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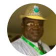
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FORENSIC ACCOUNTING TECHNIQUES AND INTEGRITY OF FINANCIAL STATEMENTS: AN INVESTIGATIVE APPROACH

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Abstract

Financial statements reflect the financial effects of business transactions and events on the entity, internal control system if adequate will help in reducing the activities of fraudulent stakeholders. Forensic accounting focus is on both evidence of economic transactions and reporting which is as contained within an accounting system. Cases of financial statement misrepresentation have been reported, affected companies and their auditors have gone down while shareholders were greatly affected. This study examined the relevance of forensic accounting techniques in ensuring the integrity of the financial statements. Stakeholders who members of recognised professional accountancy bodies in Nigeria were requested to answer research questions. This study adopts survey research method with the use of primary data and purposive random sampling techniques. The sample size was calculated with the formula by Krejceie and Morgan (1970). 350 copies of questionnaires were administered, and 321 questionnaires were returned, representing 92% of the entire questionnaire. Nominal scale method was used in the demographic section while Likert scale was used in other sections of the questionnaire. Hypotheses were formulated, tested, and analysed using multiple regression analysis. It was found that forensic accounting techniques “FAT” (FPDDS, FAIIS, LMAS, and CARDR) have positive influence on the integrity of financial statements (IFS) of business organisations, as evidenced from the individual level of significance of 0.006, 0.045, 0.000, and 0.047 which are less than the 5% acceptable level of significance and the coefficient of determination of the main model of 0.23 meaning that about 23% variation of the IFS is attributable to FAT while the remaining 77% change in the IFS can be attributed to other factors not covered in the model. It was also found that the inclusion of forensic accounting techniques will strengthen the activities of internal control functions. This is also evidenced by the sign and size of the coefficients, that is β_{4-7} are +0.203, +0.256, +0.270, and +0.134 respectively > 0. In conclusion, this study established that forensic accounting techniques are; fraud prevention, detection and deterrence skills, forensic audit, forensic investigation, and forensic interviewing skills, litigation, mediation and arbitration skills, and computer-assisted reviews and document reviews. The study recommended that business organisations should consider setting up forensic accounting unit within an organisation to lend credence to the integrity of financial statement of business organisations.

Keywords: Integrity, Financial Statement, Fraud Examination, Forensic Accounting, Forensic Accounting Techniques

INTRODUCTION

Financial statements present the profitability and value of a business; they represent a formal record of the financial activities of an entity at a given period of time. Financial Statements reflect the financial effects of business transactions and events on the entity. These are written reports that quantify the financial strength, performance and liquidity of a company (accounting-simplified.com). To Hayes, Dassen, Schilder, and Wallage (2005), "financial report measures the effectiveness of management's performance of its duties. They have an important influence on investors and creditors in these financial statements, they are provided with an independent and expert opinion on the fairness of the report, this opinion is called an auditor opinion".

Forensic accounting focus is on both evidence of economic transactions and reporting which is as contained within an accounting system, and the legal framework which allows such evidence to be suitable to the purpose(s) of establishing accountability and valuation (Dada 2013; Oyedokun, 2013). This study surveyed various techniques available to forensic accountants and how these techniques could be applied to internal control functions of business organisations to ensure the integrity of financial statements. Many cases of financial statement misrepresentation have been reported, and to that extent, affected companies like Enron, WorldCom, Adelphia, Global Crossing, Xerox, Qwest, and many others like Cendant, Lincoln Savings, ESM, Anicom, Waste Management, and Sunbeam (Albrecht, 2005), and their auditors have gone down. In effect, stakeholders, most especially the shareholders were greatly affected. There have also been instances where forensic accountants were called to determine the cause(s) of the collapse of the companies, who are involved and what (monetary value) was involved (Albrecht, 2005).

