

# Application of Forensic Accounting: A Bridge to Audit Expectation Gap in Nigerian Deposit Money Banks in Enugu State

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**Abstract:** *This study set out to ascertain the application of forensic accounting as a means of bridging audit expectation gap in Nigerian Deposit Money banks in Enugu State. A survey research design approach was adopted for the study. The population of this study comprises of two thousand eight hundred and sixty-five (2,865) accountants in the selected thirteen (13) deposit money banks domicile and operational in Enugu State, Nigeria. The sample size of three hundred and fifty-one (351) accountants/respondents was drawn using Taro Yamane sampling method but by aid of simple stratified sampling technique, twenty-seven (27) respondents which represents stratum from each bank was obtained from the core-study departments-auditing, treasury and accounting departments of thirteen (13) selected banks domicile and operational in Enugu state, Nigeria. Data were analyzed using the Pearson Product Moment Correlation Coefficient. The results showed that there is significant relationship between litigation support services and expectation gap among Nigeria Deposit Money Banks. The findings further revealed that there is significant relationship between forensic investigation and expectation gap among Nigeria Deposit Money Banks. Finally, the result established also that there is significant relationship between forensic audit and expectation gap among Nigeria Deposit Money Bank. Consequent upon the findings, this study recommends among others; that all organizations must be made to subject their transactions to forensic audit and evidence before the statutory auditor. Again, that the management of the banking industry should rely and consult more on forensic engagement as a way of bridging expectation gap.*

**Keywords:** forensic accounting, audit expectation gap, fraud investigation and litigation support service

## 1. Introduction

Nigerian banking sector is irrefutably a catalyst and an engine of growth for a sustainable economic transformation and development, given its function of financial intermediation. By this function, it enables capital formation and promotes economic growth. The ability of Nigerian banks to engender economic growth and development ultimately depends on the health, soundness and stability of the system. Bassey (2018) affirms that the Nigerian Banking sector is one of the most controlled and regulated sectors. In spite of this, fraud has continued to rear its ugly head in the sector. Following the alarming rate of frauds and irregularities in an economy, there is need for an aspect of accounting where a new breed of accountants (Forensic Accountants) focus on fraud investigation and provision of litigation support against financial crimes.

Globally, the devastating effect of fraud in corporate organizations is becoming rampant and has been made visible on the large number of reported cases of bribery, corruption, embezzlement, money laundering, racketing, fraudulent financial reporting, tax evasion, forgery and other means through which both financial and economic dishonesty are being perpetrated (Ofiafoh & Otor, 2013). Evidence about this will always recall the Enron and World Com debacles as well as other accounting scandals (Cotton, (2000) as cited in Bassey(2018) and as a result, the accounting profession had undergone radical changes.

Again, some spectacular and well publicized corporate collapses due to increasing frauds and financial malpractices

in corporate organizations and the subsequent implication of the reporting auditors have highlighted the audit expectation gap. This has placed financial and accounting issues as top concern for both the international community and policy makers (Jonathan & Osasumwen, 2010). In this, auditors have refused to accept the responsibility of preventing and detecting financial statement fraud, rather they claimed to only responsible credence to financial statement by confirming the compliance of the accounting records with the General Accepted Accounting Standards (GAAP), Auditing standards and company accounting policy. This has generated expectation gap between the accounting profession and users of accounting information expecting auditor to prevent and detect frauds (Adeniji, 2004). This study examines the application of forensic accounting as means of bridging the audit expectation gap in Nigerian banks, evidence from some selected banks in Enugu State, Nigeria. Specifically ascertaining the relationship between each of these independent variables-litigation support services, forensic investigation, forensic audit and expectation gap among Nigeria Deposit Money Banks.

## 2. Literature Review

### 2.1 Conceptual framework

#### 2.1.1 The Concept of Forensic Accounting

Forensic accounting is the application of laws of nature to the laws of man (Crumbley, 2003). He describe forensic scientist as examiners and interpreters of evidence and facts in legal case that also offers expert opinion regarding their findings in court of law. Crumbley (2003) added, forensic

