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FORENSIC AUDITING AS A PANACEA TO BANK FAILURE IN NIGERIA

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ABSTRACT

This study examined Forensic Auditing as a panacea to bank failure in Nigeria. Research in this area is necessary as past studies have revealed that bank failure in Nigeria has been a resultant effect of bank fraud. Incidences of fraud have also been reported to be on the increase among banks. Data for the study were derived from the distribution of 81 structured questionnaires to selected deposit money banks in Anambra state, Nigeria. Data collected were analyzed using descriptive and inferential statistics. Three hypotheses were formulated and tested using Spearman Rank Order Correlation Coefficient With the aid of SPSS (version 23). The findings show that, there is significant relationship between the bank failure and fraud; that there is significant relationship between the forensic auditing and fraud detection. Also that, there is statistical significant relationship between the forensic auditing and Investors' confidence. Consequently, It is concluded that forensic audit is the panacea to bank failure as it fills the traditional audit expectation gap, restore public confidence and reduce if not to prevent fraud in banks and the subsequent bank failure. It is recommended among others, that, there is need for Regulatory Bodies to intensify efforts in creating awareness of forensic auditing as the panacea to bank failure in Nigeria.

KEYWORDS: ***forensic accounting, fraud and Bank failure***

1.1. INTRODUCTION

The issue of fraud has been a topical issue in the Nigerian banking sector since the inception of banks. According to Rezae (2002), the incidences of frauds in recent time pose a threat to auditing as a branch of accounting profession because of its perennial nature. This has resulted to questions as to whether auditing actually play any significant role towards the attainment of accountability and credibility. A survey carried out by Price water Coopers PWC (2003) on global crime indicates that 37% of Respondents in countries reported fraud with the average loss per company of $ 21,999, 930. This indicates that auditors must be aware of the indispensability of forensic accounting.

Crumbly (2005), opined that, most of our financial institutions today fail to recognize that the phenomenon "fraud" can appear to be more dangerous when compared to other forms of problem like armed robbery attack which can only affect the institution within a short period of time, such may have no long term effect on their operations. However, any significant fraud committed in an institution, not only undermines or shakes up its financial stability, but can severely affect the reputation of the institution thereby resulting to investors' loss of confidence. An example was what happened in Hallmark Bank Plc, which led to its failure and the arrest of the chairman/chief executive of the bank, Mr. Marc Wagbara. The fraud was in connection with about \$58m (N7.5b) belonging to the Joint Development Zone (JDZ) trapped in the bank (Okeja, 2013). Another incident is the Toshiba accounting scandal. In September 2015, electronics conglomerate Toshiba admitted that it had overstated its earnings by nearly \$2 billion over seven years more than four times its initiated estimate in April. According to Wagbara (2002), Fraud is abounding with deceit in these days. Every company is at the risk of fraud and it is the task of directors and managers to handle such risk in a professional manner. According to Pade (2000), the fraudsters are equally good at covering their tracts. The appearance may therefore be normal, but the reality is quite different. The case of dispute in the business environment and the growing incidents of fraud have contributed to the demand for litigation support services as forensic accounting (Wallece, 1991). According to Odum (2010), increase in fraud in Nigeria and around the world in the past two decades has been alarming, emphasizing the visibility of and the need for forensic accounting services.

1.2. STATEMENT OF THE PROBLEM

Fraud detection and control is a significant challenge facing organizations and the economy as a whole Ugah (2010). We face crises of confidence in our financial system with an increasing number of misstatements, whereby many managers abuse and misuse their privileged positions and breach their fiduciary duties thereby perpetrating fraud. One of the major threats facing investors is the failure of auditors to detect material misstatement in the financial statement. For instance, Arthur Anderson an auditor connived with her client Enron, a multinational company that for a number of years did not show the true state of their financial statement. Independent Investigation reviewed a deliberate overstatement of the financial statement of the company. The investors' confidence was betrayed and consequently, Enron collapsed, Arthur Anderson went out of business. Also is the case of Cadbury as reviewed and investigated by Price Water Coopers. The outcome of the investigation confirm a deliberate overstatement of the company financial position over a number of years to the tune of between N13 and N15 billion (Ajayi, 2006). This is Nigeria's version of the Enron.

