules and procedures, data management and electronic discovery, data analysis techniques for fraud detection, evidence gathering and investigation techniques, as well as litigation processes and procedures to carry out their work. Forensic accountants also increasingly take on proactive risk reduction roles in the design and implementation of extended procedures in the area of statutory audit, acting as consultants for audit committees, fraud deterrent commitments and assistance in investigating investment analysts.

### **Leadership Efficiency and Forensic Accounting**

A quality of leadership that goes hand in hand with an organization is the ability to operate efficiently. Efficiency, in simple terms, means not wasting time while working towards a goal. Having a clear direction with a focus on and motivation to achieve it will help a leader use his time wisely. Time management plays a key role in inefficiency. Leaders must determine which activities should be prioritized and which should be discarded. There are personal and commercial benefits to time management and efficiency. By minimizing the time spent on insignificant details, a leader will be less stressed and more organized. This is where accounting and legal auditing comes into play. By establishing controls, it would create adequate time for the leader to manage other areas of activity, including strategic research and the establishment of other strategic alliances. In other words, the time that has been saved can be applied to activities that are directly related to the organization's goals. When this is in place, the quality of the services could increase both from the individual side and from that of the leader in terms of motivation of the others. Therefore, higher performance is possible. It is argued that a lower level of stress creates a better environment for creativity and freedom and, most likely, a positive attitude (eapsofware.com). Furthermore, workers will respond better to a leader who possesses these qualities, which will lead to an even better level of productivity. The forensic auditor that exhibits better leadership via the establishment of adequate controls and motivating team members, organizational efficiency could also be achieved.

### **MECHANISM OF FRAUD PREVENTION AND DETECTION**

There are different kinds of fraud prevention and detection mechanisms. Few of them will be discussed here.

#### **Traditional accounting mechanisms**

Many conventional accounting mechanisms have been designed to prevent and detect fraud before or after they occur, respectively. Such devices include; internal control systems, operational audits, code of conduct and verification of employee references (Bierstaker, Burnaby & Mass 2004; Bierstaker, Brody & Pacini, 2006).

The sponsor organizations committee (COSO) has developed a definition of internal control as "a process led by the board of directors, the administration and other personnel of an entity, designed to provide reasonable assurances regarding the achievement of the objectives with respect to the reliability of financial information, effectiveness and efficiency of operations and compliance with applicable laws and regulations. This definition argues that internal control is a process and not an end in itself. It is established by individuals as opposed to policies, documents and manual forms. It provides reasonable assurance and not absolute certainty that the objectives can be achieved and addresses the achievement of objectives in the areas of financial information, operations and compliance with laws and regulations. It is argued that internal controls are ineffective or, at best, a short-term strategy for the prevention and detection of fraud.

Hamilton and Gabriel (2012) observed that the strategy of the internal control system is, at best, a short-term solution for a significant and widespread fraud system. Nnamdi (1991) stated that the ineffectiveness of internal control measures is due to deficiencies in policies and control, operational procedures and management attitude. Other limitations of internal control found by Nwanyanwu in its conference notes (2018) include the dominant control of the administration, external pressure and collision (two parts coming together to defraud the organization). Therefore, internal controls are not perceived as an effective mechanism for the prevention and detection of fraud. Ramaswamy (2007) puts more concisely fraud is no longer against what internal or external reviewers can protect themselves with their periodic review.