The gap is that forensic accounting techniques are not deployed in the day-to-day running of the business of the organisation with respect to the internal control functions, however, when the chips are down, these techniques are being requested from firms of forensic accountants to investigate the "what, who and when" and the fraudulent activities (Oyedokun, 2013; Albrecht, 2005). Following the above, the basic problem this study seeks to proffer solution to is the irregularity that have become order of the day in preparation and presentation of financial statements so as to satisfy one of the stakeholders at the expense of majority of other stakeholder, presenting financial statement that does not present true and fair view of the position of the business organisation for the period under review.

LITERATURE REVIEW

Conceptual Framework

Financial Reporting and Financial Statement

International Accounting Standards (IAS) 1 prescribes the basis for the presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. A complete set of financial statements comprises: a statement of financial position as at the end of the period; a statement of comprehensive income for the period; a statement of changes in equity for the period; a statement of cash flows for the period; notes, comprising a summary of significant accounting policies and other explanatory information; and a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements. When preparing financial statements, management shall assess an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern

basis unless management either intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties.

According to International Federation of Accountants (IFAC), International Financial Reporting Standards (IFRS) began as an attempt to harmonize accounting across the European Union but the value of harmonization quickly made the concept attractive around the world. They are sometimes still called by the original name of International Accounting Standards (IAS). IAS were issued between 1973 and 2001 by the Board of the International Accounting Standards Committee (IASC). On April 1, 2001, the new International Accounting Standards Board (IASB) took over from the IASC the responsibility for setting International Accounting Standards. During its first meeting, the new Board adopted existing IAS and Standing Interpretations Committee standards (SICs). The IASB has continued to develop standards calling the new standards International Financial Reporting Standards.

The IFRS Framework describes the basic concepts that underlie the preparation and presentation of financial statements for external users. The IFRS Framework serves as a guide to the Board in developing future IFRSs and as a guide to resolving accounting issues that are not addressed directly in an International Accounting Standard or International Financial Reporting Standard or Interpretation. Of good note is the fact that in the absence of a Standard or an Interpretation that specifically applies to a transaction, management must use its judgment in developing and applying an accounting policy that results in information that is relevant and reliable. In making that judgment, IAS 8.11 requires management to consider the definitions, recognition, criteria, and measurement concepts for assets, liabilities, income, and expenses in

the IFRS Framework. IFRS Framework stated the Objective of general purpose financial reporting as follows:

The primary users of general purpose financial reporting are present and potential investors, lenders and other creditors, who use that information to make decisions about buying, selling or holding equity or debt instruments and providing or settling loans or other forms of credit.

The primary users need information about the resources of the entity not only to assess an entity's prospects for future net cash inflows but also how effectively and efficiently management has discharged their responsibilities to use the entity's existing resources (i.e., stewardship). The IFRS Framework notes that general purpose financial reports cannot provide all the information that users may need to make economic decisions. They will need to consider pertinent information from other sources as well.

Financial Statement Fraud

In the word of Hecht and Redmond (2010), accounting scandals at Enron, WorldCom and other companies shocked the world and exposed the great potential for deceit that can accompany blind corporate greed. More recently, the financial crisis has exposed a vast number of fraud schemes, most notably Bernie Madoff's multi-billion-dollar Ponzi scheme. According to Jayeoba (2014), faithful representation [of financial statement] is a fundamental qualitative characteristic, IASB (2010) also stated that to faithfully represent economic phenomena [Economic resources and obligations and the transactions and other event and circumstances that change them] that information purport to present, annual reports [of business organisations] must be complete, neutral, and free from material error. ACFE (2018) opined that financial statement fraud involves the intentional publishing of false information in any portion of a financial statement and the typical goal of a fraudulent financial statement is not to directly enrich the perpetrator, but rather to mislead third parties (investors, owners,

regulators) as to the profitability or viability of an organization while Management benefits indirectly from financial statement fraud when the tactic is used to obtain financing on a company's behalf, or to inflate the value of a company.