accounting is suitable for legal view offering the highest level of assurance and including the now generally accepted connotation of having been arrived at a scientific fashion. Forensic accounting is a discipline that has its own models and methodologies of investigative procedures that search for assurance, attestation and advisory perspective to produce legal evidence. It is concerned with the evidentiary nature of accounting data, and as a practical field concerned with accounting fraud and forensic auditing; compliance, due diligence and risk assessment; detection of financial misrepresentation and financial statement fraud (Dhar & Sarkar, 2010). Dhar and Sarkar (2010) define forensic accounting as the application of accounting concepts and techniques to legal problems which demands reporting, where accountability of the fraud established and the report is considered as evidence in the court of law or in administrative proceedings. Forensic accounting to Okoye & Gbengi (2013) includes the use of accounting, auditing and investigative skills to assist in legal matters. It consists of two components; Litigation services that recognized the role of an accountant as an expert consultant, and investigative source that uses forensic accounting skills and may require possible court room testimony. They further reiterated that forensic accounting may involve the application of special skills in accounting, auditing, finance, quantitative methods, the law and research. Baird & Zelin (2009) say that forensic accounting is important investigative tool for detection of fraud. Gray (2008) opined that forensic accounting assist in disputing effective internal control and prevention of fraud in organization. Gray also analyzed forensic accounting as the combination of auditing and investigating skills. Forensic accounting according to Amake and Ikhatua (2016) is simply the process of interpreting, summarizing and presenting complex financial issues, clearly, succinctly and factually often in a court of law as an expert witness. Damilola and Olafinsola (2007) view forensic accounting as the application of criminal method and integration of accounting investigative activities and law procedures to detect and investigate financial crimes and related economic misdeeds. Zysma (2004) puts, forensic accounting as the integration of accounting, auditing and investigative skills. Manning (2002), also defined forensic accounting as the application of financial accounting and investigative skills to a standard acceptable by the court to address issues in dispute in the context of civil and criminal litigation. Cutis (2008) argues that fraud can be a subject to forensic accounting since fraud encompasses the acquisition of property or misrepresentation or concealment. He also argued that an accountant without forensic accounting knowledge cannot prepare valid evidence from accounting records and financial statement used against prosecutors in the court of law.

Forensic accounting as a fast growing field origin was ascribed by Joshi (2003) to Kutilya the first economist to openly recognize forensic accounting. Forensic accounting has greatly and has become a field of interest to auditors and accountants. A nationwide study conducted by Kessler international showed that 39 % of organizations have considered the need of forensic accountant due to increase in fraudulent activities and other economic crime. The field has attracted many inexperienced accountants who lack expert skills in detecting and preventing fraud in organization.

Olofinsola (2009) viewed forensic accounting as the application of criminalities methods and integration of accounting investigative activities and law procedures to detect and investigate financial crime and economic misdeal. Okunbor & Obaretin (2010) reported that corporate failure have placed greater responsibility and functions on accountant to equip themselves with required skills to identify, detect, prevent as well as preserving the evidence of all form of irregularities and fraud. Gray (2008), Ramaswamy (2005) and Owojori & Asaolu (2009), Manning and other researchers view forensic accounting as the combination of accounting, auditing, and investigating skills in detecting and preventing fraud and other fraudulent activities and provide litigation support services in the Court of law, while other researchers expressed their various view of forensic accounting. According to Bhasin (2007), forensic accountants are trained to look beyond the number and deal with the business realities of situation. He also reported that forensic accounting involve: investigating, analyzing financial evidence, developing computerized applications to assist in the analysis and presentation of financial evidence, communication their finding in form of reports, exhibits and collect documents, and assist in legal proceedings, including testifying in court, as an expert witness and preparing visual aids to support trial evidence. Investigation is an examination of records and accounts of an organization for a specific purpose.

### 2.1.2 Forensic accounting techniques

Forensic accounting techniques according to Bassey (2018) consists of Data mining, Relative Size factor, Computer Assisted audit Techniques (CAATs) and Benford's Law. They are briefly explained below:

**Data mining:** Data mining is defined as the process of finding anomalies, patterns and correlations within large data sets to predict outcomes. Data mining can also be used by Companies to turn raw data into useful information. By using software to look for patterns in large batches of data, Businesses can learn more about their customers and develop more effective marketing strategies as well as increase sales and decrease costs. Data mining, the extraction of hidden predictive information from large database, is a powerful new technology with great potential to help Companies focus on the most important information in their warehouses. Data mining tool predicts future trends and behaviors allowing Businesses to make proactive knowledge driven decisions. The automated prospective analyses offered by data mining move beyond the analyses of past events provided by retrospective tools typical of decision support systems. Data mining help Banks understand their customer base as well as the billions of transactions at the heart of the financial system. Data mining helps financial services Companies get better view of market risks, detect fraud faster, manage regulatory compliance obligations and get optimal returns on their marketing investments.

**Relative Size factor:** The purpose of this is to identify anomalies where the largest amount for subsets in a given key is outside the range for those subsets. This test compares the top two amounts for each subset and calculates the Relative size factor (RSF) for each. This factor test is based

on Chapter 11 of Mark J. Nigrini's book, entitled, "Forensic Analytics: methods and Techniques for Forensic Accounting Investigation" utilizing the largest and the second largest amount to calculate a ratio based on purchases which are grouped by vendors, in order to identify potential fraudulent activities in Invoice payment data, has often been suggested in Fraud examination literature. One of such reference is the "Principle of fraud examination "written by Joseph T. Wells. In Chapter 11 of Dr. Mark Nigrini's Forensic analytical book, he introduces the RSF test which further expands the concept. In this chapter, he compared large amounts to a benchmark to see how large they are relative to some norm, hence the name relative size factor test. The relative size factor test is a powerful test for detecting errors. The test identifies subsets where the large amount is out of line with the other amounts for that subset. This difference could be because the largest record either (a) actually belongs to another subset, or (b) belongs to the subset in question, but the numeric amount is incorrectly recorded. The relative size factor test is an important error detecting test.