## **TRADITIONAL AUDITING MECHANISM**

Traditional control shares some objectives similar to forensic control; however, their roles, knowledge and skills differ. Traditional auditing uses sampling techniques to discover unintended errors usually caused by the weakness of internal controls that occur at regular intervals. The task of the auditor was to determine whether the company's financial statements dedicated to the oil operation provide a correct and fair view (Okezie, 2004). Therefore, the traditional audit mechanism lacks the powers to detect and prevent fraud or intentional errors (fraud) in oil and gas companies. A traditional auditor is appointed to carry out a statutory audit which is generally carried out to meet regulatory requirements and to ensure that the prepared accounts are in line with the IFRS. Millichamp (1990) states that the statutory audit is a mandatory review that guarantees that the financial statements are in line with the accounting principles. However, Nigeria has recently moved from GAAP to IFRS. This means that the traditional auditor cannot go beyond the prescribed procedure. Therefore, if a fraud is detected, it cannot be disclosed! It is for the correct prosecution of the culprit. An internal audit is an audit conducted by an employee with responsibility for ensuring compliance with the prescribed operating procedures. While the internal auditor performs this task, it is possible to identify frauds. But management has "a significant influence on an internal auditor's commitment to detect fraud" (Ramaswamy, 2007 p. 33).

In recent times, a series of fraudulent and corrupt practices have been committed in Nigerian oil and gas companies, some of which are reported in this document. These are undoubtedly perpetrated under the supervision of the organisation's internal auditors. Ihunwo and George (2017) state that the independence of the internal auditor is not guaranteed because he works as an employee of the government or organization. So the idea of external reviewers is born, although fraud and financial crimes are still committed daily. It thus depicts that internal and external auditors, perhaps are not fully equipped with the necessary tools that can enable them to detect and prevent these ongoing financial crimes and fraudulent activities in the Nigeria oil and gas companies.

## FORENSIC ACCOUNTING MECHANISM

Forensic accounting techniques are now being used to manage fraud problems around the world. Numerous empirical studies have been conducted on the application of forensic accounting techniques in a fraud investigation. Some of these are currently being revised in the following sections.

Olugbenga (2013) conducted an empirical study which revealed that the applicability of forensic accounting in Nigeria is not well. The survey by the Dada, Owolabi and Okwu (2013) survey showed that forensic accounting services are positively correlated with investigations and detection of fraudulent practices and were not applied primarily by major anti-corruption agencies in Nigeria.

Njanke, Dube and Mashayanye (2009) in their study on the effectiveness of forensic control in the detection and prevention of bank fraud, sought to find the level at which forensic auditors can fulfill this mandate and investigate problems that prevent auditors forensics to carry out their operations in developing countries. His study used questionnaires, personal interviews and document review as tools for data collection. Using a sample of thirty forensic auditors from thirteen commercial banks, four construction companies and four audit firms in Zimbabwe, it was discovered that forensic audit departments faced multiple challenges. These challenges included lack of material resources, lack of technical knowledge, administrative interference and unclear recognition of the profession. The survey showed that most respondents feel comfortable using titles, such as "security officer" or risk and control or investigation officer, other than a statutory auditor. The reasons could be that the title of "forensic reviewer" limits his scope of work, as some play a dual role in investigating physical security and fraud; therefore, the central functions of corporate risk management. Others felt that the use of the title seemed strange and flowery. However, over 75% of respondents received in-service training that improves their performance in the knowledge and skills they need. The formation of the service tends to motivate subordinates within the banking system; therefore, increase its effectiveness and productivity. It turned out that the experience had a certain relationship with performance and trust in the performance of the duties of statutory auditor in Zimbabwe, as the saying goes "experience is the best teacher.

In general, forensic accounting approaches include proactive and reactive. The use of one of these approaches depends very much on the existing circumstances. It is stated that the proactive approach is a universally tactical approach, as it aggressively attacks types of fraud, looks for indicators, symptoms or warning signs (Levanti, 2001). Bendford digital analysis (Nigrini, 1999); the breaking point technique (Hassibi, 2000); the technique of detection of strategic fraud (Albrecht, 2004); The fraud hypothesis testing technique (Albrecht et al. 2004) and the five-step detection technique (Ernest and Young, 2006) are generally proactive forensic accounting techniques that conform to the investigative philosophy that aims to detect fraud before happen. On the other hand, the reactive approach favors the philosophy of waiting before seeing the fraud and then arresting it. Electronic equipment such as closed-circuit television (CCTV) or digital and mobile cameras may be involved.