Forensic accountants are tasked, among other things, with piecing together the financial puzzle after the fallout of such scandals. They rebuild entire financial systems, uncover financial statement fraud, trace funds, discover hidden assets, and more. These scandals and the subsequent investigations and trials that have followed have given the public a glimpse into just one of many areas of forensic accounting (Hecht and Redmond 2010). Financial statement fraud is the deliberate misrepresentation of the financial condition of an enterprise accomplished through the intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statement users (ACFE Fraud Examiners Manual 2018). Misstatements in the financial statements can arise from fraud or error. The term "error" refers to an unintentional misstatement in the financial statements, including the omission of an amount or a disclosure, such as a mistake in gathering or processing data from which financial statements are prepared; an incorrect accounting estimate arising from oversight or misinterpretation of facts; a mistake in the application of accounting principles relating to measurement, recognition, classification, presentation, or disclosure (Institute of Chartered Accountants of India (ICAI)).

Concept of Integrity

Killinger (2010) in Udofia (2014) define integrity as "a personal choice, an uncompromising and predictably consistent commitment to honour, moral, ethical, spiritual and artistic values and principles. An individual's integrity may be assessed in line with the values, beliefs and principles the person possesses or holds. It also means 'wholeness' (wholesome and healthy) and coming from qualities such as honesty and constancy of character (American heritage

dictionary, 2000). Cruz (2013) in study gives an extended description of integrity, as “the character elements relating to trustworthiness, honesty, reliability, and loyalty, but all the elements of character are related to one’s integrity. According to Musschenga (2002) in Udofia (2014), consistency is the first important dimension of integrity. Consistency is a characteristic of behaviour as well as of judgements. Integrity is also evaluated in line with the legitimate values, principles and rules in the community or organisation and the manner of the norms and rules in his or her behaviour. Integrity and ethical values of people who create, administer, and monitor control determine their effectiveness. The communication of company integrity and ethical values to employees and reinforcement in practice affects the way in which employees view their work setting a good example is not enough. Top management should verbally communicate the entity's value and behavioural standards to employees (Hayes, Dassen, Schilder, & Wallage, 2005).

Theoretical framework

Agency Theory

According to Millichamp and Taylor (2008), the agency is the name given to the practice by which productive resources owned by one person or group are managed by another person or group of persons. Agency theory, on the other hand, is the recognition that the inclination of agents, in this case, the directors or manager of the business, is to act rather more in their own interests than those of their employers, the shareholder (Millichamp and Taylor, 2008). Jensen and Meckling (1976) define an agency relationship as a “contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent. If both parties to the relationship are utility maximizers, there is a good reason to believe that the agent will not always act in the best interests of the principal". Agency Theory explains how to best

organize relationships in which one party determines the work while another party does the work. In this relationship, the *principal* hires an *agent* to do the work, or to perform a task the principal is unable or unwilling to do (Seven Pillars Institute for Global Finance and Ethics). Agency theory was also explained as "a simple agency model suggests that, as a result of information asymmetries and self- interest, principals lack reasons to trust their agents and will seek to resolve these concerns by putting in place mechanisms to align the interests of agents with principals and to reduce the scope for information asymmetries and opportunistic behaviour (Institute of Chartered Accountants in England and Wales 2005).

Agency relationship to the Institute of Chartered Accountants in England and Wales (2005) is a relationship arises when one or more principals (e.g. an owner) engage another person as their agent (or steward) to perform a service on their behalf". Performance of this service results in the delegation of some decision-making authority to the agent. This delegation of responsibility by the principal and the resulting division of labour are helpful in promoting an efficient and productive economy. It was also stated that such delegation also means that the principal needs to place trust in an agent to act in the principal's best interests. The principal can limit divergences from his interest by establishing appropriate incentives for the agent and by incurring monitoring costs designed to limit the aberrant activities of the agent. In addition, in some situations, it will pay the agent to expend resources (bonding costs) to guarantee that he will not take certain actions which would harm the principal or to ensure that the principal will be compensated if he does take such actions (Jensen & Meckling, 1976).