In the light of the above analysis, it can be summed up that relative size factor detects outliers or unusual data, which may be due to either simple errors or frauds based on the basic concept that each field in any transaction has a normal range and any data falling outside the range is unusual or an outlier and need to be further investigated. Of course, an important caveat is that these measures are not foolproof and hence one needs to be aware of its limitations so that they are only applied to certain sets of applicable data sets.

**Computer Assisted audit Techniques (CAATs):** CAATs are computer programs and data the auditors uses as part of the audit procedures to process data of audit significance contained in a client computer information system (CIS). It therefore means that CAATS is a tool used by Auditors. This tool facilitates them to make search from the irregularities from the given data, with the help of this tool; the internal Accounting department of any firm will be able to provide more analytical results. These tools are used throughout every business environment and also in the industrial sectors too. With the help of CAATs, more Forensic Accounting with more analysis can be done. It's really a helpful tool that helps the firm Auditor to work in an efficient and productive manner. The Computer Assisted Audit Techniques is made of two types. The first type is Audit software which comprises computer programs used for audit purposes to process data and audit significance from the client accounting system. It is used by the auditor to examine the entity computer file and may be used during both test of control and substantive testing of transactions and balances as the program can scrutinize large volume of data and extract information, leaving skilled manual resources to concentrate upon the investigation of the results. The second type of Computer Assisted Audit Techniques is Test data, which is data submitted by the Auditor for Processing by the client's computer based accounting system in order to test the operation of the enterprise's computer programs.

It may be processed during a normal production run (running test data live) or during a special run at a point in time outside the normal cycle (running the test data dead).

From the above analysis, it is important to realize that working with CAATs tools is very much tricky and technical especially in the selection of right data. For this reason, forensic Accountants or Auditors need to be professionals for it.

#### **Benford's Law:**

In 2000, Mark Nigrini distributed a critical book called "Advanced Analysis Using Benford's Law".Nigrini (2000). In spite of the fact that Benford's Law is presently exceptionally old and was examined in extortion writing.Benford's law is considered as an effective and single tool in the hands of the auditors for fraud detection (Durtschi, 2004). The fact that approximately 150 articles regarding this law are published during the last five decades indicates its application to real cases. Benford's law is based on the unique observation that certain digits appear more frequently than others in data sets. For example, it has been observed that more than 30% of numbers begins with the digit one. Benford (1983) collected more than 20,000 observations from such diverse data sets as areas of rivers, atomic weights of elements, and numbers appearing in magazine articles. Nigrini & Mittermaier (1997) show the logic of using Benford's Law to help discover unusual patterns in accounting transaction activities. It is very likely that an individual making fraudulent entries will enter the same amount or similar amounts many times. In that case, the resulting variation of first and second digits from the Benford's law of probability distribution may lead the Auditor to discover the fraudulent transactions.

#### **2.1.3 Approaches to a Forensic Accounting Assignment**

Aribaba, (2013) affirms that each forensic accounting assignment is unique, therefore; the actual approach adopted and the procedures performed will be specific to it. However, in general, much forensic accounting assignment will include the steps detailed below:

- 1) Meeting with the client: It is helpful to meet with the client to obtain an understanding of the important facts and issues at hand.
- 2) Perform a conflict check: A conflict check should be carried out as soon as the relevant parties are established.
- 3) Perform an initial investigation: It is often useful to carry out a preliminary investigation prior to the development of a detailed plan of action. This will, allow subsequent planning to be based upon a more complete understanding of the issues.
- 4) Obtain the Relevant Evidence: Depending on the nature of the case, this may involve locating documents, economic reformation, assets, a person or company, another expert or proof of the occurrence of an event.
- 5) Develop an Action Plan: This plan will take into accounts the knowledge gained by meeting with the client and carrying out the initial investigation and will set out the objective to be achieved and the methodology to be utilized to accomplish them.
- 6) Perform the Analysis: The actual analysis performed will be dependent upon the nature of the assignment.