Even in the post consolidation of banks in Nigeria with instances of bank failures as in the case of Oceanic and intercontinental banks. All these scandals go a long way in discouraging investors from investing their resources, and also scare depositors from depositing with banks. This is a problem that must be tackled so as to restore the investors lost confidence and improve credibility in the financial system especially the banking sector. Although research attention have been paid to these but the situation is one that requires constant research update so as to bring the situation to stability, thus this research.

1.3. OBJECTIVES OF THE STUDY

The general objective of this study is to appraise Forensic Auditing as the panacea to Bank failure in Nigeria. The specific objectives of this study are:

1. To ascertain the relationship between fraud and bank failure.
2. To examine the relationship between forensic auditing and fraud detection in the banking sector.
3. To determine the extent forensic auditing has helped in restoring investors' confidence in the banking sector.

1.4. HYPOTHESES

The following null hypotheses were tested to achieve the above objectives:

Ho1: There is no significant relationship between fraud and bank failures.

Ho2: There is no significant relationship between forensic auditing and fraud detection in the banking sector

Ho3: forensic auditing has not significantly helped in restoring investors' confidence in the banking sector.

2.0. CONCEPTUAL REVIEW

2.1 Concept of Forensic Accounting and Investigations

Zysman (2001) puts forensic accounting as the integration of accounting, auditing and investigative skills. According to (Coenen, 2005), he states that forensic accounting involves application of accounting concepts and techniques. It demands reporting where the accountability or the fraud is established and report is considered as evidence in the court of law or in the administrative proceedings Joshi (2003). It provides an accounting analysis that is suitable to court, which will form the basis of discussion, debate and ultimately dispute resolution Zysman (2001). This means that forensic accounting is a field of specialization that has to do with provision of information that is meant to be used as evidence especially for legal purposes. Forensic accountants analyze, interpret complex financial and business matters. They may be employed by insurance companies, banks, police forces, government agencies or public accounting firms. Forensic accountants compile financial evidence, develop computer applications to manage the information collected and communicate their findings in the form of reports or presentations (Investopedia, 2016).

Forensic investigation is a part of a forensic accounting engagement. It is process of gathering evidence so that the expert's report or witness statement can be prepared. It includes forensic auditing, but incorporates as much broader range of investigative techniques, such as interviewing witnesses and suspects, imaging or recovering computer files, tracing of funds, asset identification, asset recovery and due diligent reviews.

Forensic auditing is the application of traditional auditing procedures and techniques in order to gather evidence as part of the forensic investigation (ACCA, 2015).

2.2 Concept of Fraud

Financial fraud can be broadly defined as an intentional act of deception involving financial transactions for the purpose of personal gain. Okoye and Akamobi (2009), view fraud as an act of dishonesty, deceit, falsifications and manipulations perpetrated to gain undue monetary and/or non monetary benefits. Osisioma as cited by Okoye defines fraud as giving and receiving of something of value (e.g money, sex, gift etc), whether demanded or not, to influence the receiver's action favourably towards the giver. Fraud is a wrongful or criminal deception intended to result in financial or personal gain. It can also be seen as a person who pretends to be something or someone he is not. Fraud is lying or deceiving to make a profit or gain an advantage or to cause someone else to make loss and suffer disadvantage (Law dictionary). Fraud is act or course of deception, an intentional concealment, omission, or perversion of the truth to gain unlawful or unfair advantage (Business Dictionary).

In the context of Banking Industry, Gold Irokalibe (1999) opines that banking fraud or malpractice is an action or conduct by which the perpetrator aspire to gain a rather dishonest advantage over another in pecuniary. Ihiagarajah (2008) views bank fraud to any of number of actions carried out with the intent of defrauding a financial institution. Similarly, the concept has been stated to mean the use of fraudulent means to obtain money, assets, or property owned or held by a financial institution (Wikipedia 2013).