Empirical Review

The integrity of financial statements

Aleksanyan (2009) in his studies demonstrated that the usefulness of financial statement data for valuation of stocks varies depending on the specific economy- and firm-level conditions. His empirical study identifies a novel firm-level influential condition. He hypothesizes and finds that for firms that trade at a premium to book value the value-relevance of two fundamental financial statement value drivers (i.e. earnings and book value), is negatively related to the level of sophistication of the firm's information environment. However, for firms that trade at a discount to book value, the level of sophistication of information environment does not affect the value-relevance of these financial statement value drivers. The level of complexity of the firm's information environment was proxied by the firm's capitalized value. His empirical analysis was based on a sample of nonfinancial firms listed on the London Stock Exchange.

Using Korean data, Lee, Kang, Oh and Pyo (2014), examined the effects of audit efforts through interim reviews of financial reports. They specifically investigated the relationship between the number of audit hours worked during the first three quarters and the quality of interim and annual financial reports. Their results show that continuous auditing efforts are negatively associated with interim and annual discretionary accruals (DA). The results from the positive and negative DA of annual financial reports also support the notion that continuous auditing efforts restrict upward earnings management more than downward earnings management. In general, their results complement prior research and regulators' assertions by highlighting the importance of continuous audit efforts for interim and annual financial reports. In the work of Vlad, Tulvinschi, Chiriţă (2011), financial reporting frauds are opined to be a serious threat to the investor's confidence in the financial information. They pointed out that the side effects of the financial frauds are affecting the integrity, quality and confidence in

published financial reporting. Criminals who carry out such fraud, from management to employees, must understand that the interference of records is a crime that will be judged. They opine that qualitative financial reporting, including reliable financial statements without mistakes, can be made when there is well planned corporate governance. Notwithstanding the fact that participants in corporate governance responsibilities vary depending on their level of preparation and on the presentation form of financial reporting, they posit that a well- defined working relationship among these participants should reduce the probability of financial fraud, and also concluded that the achievement of financial reporting by so-called "fraudulent scheme" refers to short-term achievement of "management earnings ", they may draw the following consequences in time: undermine the credibility, quality, transparency and integrity of financial reporting process; endanger the integrity and objectivity of the auditing profession, especially auditors and audit firms; diminish the confidence in the capital markets, as well as in market participants and in the reliability of financial information; makes capital markets less efficient; adversely affect economic growth; huge lawsuit costs; destroy the careers of people involved in fraudulent financial statements; they cause bankruptcy or substantial economic losses for companies involved in financial statement fraud; encourage regulatory intervention; erode public confidence and trust in accounting and auditing profession.

Forensic Accounting Techniques

Okoye and Gbegi (2013) researched and found that the contribution and importance of Professional Forensic Accountant cannot be overemphasized, whether to the public sector or to the private sector. Their study examined forensic accounting as a tool for fraud detection and prevention in the public-sector organizations with reference to the Kogi State of Nigeria. They employed both primary and secondary sources of data while 370 questionnaires were administered to staff of five (5) selected ministries in the Kogi State of Nigeria, along with

interviews conducted with those ministries out of which 350 were filled and returned. They used tables and simple percentages to analyse the data and Analysis of Variance (ANOVA) was used to test their research hypotheses. The study found that the use of forensic accounting does significantly reduce the occurrence of fraud cases in the public sector and that there is a significant difference between professional forensic accountants and traditional external auditors and therefore the use of forensic accountants can help better in detecting and preventing fraud cases in the public sector organizations.

Gbegi and Adebisi (2014) conducted a joint research which examined forensic accounting Skills and Techniques in fraud investigation in the Nigerian public sector. The population of their study comprised 129 senior staff of the three anti-corruption agencies in Nigeria (EFCC, ICPC, and CCB). Their methodology consists of both primary and secondary sources of data collection; copies of questionnaires were used in collecting primary data while secondary data were obtained from EFCC, ICPC and CCB. The data generated for this study were used for the testing of hypotheses using Analysis of variance (ANOVA) and time series analysis with the aid of SPSS version 17.0. They found out that, forensic accounting skills and techniques have a significant effect on uncovering and reducing fraud in the Nigerian public sector. The research then recommends that anti-corruption agencies in Nigeria should establish forensic units and forensic laboratories to allow room for more effective and efficient investigation of suspected and confirmed fraud cases. Also, the public sector (government) should develop an interest in forensic accounting by making sure that forensic accounting is institutionalized in all ministries, extra-ministerial departments and parastatals to build up an effective internal control system that will enhance more effective performance in the Nigerian public sector.