#### **2.1.4 Audit Expectation Gap**

The expectations gap between the auditing services has a long history and there is widespread concern about the existence of an expectation gap between the auditing

profession and the public (Fatah & Naser, 2017). The term "expectations gap" has been commonplace in research since the 1970s, and since then, evidence has increasingly shown that there is a gap between expectations. Dibia (2015) believes that there is an expectation gap between auditors and users of auditing services that express opinions about the duties and responsibilities of auditors and the messages transmitted in the auditing reports. Apparently, there is a gap between what the public expects from auditing performance and what they actually get. American Association of Accountants (2011) defined Expectations gap as the difference between what users expect from financial statements and actual performance of auditors. In other words, the expectation gap between the auditing services is the distance between the perception of auditors from their responsibility and others' perception from auditor's responsibilities, which are made up of two components of the performance gap and the reasonable distance (Fatah, 2017). Since the late eighties, the association has been working to reduce the gap between expectations by issuing statements (from 53 to 61) on auditing standards. However, the association evaluates the effectiveness of these standards and concludes that the expectations gap, especially in the field of fraud tracking, continues to exist. It is mentioned a part of the expectation gap between the auditing performance and various perceptions that society can reasonably expect from auditors and what they achieve. Therefore, this categorization is presented on incomplete standards (the gap between what auditors should do in accordance with the requirements of the auditing standards and what the users expect to do in auditing financial statements- reasonable gap) and the incomplete performance (the gap between the predicted standard for the current auditor's performance and the perception from the performance of the auditors is provided by the community-distance performance. Therefore, the reasonable distance is known as the difference between what the community expects auditors to perform and what auditors reasonably expect to accomplish.

De Gabriel (2009) argues that one of the main shortcomings in previous studies of the expectation gap is that it focuses more on the overall auditing process than the challenges faced by auditors. He points out that, in order for auditors to effectively identify fraud cases, they must add basic accounting skills in the field of law to their auditing performance. The findings of this research show that lack of auditing skills in a particular domain can lead to a certain expectation gap. One way to understand the role of auditing and achieve the same expectations is based to look at the basic concepts behind the role of auditing. Auditing quality has also been considered as one of the main issues in the expectations of professional groups about the role of auditing in the accreditation process in recent years. Research reports provide an additional value to financial information provided by management. From point of view of the users, the auditing report is intended to provide assurance about the provision of information by management, although this assurance is not absolute. From the perspective of auditors, audited financial statements can be considered as the main bridge of contact with shareholders (Jill, 2004 as cited in Fatah & Naser, 2017).

## 2.2 Theoretical framework

Several theories exist that can be used to explain the interplay between forensic accounting and audit expectation gap. This study is however anchored on Fraud triangle theory and Fraud Box Key Model

### 2.2.1 Fraud triangle theory

This theory is credited to American Criminologist Donald Cresset (1950) but widely published in 1953 in a book called "*Other people's money*". The fraud triangle assumes a framework upon which forensic accountant identifies or suspect fraud. The theory can be used to trace the cause of fraud and weakness in the system. As the name implies, the fraud triangle concept centered on the three important factors that built up a triangle; pressure, opportunity and Opportunity.

**Pressure/Incentive**-Pressure is central to the causes of fraud. Most pressure comes from a significant financial need or problem. Lister (2007) cited in Bassey (2018) states that there are three types of motivation or pressure; personal pressure to pay for lifestyle, employment pressure from continuous compensation structures, or management's financial interest, and external pressure such as threats to the Business Financial stability, financial covenants, and market expectations.

**Opportunity**-Weak internal control system and poor management oversight function on internal control implementation remained the major factors the enable employee to commit fraud. By this, employees commit fraud using their position because they have the opportunity to access Assets and information that allows them obscure their fraudulent deeds. It is true that employees need access to certain platform to perform their jobs. The same access can provide the employee with opportunity to commit fraud.

**Rationalization**-This is another cause of fraud. This represents an attempt by employees to justify why they commit fraud. Okoye, Maimako, Jugu and Jat (2017) in an attempt to highlight more on rationalization, they put it that an individual does not commit fraud unless he/she can justify it as consistent with his/her own personal code of ethics. In the words of Bassey (2018) rationalization is an act of employee who commits fraud to give reasons for his action.

### 2.2.2 The Fraud Diamond Theory

This theory was pioneered by Wolf and Hermanson (2004). The theory is generally seen as expansion to the fraud triangle theory as they considered four elements. The fraud triangle was improved by the consideration of the fourth element-Capacity to the existing three elements which centred on the situation of having the necessary traits or skills and abilities for the person to commit fraud. Okoye, Maimako, Jugu and Jat (2017) identify this fourth element "Capacity" as where the fraudster recognizes the particular fraud opportunity and ability to turn it into reality. By this theory, forensic accountant will be alerted that position, intelligence, ego, coercion, deceit and stress can infuse some capabilities that can induce commitment of fraud.

### 2.2.3 Fraud Box Key Model

The fraud box key model was championed by Okoye and Onodi in 2014 as an immediate response to the inefficiencies of the fraud triangle and fraud Diamond Theories. According to Okoye, Maimako, Jugu and Jat (2017), Okoye and Onodi achieved this by transforming the Fraud Diamond Model into a Fraud Box Key model by adding a fifth perspective "Corporate Governance", in order to show the overbearing function of Corporate Governance on the four other perspective i.e., pressure, opportunity, rationalization and capacity of the previous Fraud Diamond and Fraud Triangle Models.