Njanike, Dube and Mashayanye (2009) pointed out that, based on detection techniques, they are rarely used; they include the risk profile technique, the analysis of peer groups and the digital analysis technique. What can be extracted from the use of these techniques could be that the interviewees are not familiar with the methods. Some of them rely heavily on accounting and IT expertise, which the statutory auditor should have. Unlike the developed world, most forensic detection techniques are used.

Forensic reviewers in Zimbabwe rely primarily on information provided to them through complaints and anonymous complaints. Its main activity is therefore to investigate

cases that have been delivered to them by departments and bank branches. The proactive approach to fraud detection is encouraged based on the fact that it avoids fraud commissioning; "Prevention is better than cure". Generally, it is necessary for legal investigations conducted in the Royal Bank, Century Bank, Trust Bank and Barbican Bank, now disappeared, where financial misappropriation was discovered. The use of modern investigative techniques influences the insight of information technology and the investigating mind of the statutory auditor, since most bank frauds started by 80% from the computer or scammers use the computer as a channel to defraud the bank (Albrecht, 2004).

In Nigeria, the forensic audit of the Nigerian Stock Exchange (NSE) conducted by a group of independent auditors revealed obscure activities in transaction costs that were not discovered during legal audits.

According to Nweke (2010) quoted by Effiong, E. J. (2013) in a survey entitled "An exploration of forensic education and practice in accounting for fraud detection and prevention in Nigeria". "More information on the recent forensic audit of the Nigeria Stock Exchange (NSE) conducted by a group of independent auditors revealed that about 482 million pounds were spent to purchase a Yatch Boat and used 64-role watches as a presentation of employee awards. of stock exchange that served for ten years ... According to the report, a ship (Yatch) shown in the NSE accounts was purchased for the sum of N37.000.000,00 (Thirty seven million naira) for the bag at the beginning of 2008.

Downloaded from the books at the end of the same year for his assignment to the long-term award account as a gift. The reviewers commented that they did not see any documentation showing who the vessel was presented to. the NSE spent the sum of N45.000.000,00 for the purchase of 64 Rolex watches to present them to the employees who had served in the last NSE Ten years later, in the same year nno, Candy Floss Limited received £ 495,000,000.00 to add the international purchase of 91 Rolex watches and, after the delivery ceremony, 10 more Rolex watches were purchased for N46.000.000,00. "We note that the award ceremony document shows that only 73 of the 165 Rolex watches purchased were presented to the winners, which means that 92 Rolex watches valued at n 99.500.000,00 do not count towards.

Okoye and Gbegi (2013) examined forensic accounting as a tool for detecting and preventing fraud in public sector organizations. His study was conducted on the state of Kogi in Nigeria. The data for the study were obtained from primary and secondary sources. Three hundred and seventy copies of the research questionnaire were administered to the staff of five ministries selected in the state with 350 correctly completed and returned copies. This quantitative data collection method was supplemented by oral interviews. It was found that the use of forensic accounting significantly reduces the occurrence of fraud in the public sector. According to the oral interview, it was discovered that the state of Kogi does not use the services of forensic accountant. He concluded that the use of forensic accountants could help better identify and prevent fraud in the public sector and therefore recommended forensic accountants to replace external auditors in the state of Kogi.

From the foregoing, it is clear that forensic accounting techniques help in a fraud investigation. They help unravel fraudulent activities and prosecute offenders. This has contributed to the reduction of fraud in many places, particularly in developed economies. This could be of great help for the development of economies in the areas of fraud prevention and control.