In the work of Izedonmi and Ibadin, (2012), some basic and common financial crimes in corporate organizations, situating the focus on Nigeria, and by extension, the developing world was examined. Their review indicated that the motivations for financial crimes were built around some risk factors, which include the incentive (or pressure), opportunity and rationalization surrounding the financial criminals. They canvassed for the intervention of forensic accounting to solve the vexed problems of financial crimes with a further recommendation that the forensic accountant adopts the inference, relevance and logic solution approach (IRLS) in dealing with financial crimes in corporate organizations in Nigeria.

Joshua, Antunes, Thereza, and Henrique (2013), aimed at analysing the characteristics of forensic accounting services performed by accounting firms in Brazil, using an exploratory approach. At the end of their study, they accepted the premise that the bone of contention in some unhealthy business environments is the inability of an auditor to track frauds and conclude that the idea that frauds have been least detected by auditors begins to gain shape as auditors are more adequately trained to detect frauds instead of emphasizing the traditional segregation of duties and safeguard of assets.

Dada, Enyi and Owolabi (2013), jointly researched on the topic “Forensic accounting: A relevant tool for effective investigation of bribery cases in Nigeria”. Their study adopted the survey research design to ensure that reliable data was obtained empirically to assist in testing the relationship that exists between forensic accounting and investigation of cases of bribery. They assessed the effect of forensic accounting in the investigation and detection of bribery in Nigeria via multiple regression analysis using Statistical Package for Social Sciences (SPSS) in analysing the data collected with questionnaires and oral interviews conducted. The result of their study showed positive values of the coefficients of bribery investigation and detection

with the application of forensic accounting technique (β1 = 0.220 and β2 = 0.079). The implication of this is that through forensic accounting is not presently being employed to carry out investigation and detection of bribery cases by the EFCC, however, if applied, it will positively assist in effective detection and investigation of bribery cases. The study, therefore, recommended that anti-corruption agents should employ forensic accounting technique for effective investigation of cases of bribery, personnel involved in the investigation should be trained in the application of forensic accounting technique and professional accounting firms should be involved in an investigation of corrupt practices (bribery) for effective investigation.

In a research work titled "Forensic accounting a panacea to the alleviation of fraudulent practices in Nigeria" Dada and Okwu (2013) considered, that fraudulent practices among Nigerians are major challenges facing the development of the country. Notwithstanding the federal government's effort in setting up many anti-corruption institutions to reduce cases of fraud and other economic crimes, the efforts seemed not to have been effective. Their study addressed the relevance of forensic accounting in the effective reduction in fraudulent practices in Nigeria by employing multiple regression techniques in analysing the empirical data collected through questionnaires, oral interview and the hypothesis formulated was also tested. The results of the hypotheses tested revealed that fraud reduction is significantly and positively related to fraud investigation and detection through forensic accounting (p=0.01; β1=0.409). Since p=0.01 is significant at 5%, the hypothesis that said fraud prevention is not significantly related to fraud investigation and detection through the employment of forensic accounting technique was rejected.

METHODOLOGY

Research Design

This study adopted survey research design of data collection, which was based on the use of primary. The choice of survey research method was based on the fact it is used to observe the population of study and the reaction of that population to a phenomenon.