The Corporate Governance represents the master key response the lapses of fraud Diamond Theory as it is believed that the fraudster's thought process will amount to thinking inside the box if there is good Corporate Governance, but; if corporate governance is however mal-handled, it opens up the fraudster thought process thereby paves way for fraud to occur. To Okoye, Maimako, Jugu and Jat (2017), the key of good corporate governance is firmly used to lock down the functionalities or by product effects of the four other elements of the fraud triangle and fraud diamond theories in the Fraud Box Key Model.

### 2.3 Empirical review

Bassey (2018) highlighted on forensic accounting as it affects the management of fraud in microfinance institutions in Cross River State. The study adopted a survey research design. Data were collected from both primary and secondary sources and analyzed using the ordinary least square technique. Based on the empirical analysis, the regression results showed that the estimated coefficients of the regression parameter are all negative signs. The implication of these signs was that the active engagement of forensic investigation and litigation support reduces fraud in the selected microfinance banks in Calabar, Cross River State. The study further showed that the individual test of the independent variables were significant. The continued audit failures over decades have prompted a paradigm shift in accounting.

In another related study, Ezeagba (2014) examined the effectiveness of Forensic accounting in enhancing qualitative financial reporting in Nigeria using the commercial banking sector as a reference. The study adopts survey and descriptive approaches as its research design. Both Secondary and primary data were utilized. Pearson's correlation coefficient statistical tool was used to analyze the primary data. The study reveals among others that the fundamental qualitative characteristics (relevance and faithful representation) of financial reporting, accounting and the enhancing qualitative characteristics (understandability) can be significantly enhanced through forensic accounting.

Again, Okafor and Agbiogwu (2016) ascertained the effect of forensic accounting skills on the management of Bank fraud in Nigeria. The study adopted non-probability sampling technique to select the five (5) commercial Banks used as sample for the study. Based on the analysis of variance (ANOVA) the findings of their study reveals that

possession of basic forensic skills significantly reduce the occurrence of fraud cases in the banking sector and that there is a significant difference between services of forensic accountants and External auditors, and that the presence of forensic accountants in Banks can aid in reducing fraud cases.

Zachariah, Masoyi, Ernest and Gabriel (2014), conducted a study on the application of forensic auditing in reducing fraud cases in Nigeria money deposit Banks". They analyzed the trend in fraud cases from 2001-2012, included are the amounts involved in fraud, the most frequent types of fraud, and the losses sustained by Banks. The descriptive analysis revealed that there are up and down movements in fraud cases. Since Banks continually lose huge sums of money as a result of the inability of the auditors and the supervisory regulators to curtail the trend, there is therefore the need to devise different means of tackling frauds in the Banks.

Onyali (2015) examined the effect of forensic investigation methods in corporate fraud deterrence in Nigerian Banks. The study adopted a survey research design and data from primary source were collected through interviews and administration of questionnaires, while secondary source consists of reports on fraud and forgery in the banking sector. Statistical tools used to analyze the data include percentages, mean score, frequency tables, regression analysis and Z-test. The result revealed that there is a significant relationship between the forensic investigative methods and corporate fraud deterrence. The finding revealed that expert services of forensic investigators are normally required in the prosecution of fraud, but majority of the audit and accounting personnel in Nigeria are suffering from poor perception and knowledge of forensic investigative methods.

Njanike, Dube and Mashayanye (2009), worked on "the effectiveness of forensic auditing in detecting, investigating and preventing Bank frauds". The study dwelt on the effectiveness of forensic auditing in detecting, investigating and preventing Bank frauds. The paper used questionnaires, personal interviews, and document review to gather data. Data for the research was gathered from forensic auditors from thirteen commercial banks, four building societies, and four audit firms in Harare, Zimbabwe. A sample of thirty forensic auditors was used from thirteen commercial Banks, four building sectors/societies and four audit firms in Zimbabwe. It was found that the forensic accounting departments suffer from multiple challenges, amongst them being the lack of material resources, technical knowhow, interference from management, and unclear recognition of the profession. The study concluded that forensic auditors must be capacitated materially and technically to improve their effectiveness. In addition, the forensic auditors should create a constituted body that serves their interests and regulate the activities just like any other profession.

Atube (2013) conducted a study on the impact of Forensic Accounting on fraud detection. In their research work, they adopted ordinary least square method. The choice of this technique arises as a result of the fact that it is subject to some crucial assumption of the error term and this provides the best of the parameter estimates of a single equation

model. Based on the finding, their study reveals that forensic accounting services provide firms with the necessary tools to determine fraudulent activities but does not curb fraudulent activities. This research is a deviance from the above stated researches. Hence this study examined the effect of forensic accounting on management of fraud in Microfinance sector, with a particular focus on Microfinance Banks in Calabar Metropolis.

Okaro and Okoye (2011) investigated the perception of accounting academics on the cost benefit of injecting forensic accounting techniques in auditing service. This study reviewed forensic accounting techniques and identified skills needed for forensic accountants as remedies for uncovering fraud. The study used survey research design approach. Base on the review of the study was confirmed that there is existence of audit expectations gap in Nigeria and appears that larger percentage of the respondents agree that injection of forensic accounting in an auditing services will increase the cost of audit.