However, Okunbor and Obaretin (2010) conducted a study on the effectiveness of the application of forensic accounting services in Nigerian business organizations and found something different. The main objectives of their investigation were to establish whether the use of forensic accounting services by corporate organizations is effective in deterring fraudulent practices and discovering users' perception of forensic accounting services in

Nigeria. The research was conducted using the mixed method approach, which involves the combination of structured interviews and questionnaires. Ten companies were selected as a sample for the study of the population of companies listed on the Nigeria stock exchange. His investigation revealed that the application of forensic accounting services by corporate organizations in Nigeria is not effective in curbing fraudulent activities.

Although its result is consistent with the results of Okoye and Jugu (2009), who examined the effectiveness of policies to deter fraud in the banking sector of the Nigerian economy, it is somewhat incompatible with the general belief in the importance of Forensic accounting. Nor do I agree with most of the literature of other researchers, as reviewed in this document.

The results of Okoye and Jugu (2009) are rather revealing, particularly in the discovery of the lack of forensic accountants in Kogi's public service state. The state of Kogi may not be the only one in the unavailability of professional forensic accountants in its public sector. Many other states in the country may present the same scenario.

There is also the possibility that most of the oil and gas companies in Nigeria have not involved the services of forensic accountants. Furthermore, while there may be a lack of forensic accountants in Nigerian oil and gas companies, the intention to use forensic accounting by accounting professionals is another matter. This is fundamental because the objective is a precursor of behavior change (Buchan, 2005). But currently there are no studies on the intention of professionals to use forensic accounting for the prevention and detection of fraud in Nigerian oil and gas companies.

Once again, the literature review reveals that the most effective fraud detection and prevention mechanisms, such as forensic accounting methods, are the least used to combat the threat of fraud. However, an in-depth empirical investigation was not conducted to explore the level of knowledge of forensic accounting, the opinion of professionals and the intention of behavior to apply forensic accounting, as well as to identify those factors that hinder the application of accounting forensics in Nigeria and Gas Company. These are some of the gaps that this document seeks to fill.

## **CHALLENGES OF FORENSIC ACCOUNTING APPLICATION IN NIGERIA**

Enyi (2009) quoted by Modugu and Anyaduba (2013) conducted a study to offer suggestions using real problems on how to apply forensic variations of forensic investigations and suspicious fraudulent activities in production processes and, therefore, suggests that the application of accounting forensic applies to all scenes where fraud is a possibility. Crumbley (2001), Grippo (2003), reveals the following challenges for the application of forensic accounting:

- A major problem facing a forensic accountant is the task of collecting information that is eligible in a court of law.
- The admissibility of evidence in accordance with the laws of evidence is crucial for the prosecution of criminal and civil actions.
- The globalization of the economy and the fact that a scammer can be based anywhere in the world has led to the problem of internal jurisdiction.

Furthermore, Degboro and Olofinsola (2007) have noted that a key challenge for the application of forensic accounting in Nigeria is that the law is not always up to date with the latest advances in technology. Forensic accounting is considered an expensive service that only large companies can afford. Therefore, most companies prefer to solve the problem outside the courtroom to avoid expensive costs and the risk of unfavorable advertising in their

corporate image. Moreover, forensic accounting is a new trend, particularly in developing economies. Therefore, accountants with adequate technical knowledge in forensic matters are barely available.

Okoye and Akenbor (2009) also noted that forensic accounting faces many bottlenecks. These include the inability to operate in a more independent and effective way, the lack of technical skills and the inability to gather admissible information in a court, less attention in offering quality of service, conflicting codes and regulatory standards, lack of harmonization and the unification of all existing corporate governance codes applicable in Nigeria (codes CBN, SEC and PENCOT).

Another important challenge of applying forensic accounting in Nigeria is the fact that most of the fraudulent activities in Nigerian oil and gas companies are perpetrated by senior executives who may not allow forensic control to avoid prosecution. Political influence or ministerial interference has been identified as the significant curse for state enterprises (Prasad and Rao, 1989, Akinsanya, 1992, Babu and Rao, 1998, as quoted by Kiabel, 2012). According to him, these authors have argued that the supervisory authorities wish to maintain strict control over these companies and no company has ever been authorized to function as an autonomous body. Political influence is generally seen in the question of the appointment of members of the board of directors and senior officials for these companies and in the formulation of policies, as claimed by Prasad and Rao (1989), the men on the board of a company are of fundamental importance since the success or failure of a project depends mainly on the constitution and composition of its highest levels of management.