The population of study and Sample frame

The population of study consists of Nigerian who is the preparer of financial statements, users of financial statements, financial and investment analysts, professionals in the field of forensic accounting, accountancy, auditing, criminology, fraud investigation, anti-corruption agencies, and scholars in this field. These characteristics were found in 74, 721 professional accountants certified by the Association of National Accountants of Nigeria (ANAN) and Institute of Chartered Accountant of Nigeria (ICAN) as at December 31, 2017. The total number of 1000 members of the two recognised professional bodies in Nigeria were step-wisely formed the sample frame of the study. The representative sample size was calculated with the certainty that the population is known (Krejceie and Morgan, 1970), the formula of sample size as shown below:

$$S = \frac{X^2 NP (1-P)}{D^2(1-P) + X^2P (1-P)}$$

Where:

S - The sample size

N -The population size

P- Population proportion (assumed to be 0.50)

d – Degree of accuracy (expressed as a proportion = 0.05)

Notwithstanding that 278 was scientifically arrived at as the sample size, the researcher administered 350 copies of the research instruments to boost the response rate and exceed the

threshold number of respondents as earlier determined. The researchers administered 350 questionnaires, while 321 questionnaires were returned, and these were considered suitable and valid for the analysis. Therefore, the analysis of the data was based on the correctly filled and returned three hundred and twenty-one (321) questionnaires representing 92% of the entire questionnaires administered.

Dependent Variables

Y = Integrity of Financial Statements (IFS)

Therefore $Y = y_1 + y_2 + y_3$ (Dependent variables)

Where:

Y = Integrity of Financial Statements (IFS)

y_1 = Effective Internal Control Function (ICF)

y_2 = Sound Ethical Culture (SEC)

y_3 = Competent Management and Staff (CMS)

Independent Variables

X = Forensic Accounting Techniques (FAT)

Where:

$X = x_1 + x_2 + x_3 + x_4 + \mu$ (Independent variables)

x_1 = Fraud prevention, detection and deterrence skills (FPDDS)

x_2 = Forensic audit, investigation, and interviewing skills (FAIIS)

x_3 = Litigation, mediation and arbitration skills (LMAS)

x_4 = Computer assisted reviews and document reviews (CARDR)

f = functional dependency of the relationship

μ = Random Variable (error term). This is to stand for other possible factors of concern that are not included in the model.

3.3 Model specification:

$IFS = \alpha_0 + \beta_1 FPDDS + \beta_2 FAIIS + \beta_3 LMAS + \beta_4 CARDR + \mu_0$………………… 3.1

RESULT AND DISCUSSIONS OF FINDINGS

Analysis of the Questionnaires

Table 1. Distribution of Questionnaires

	Frequency	**Percentage**
Returned and duly completed	321	92%
Unreturned	29	8%
Total	350	100%

Source: Field Survey Result (2018)

Test of Hypothesis (H_0)

Research hypothesis: H_0: Forensic accounting techniques do not have any significant effect on the integrity of financial statements of business organisations.

Table 2 Goodness of Fit of Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.480[a]	0.23	0.217	0.66328

a. Predictors: (Constant), FDDS, FAIIS, LMAS, CARDR

Source: SPSS Regression Analysis Results, 2018

Table 3 Regression Result of Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.331	0.645		2.062	0.040
	FDDS	0.203	0.073	0.162	2.777	0.006
	FAIIS	0.256	0.060	0.100	1.732	0.045
	LMAS	0.270	0.055	0.327	4.897	0.000
	CARDR	0.134	0.050	0.127	1.91	0.047

a. Dependent Variable: IFS

Source: SPSS Regression Analysis Results, 2018

Estimated Model:

From output statistics: IFS = 1.331 + 0.203FDDS + 0.256FAIIS + 0.270LMAS +0.134CARDR

A priori expectations: $\alpha_0 > 0$; $\beta_{1-4} > 0$

This implies that a positive relationship is expected between integrity of financial statement and using forensic accounting techniques called (FPDDS, FAIIS, LMAS, and CARDR) to prevent fraud fraudulent financial statement.

The estimates of the regression result above show that forensic accounting techniques (FPDDS, FAIIS, LMAS, and CARDR) have a positive relationship with the integrity of financial statements (IFS). This is shown by the sign and size of the coefficients, that is β_{4-7} are +0.203, +0.256, +0.270, and +0.134 respectively > 0. Thus, the result is consistent with a prior expectation.