Onuorah and Bimobowei (2012) examined the effect of forensic accounting services in fraud detection. The data was collected from primary and secondary sources and the primary data were collected with assistance of well-structured questionnaire of three sections administered to twenty four banks in Port Harcourt the capital rivers state in Nigeria. The data collected from the prepared questionnaire were analyzed with descriptive statistics augmented Dickey-fuller ordinary least square and arranger casualty. The study measures fraudulent activities by looking at the forensic services. The result reveals that the application of forensic account services affects the level of fraudulent activities of banks. On the basis of this finding the study concludes that forensic accounting services provide banks with the necessary tools to prevent fraudulent activities. This study just like current study uses same design methodology and banking industry as a case study. The two differ in term of scope, sample size and the objective.

On the other hand, Kamau (2013) investigated on the determinants of audit expectation gap evidence from limited companies in Kenya. The literature suggests a number of factors which affect the audit expectation gap. The factors used by the study to measure the existence of the audit expectation gap are as follows; audit effort, auditor skills, auditor structure, auditor independent, public knowledge and audit scope. The study employed a mixed research design comprised of descriptive design, hypothesis testing design, correlation/casual design and survey with sample size of 110 respondents. Questionnaire was used as instrument to collect data from the respondents in audit firm throughout the Kenya. The study found out that some factors suggested by literature significantly affect the audit expectation gap among companies in Kenya. The rest of the factors tested were found not to have a significant effect on the audit expectation gap. He concluded that the key role of the auditor is to provide objective assurances as to whether the books of accounts and the resulting financial statements represent a true and fair view of the state of affairs of the organization. This study compares well with the current study, the study carried out its investigation in developing country while the current study investigated its study in developing country as well. However, the context and the

methodological aspects are different also they were contrasted in terms of independent variables used to measure dependent variables, the objectives and the conclusion.

Still on audit expectation gap, Chinwuba and John (2013) carried out a study on the role of the auditing profession in narrowing the audit expectation gap. The study used public knowledge of regulatory and professional pronouncement on the duties of the auditor to perform the responsibilities as a major determinant to measure the audit expectation. Self-administered questionnaire is the instrument used to gather data. 130 respondents were sampling using random sampling techniques from accounting students and teachers of the University of Benin Benson Idahoan University, Ambrose Alli University, Ekpoma University, Accountants in Practice in Edo State and the investing public in Edo state. The result shows that the public ignorance of duties of the auditors and the lack of knowledge is responsible for unreasonable expectations of the auditors.

Critical examination of the reviewed previous studies placed it to light that forensic accounting has received significant interest in the recent time in Nigeria but there are still a lot of mixed research findings. Again, it is irrefutable fact that more literature and empirical evidences are needed to establish the extent of consistency in research findings on the relationship between the forensic accounting application and audit expectation gap in selected banks in Nigeria. This limited understanding constitutes the knowledge gap that this study seeks to fill.

### 3. Methodology

Both Survey and descriptive approaches were employed in this study. The population of this study comprises of two thousand eight hundred and sixty-five (2,865) accountants in the selected thirteen (13) deposit money banks domicile and operational in Enugu State, Nigeria. The sample size of three hundred and fifty-one (351) accountants/respondents was drawn using Taro Yamane sampling method but by aid of simple stratified sampling technique, twenty-seven (27) respondents which represents stratum from each bank from the core-study departments-auditing, treasury and accounting departments of thirteen (13) selected banks was obtained. They include-First Bank plc, Zenith Bank, UBA, Access Bank, GTB, Diamond Bank, Union Bank, Stanbic IBTC, Sterling Bank, Eco Bank, FCMB, Fidelity bank, Sky Bank. Primary data were sourced through structured questionnaire which was used to obtain information from respondents comprising accountants from the study core departments. The primary data were sourced using a-5 Likert scale response. Strongly agree (SA), Agree (A), Undecided (U) strongly disagree (SD), and Disagree (D). Out of three hundred and fifty-one (351) copies of questionnaire administered, three hundred and forty-five (345) copies of questionnaire were returned represented 98% of the administered copies. The validity of the questionnaire was confirmed by the Experts. Pilot survey was adopted for the reliability test and it yielded correlation coefficient of 0.88 which means that the questionnaire designed for the research work is a good instrument for this study. It was structured in line with the research questions and hypotheses

of the study. Pearson Product Moment Correlation Coefficient was used for data analysis

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n[\sum x^2 - (\sum x)^2][\sum y^2 - (\sum y)^2]}}$$

#### 4. Data Presentation, Analysis and Interpretation

##### 4.1 Test of Statistical Hypotheses

###### Hypothesis 1

**H<sub>01</sub>:** There is no significant relationship between litigation support services and expectation gap among Nigeria Deposit Money Bank.