Akinsanya (1992) pointed out that political interference through the appointment of council members is not a misunderstanding per se, on condition that it is done rightly. However, in Nigeria the main problem is to appoint members of the council not only those who have unfortunately failed to do the polls, but also the faithful who tend to place their interests and those of their parts rather than those of the societies to what they are for, this means that if the members of the board of directors do not have other means of subsistence, it is likely that they will make policy before the interests of the companies. Therefore, they will interfere with business management instead of establishing general management policies (Kiabel, 2012). No wonder the proposed Bill for the establishment of chartered Institute of Forensic Accountant could not pass the second reading even when it is evident that such body is of enormous importance in Nigeria at this time when fraud and other financial crimes are at its peak. This is a way of ensuring that forensic accounting will not be effectively applied in Nigeria for them to continue in their deeds.

## **THEORETICAL FRAMEWORK**

Forensic accounting is relatively a new branch of accounting relies on the existing theories in other branches of accounting, like auditing and from another related discipline like law, sociology, economics, and so on (Efiong, 2013). The following theories are adopted in this study:

- **Diamond Fraud Theory.** Wolf and Hermanson (2004) proposed this theory that identified four factors, such as incentive pressure, capacity, opportunity and rationalization that lead to fraud, rather than the theory of the triangle of fraud: pressure, opportunity and rationalization. Aholu and George (2017) believe that the Diamond fraud theory offers a better view of fraud factors. The theory adds the fourth variable, capacity. It is believed that fraud would not have occurred without the right person with the right skills to implement the details of the fraud. They agreed that there are four observation features to commit fraud; authorized function within the

organization, ability to understand and exploit the accounting system and the weakness of internal control, the trust that will not be detected or if detected, will quickly emerge and the ability to manage the stress created within a person correct. When he commits terrible actions.

- **Theory of Reasoned Action.** This theory was developed by Martin Fishbein and Ajzen's leek as an improvement to the theory of information integration (Ajzen & Fishbein, 1980; Fishbien & Ajzen, 1975) cited by Effiong (2013). They pointed out that this theory involves the intention to perform a specific behavior from two predictors. First, attitudes towards behavior that measure the extent to which an individual has a favorable or unfavorable assessment of the behavior in question. The second predictor is the subjective norm that measures the influence of other people with respect to the practice. The basis of this theory is based on the assumption that humans make systematic use of the information that is readily available to them, which helps them in the decision making process.

## FINDINGS

The findings from the above review are revealing, particularly on the discovery of the lack of forensic accountant in most Nigeria's Public and private sectors. They may not be standing alone in the non-availability of professional forensic accountant in their management. Many oil and gas companies in Nigeria present the same scenario, thereby giving room for more fraudulent activities in the Nigeria oil and gas companies. Moreover, while there may be a lack of forensic accountants in the oil and gas companies in Nigeria, the intention to apply forensic accounting by accounting practitioners is another issue. This is critical because a plan is a precursor to behavioural change (Buchan, 2005). But there is currently no study on the intention of practitioners to use forensic accounting in fraud prevention and detection in Nigeria oil and gas companies.

Again, the literature review reveals that the most effective fraud prevention and detection mechanism like the forensic accounting methods is the least used to combat fraud menace in Nigeria oil and gas companies. Yet, no comprehensive empirical investigation has been conducted to identify those factors that hinder the use of these perceived most effective mechanisms.