Interpretation and Discussion of Result

The model summary reveals that the coefficient of determination (R square) of the main model of this study is 0.23. This indicates that about 23% variation of the integrity of financial statements (IFS) is attributable to forensic accounting techniques as represented by fraud prevention, detection and deterrence skills (FPDDS), forensic audit, investigation, and interviewing skills (FAIIS), litigation, mediation and arbitration skills (LMAS), and Computer-assisted reviews and document review (CARDR), while the remaining 77% change in the integrity of financial statements can be attributed to other factors not covered in this model. This signifies, however, the existence of low explanatory power between the independent and dependent variables (that is, forensic accounting techniques and Integrity of Financial Statements).

Furthermore, the coefficient of fraud prevention, detection and deterrence skills (FPDDS), forensic audit, investigation, and interviewing skills (FAIIS), litigation, mediation and arbitration skills (LMAS), and computer-assisted reviews and document reviews (CARDR) as forensic accounting techniques are positive, indicating that there is a positive relationship between the forensic accounting techniques and integrity of financial statements (IFS). This result is, however, statistically significant, this is indicated by the individual level of significance of 0.006, 0.045, 0.000, and 0.047 which are less than the 5% acceptable level of significance.

Thus, the fraud prevention, detection and deterrence skills (FPDDS), forensic audit, investigation, and interviewing skills (FAIIS), litigation, mediation and arbitration skills (LMAS), and computer-assisted reviews and document reviews (CARDR) as forensic accounting techniques have a significant positive effect on the integrity of financial statements (IFS). Therefore, from the above result, the null hypothesis is rejected, as the combined all

independents variables given the output statistics: IFS = 1.331 + 0.203FDDS + 0.256FAIIS + 0.270LMAS + 0.134CARDR which have positive relationship with integrity of financial statements (IFS). This is shown by the sign and size of the coefficients, that is β_{1-4} are +0.203, +0.256, + 0.270, and + 0.134 respectively > 0. This result is consistent with *a priori* expectation. Idialu (2014) opined that the more the integrity of such financial information, the better the decisions made based on them. Also, that there is a direct relationship between the integrity of personnel involved in providing accounting information and the integrity of the information itself. Okoye, and Gbegi (2013) and Oyedokun (2013) opine that the contribution and importance of professional forensic accountant cannot be overemphasized, whether to the public sector or to the private sector.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Financial statements present the financial position, profitability and value of a business among others; financial statement is a formal record of financial activities of an entity at a given period. Financial statements reflect the financial effects of business transactions and events on the entity. This study has been able to establish that forensic accounting techniques are; fraud prevention, detection and deterrence skills, forensic audit, forensic investigation, and forensic interviewing skills, litigation, mediation and arbitration skills, and computer-assisted reviews and document reviews.

Recommendations

As a result of the foregoing and based on the findings of this study, the following recommendations have been outlined which will be useful to the stakeholders, such as accountants, auditors, fraud investigators, forensic auditors, companies' management,

investors, financial analyst and the regulatory bodies responsible for setting standards in financial sector:

Forensic accounting techniques should be integrated into in financial reporting functions of business organisations;

Regulators like Financial Reporting Council of Nigeria (FRCN) should require that all relevant staff should possess (with proofing evidence) forensic accounting skills in addition to their professional accountancy certifications;

All recognized professional accountancy bodies in Nigeria; The Institute of Chartered Accountants of Nigeria (ICAN) and National Accountants of Nigeria (ANAN) should consider introducing a separate and distinct subject (not a topic in audit and assurance subject) on forensic accounting at professional examination levels without prejudice to the separate certification programmes for their already qualified members. This would provide requisite knowledge and human capital necessary in the field of forensic accounting and serve as a basis for specialisation;

Forensic Accounting should be included in accounting programme of Nigerian universities and colleges to ensure proper training of professionals and as well create more awareness on forensic accounting.

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