**Table 1:** Response on whether there is significant relationship between litigation support services and expectation gap among Nigeria Deposit Money Bank.

S/N	Variables Responses (In %)	SA	A	U	SD	D
1	Litigation support qualifies economic damaged pursuant to existing or pending litigation by the use accounting and Auditing techniques.	178 52%	100 29%	22 6%	27 8%	18 5%
2	Litigation support assistance in accounting nature has direct bearing to the control of fraud in Nigerian banks.	111 32%	187 54%	2 1%	35 10%	10 3%
3	Litigation support enhances Effective intervention through Litigation support services promotes proper conducts of forensic accounting practices in banks.	33 10%	45 13%	31 9%	125 36%	111 32%
4	The report of the forensic accountants is considered in get ready and presentation as proof against litigation and means to bridge expectation gap of the public.	267 78%	67 19%	0 0%	7 2%	4 1%
Pooled/merged data		589	399	55	194	143

Source: Field Survey, April, 2018.

**Table 2:** Calculation of correlation

Options	Point (x)	Response (y)	XY	X <sup>2</sup>	Y <sup>2</sup>
SA	5	589	2945	25	346921
A	4	399	1596	16	159201
U	3	55	165	9	3025
SD	2	194	12	4	37636
D	1	143	143	1	20449
Σ	15	1380	4861	55	567232

Source: Author's computation, April, 2018..

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n[\sum x^2 - (\sum x)^2][\sum y^2 - (\sum y)^2]}}$$

Where: n=5, ΣX=15, ΣY=1380, ΣXY=4861, Σ x<sup>2</sup>=55, Σy<sup>2</sup>=567232

$$r = \frac{5(4861) - (15)(1380)}{\sqrt{5[55 - (15)^2][5(567232) - (1380)^2]}}$$

$$\sqrt{5[55 - (15)^2][5(567232) - (1380)^2]}$$

$$r = \frac{24,305 - 20700}{6826}$$

$$\sqrt{275 - 225}[2,836160 - 1904400]}$$

$$r = \frac{3605}{6826}$$

$$\sqrt{50 \times 931760}$$

$$r = \frac{3605}{6826} = 0.53 (53\%)$$

$$6826$$

**Decision:** The r calculated of 0.53 is greater than 0.5 level of significance. The alternate hypothesis is accepted. There is significant relationship between litigation support services and expectation gap among Nigeria Deposit Money Bank.

###### Hypothesis 2

**H<sub>02</sub>:** There is no significant relationship between forensic investigation and expectation gap among Nigeria Deposit Money Bank.

**Table 3:** Response on whether there is significant relationship between forensic investigation and expectation gap among Nigeria Deposit Money Bank

S/N	Variables Responses (In %)	SA	A	U	SD	D
1	Fraud investigation in Banks is mostly designed to protect stakeholders minimize disruptions and preserve evidence.	144 43%	138 40%	12 3%	34 10%	17 4%
2	Effective fraud investigation in Nigerian banks correlates positively with the expectation of the stakeholders.	144 43%	92 28%	17 2%	58 17%	34 10%
3	Through specialized investigative skills, fraud investigation in banks is being conducted in such a manner that the outcome is applicable to a court of law	171 50%	64 19%	12 3%	63 18%	35 10%
4	A Successful prosecution in commercial banks in Nigeria depends ultimately on the effective forensic investigation	144 43%	138 40%	12 3%	35 10%	16 4%
Pooled/merged data		603	432	53	190	102

Source: Field Survey, April, 2018..

**Table 4:** Calculation of correlation

Options	Point (x)	Response (y)	XY	X <sup>2</sup>	Y <sup>2</sup>
SA	5	603	3015	25	363609
A	4	432	1728	16	186624
U	3	53	159	9	2809
SD	2	190	380	4	36100
D	1	102	102	1	10404
Σ	15	1380	5384	55	599546

Source: Author's computation, April, 2018..

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n[\sum x^2 - (\sum x)^2][\sum y^2 - (\sum y)^2]}}$$

Where:  $n=5, \sum X=15, \sum Y=1380, \sum XY=5384, \sum x^2=55, \sum y^2=599546$

$$r = \frac{5(5384) - (15)(1380)}{\sqrt{5[55 - (15)^2][5(599546) - (1380)^2]}}$$

$$r = \frac{26,920 - 20700}{\sqrt{275 - 225} [2, 997730 - 1904400]}$$

$$r = \frac{6,220}{\sqrt{50 \times 1093330}}$$

$$r = \frac{6220}{7394} = 0.84 \text{ (84\%)}$$

**Decision:** The r calculated of 0.84 is greater than 0.5 level of significance. The alternate hypothesis is accepted. There is significant relationship between forensic investigation and expectation gap among Nigeria Deposit Money Bank..

**Hypothesis 3**

**H<sub>03</sub>:** There is no significant relationship between forensic audit and expectation gap among Nigeria Deposit Money Bank.