Furthermore, there is a significant difference between the duties of professional forensic accountants and those of traditional external auditors. The forensic accountant applies reliable principles and methods to collect sufficient data or data and, in general, needs the experience and expertise in private investigation and accounting, while the traditional auditor does not need it. Regular monitoring focuses on identifying and preventing errors, while forensic accounting involves identifying fraud. Forensic accounting will provide a litigation support service with adequate provision of professional services in the courts of justice. Traditional auditing uses sampling techniques to detect unintended errors usually caused by deficiencies in internal control that occur at regular intervals, while intentional errors (frauds) by humans can only occur in a few transactions, so the method Forensic accounting uses the entire population whenever possible.

Forensic accounting is more effective in detecting fraudulent activity where it exists. Forensic accountant investigates the specific complaint. Therefore, you have plenty of time to study and analyze completely specific fraudulent financial issues, with emphasis on the use of evidence in a court of dispute, while the audit conducted by the traditional auditor is general. Organizations employ or designate a forensic accountant to resolve complaints and identify or prevent suspicious or planned fraudulent activities in the organization. Therefore, it is not a regular check that may or may not follow the control procedures. Considering that a

traditional auditor is appointed to perform a legal audit, which means that he cannot go beyond procedural control, since he is not required by law to seek fraud, but rather to perform his audit role, which is that of ensuring that the accounts are prepared to comply with legal obligations and professional requirements.

This survey also found that financial fraud and crimes could be effectively eradicated by applying forensic accounting in Nigerian oil and gas companies and, as such, increasing revenue generation as well as the effective use of revenues generated by oil companies and gases which, in turn, alleviate the high level of poverty suffered by Nigerians.

In the course of this research, it is discovered that the major hindrances to the application of Forensic accounting in Nigeria Oil and Gas Companies are the involvement of top management in some of the fraudulent activities as well as political factors.

## **CONCLUSION**

There is a high level of fraudulent activities in the Nigeria oil and gas sector which seems not to have a solution in spite of the various fraud detection and prevention mechanisms being applied by the oil and gas companies in Nigeria. Thus, the researcher, in the quest for a solution, decided to review the application of forensic accounting in the Nigerian oil and gas sector and has provided an insight on the current state of forensic accounting application in Nigeria oil and gas companies. Hence, it is the mind of the researcher that the recommendations below should be adhered to, so that money from oil and gas companies in Nigeria can help lift the entire country out of poverty rather than missing because of fraudulent activities perpetrated by some few individuals. These are some of the gaps that the present study seeks to fill so that Nigeria oil and gas companies can effectively apply forensic accounting services.

## **Recommendations**

Based on the above, it is, therefore, recommended that the various professional accounting bodies in Nigeria, the higher institutions of learning, should as a matter of urgency include forensic accounting as a branch of accounting to be specialized on, to train more professional forensic accountants with the required advanced skills. It is a necessity that forensic accounting should be part of the undergraduate accounting curriculum to enable the students to acquire the necessary skills of forensic accounting to equip those who may develop an interest to specialize in forensic accounting.

There should also be a constitutional provision mandating all Nigeria oil and gas companies to apply forensic accounting as an effective mechanism for fraud prevention and detection. Like Audit Committees, External Auditors, Internal Auditors, etc. Whereas, Forensic Accountants should be employed and allowed to anchor the Internal Control System to fill the expectation gap of fraud detection and prevention.

More so, there should be an adequate awareness of the relevance of forensic accounting in Nigeria oil and gas companies. This can be achieved by the government, encouraging the institutionalization of forensic accounting services in Nigeria oil and gas companies.

Also, the Nigerian laws should be up to date with the latest advancement in technology to ensure admissibility of evidence in a law court for the successful prosecution of criminal and civil cases, and that culprits should be treated without any favouritism. It is also recommended that forensic accountants should cut down on their service charges when oil and gas companies engage them.

Finally, the proposed bill to establish an Institute of Chartered Forensic Accountant of Nigeria should be passed to create more awareness as well as enable forensic accounting practitioners to have their practicing licenses for effective and efficient service delivery in Nigeria. Nigeria needs it now, not later.

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