**Table 3:** Response on whether there is significant relationship between forensic audit and expectation gap among Nigeria Deposit Money Bank

S/N	Variables Responses (In %)	SA	A	U	SD	D
1	Forensic auditing can be used to curb financial fraud in Nigeria Deposit Money Bank	145 43%	113 33%	29 9%	46 11%	12 4%
2	Forensic audit report enhances effective court adjudication on financial fraud in Nigeria Deposit Money Bank	145 43%	94 28%	12 2%	62 17%	32 10%
3	Forensic audit report can significantly enhance court adjudication on financial fraud in Nigeria	113 33%	119 35%	12 2%	57 18%	44 12%
4	The application of forensic auditing to tackle financial fraud in Nigerian commercial banks and is instrumental to bridging audit expectation gap.	145 43%	94 28%	12 2%	62 17%	32 10%
Pooled/merged data		548	420	65	227	120

Source: Field Survey, April, 2018.

**Table 4:** Calculation of correlation

Options	Point (x)	Response (y)	XY	X <sup>2</sup>	Y <sup>2</sup>
SA	5	548	2740	25	300304
A	4	420	1680	16	176400
U	3	65	195	9	4,225
SD	2	227	454	4	51529
D	1	120	120	1	14400
Σ	15	1380	5189	55	546858

Source: Author’s computation, April, 2018.

$$r = \frac{n\sum xy - (\sum x)(\sum y)}{\sqrt{n[\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

Where:  $n=5, \sum X=15, \sum Y=1380, \sum XY=5189, \sum x^2=55, \sum y^2=546858$

$$r = \frac{5(5189) - (15)(1380)}{\sqrt{5[55 - (15)^2][5(546858) - (1380)^2]}}$$

$$r = \frac{25945 - 20700}{\sqrt{275 - 225} [2, 734290 - 1904400]}$$

$$r = \frac{5245}{\sqrt{50 \times 829890}}$$

$$r = \frac{5245}{6442} = 0.81 \text{ (81\%)}$$

**Decision:** The r calculated of 0.81 is greater than 0.5 level of significance. The alternate hypothesis is accepted. There is significant relationship between forensic audit and expectation gap among Nigeria Deposit Money Bank.

**4.2 Discussion of findings**

It was established that there is significant relationship between litigation support services and expectation gap among Nigeria Deposit Money Bank. This implies that litigation support services as a core concept of forensic accounting is reliably an important instrument to close audit expectation gap constantly associated with conventional audit engagement.

Again, it is not arguable that forensic investigation is qualitative to bridging expectation gap among Nigeria deposit money banks. This study has established significant relationship between forensic investigation and expectation gap among Nigeria Deposit Money Bank which was in consonance with the research findings of Fatah & Naser (2017) and Onuorah & Bimobowei (2012).

Finally, this study reliably affirms that forensic audit significantly influence expectation gap among Nigeria Deposit Money Banks. With forensic audit engagement fraud detection can become a prime motive of the engagement as against the conventional audit and by it, the expectation gap will be close or maximally reduced. This finding agreed with Oluwagbusi(2013) and Chinwuba & John (2013).

**5. Findings, Conclusion and Recommendations**

**5.1 Findings**

The research findings are summarized as follows:

- a) There is significant relationship between litigation support services and expectation gap among Nigeria Deposit Money Bank
- b) There is significant relationship between forensic investigation and expectation gap among Nigeria Deposit Money Bank.
- c) There is significant relationship between forensic audit and expectation gap among Nigeria Deposit Money Bank

**5.2 Conclusion**

In this research, three hypotheses were considered. In the first hypothesis, it was established that there is significant relationship between litigation support services and expectation gap among Nigeria Deposit Money Bank. This implies that litigation support services as a core concept of forensic accounting is reliably an important instrument to



close audit expectation gap constantly associated with conventional audit engagement.

Again, it is not arguable that forensic investigation is qualitative to bridging expectation gap among Nigeria deposit money banks. This study has established significant relationship between forensic investigation and expectation gap among Nigeria Deposit Money Bank which was in consonance with the research findings of Fatah & Naser (2017) and Onuorah & Bimobowei (2012).

Finally, this study reliably affirms that forensic audit significantly influence expectation gap among Nigeria Deposit Money Banks. With forensic audit engagement fraud detection can become a prime motive of the engagement as against the conventional audit and by it, the expectation gap will be close or maximally reduced. This finding agreed with Oluwagbusi(2013) and Chinwuba & John (2013).

From the findings it can be concluded that application of forensic accounting influences positively the audit expectation gap among Nigerian banks.

### 5.3 Recommendations

Based on the findings from this study, the researcher recommends that:

- All organizations must be made to subject their transactions to forensic audit and evidence before the statutory auditors
- The management of the banking industry should rely and consult more on forensic assignment as a way of bridging expectation gap.
- There is need for stakeholders' education about legal implications of forensic accounting.

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