2.3 Fraud and Bank Failure

According to Okeja (2013), Fraud Forgeries and insider abuse are rampant in the banking sector, because of the staggering amount of money involved. They have contributed in no small way in rendering the banks insolvent and thereby resulting to failures. In recent times, bank failure has an issue of major concern to government, depositors, bankers, promoters and indeed the public at large. This concern stems from the crucial role banks play in the economy. The concern for the health and survival of banks, underscore the importance government attaches to close supervision of banks, with the primary objective of identifying early sign of fraud in order to minimize the incidence of failure. Examples of failed banks due to fraud are: Hallmark Bank Plc, January 16, 1994, High land Bank of Nig. Plc, January 16, 2006, Lead Bank Plc, January 16, 2006, Assurance Bank Nig. Ltd., January 16, 2006, All states Trust Bank, January 16, 2006, African Express Bank Plc, January 16, 2006.

A good example of how fraud has led to the failure of financial institution was the fraudulent act, which occurred in 2006 at the All States Trust Bank Plc. As a result of fraudulent act of one man, the whole nation including the government was put in a very bad state of which people's savings disappear into the air. Government accounts were unable to pay their workers resulting to hardship and starvation. Another example was what happened in Hallmark Bank Plc, which led to the failure of the bank and the arrest of the chairman/chief executive of the bank, Mr. Marc Wagbara. The fraud was in connection with about $58m (N7.5b) belonging to the joint development zone (JDZ) trapped in the bank. The coy was placed in a fixed deposit account with the bank (Hallmark bank); but could not be produced on demand. This development led to the involvement of the economic and financial crimes commission (FCC) to hallmark bank Plc to help recover the funds and this led to the discovery of some questionable dealings. According to "the daily star paper" of Tuesday, September 4, 2012. The bank was eventually closed in January 16, 2006 (Okeja,2013).

2.4 Causes of Bank Fraud

According to (Ugah, 2010) Fraudsters and forgers involve the professional men and women who are always conversant with the banking system and procedures, and who equally seek to enlist the support and corporation of the dishonest members of the bank staff.

According to (Wikipedia, 2018) the following are some of the causes of fraud:

- **Weak Internal Control system:** This is where there is lack of segregation of duties. This occurs when there is no proper process or procedure that is followed when carrying out a particular plan of action in organization. Bello (1986) wrote that this is one of the major loopholes that help the perpetration of frauds in banking operation. Once control system is weak, the dishonest staff will appear to have a field day in carrying out their activities.
- **Poor management:** This is often manifested in various ways. Lack of adequate supervision is a manifestation of poor management. Inadequate control on the bank or firm policies, procedure and systems are indicative of poor management. This causes fraud when especially the junior staff is inadequately supervised.
- **Inadequate control:** When controls are inadequate, a loop hole now paves way to the fraudulent minded operator in the system and sees it as an opportunity to perpetrate fraud. Few banks nowadays, however, can be said to lack the basic collection of control policies and procedure, which they require for acceptable level of efficiency.
- **Frustration:** This is sometimes a reason for committing fraud in the bank. When the expectations of some workers are not meant by the management; in terms of promotions or financial rewards, they become frustrated. Unfortunately, these frustrated workers are their own judges for their contributions to the progress of the bank. Sometimes, if not most times this perception may not be enough reason to commit fraud. Nevertheless, the employees go ahead to commit fraud and compensate themselves for that which they are due for.
- **Greed:** A drive to acquire gain for beyond one's income and immediate or long needs. This is what Archibong described as "Get-rich-quick syndrome".

For one to be extravagant and greed is very dangerous.

- **Attention being given to wealthy people regardless of the source of their wealth:** The manner in which wealthy people are given recognition in our various communities, churches and mosques without due consideration the source of their wealth, has worsen the situation. Young and talented men and women engage in drug trafficking, kidnapping and committing fraud. Though our society do not condone these but they invariably encourage them by singing songs of praise in their honour, making them chairman in functions, naming halls in higher institutions, streets and high way after them.
- **General belief that the economy (Bank and other Financial Institutions) can sustain any amount of loss:** The attack on the nation's treasury and banks by fraudsters is part due to the belief by many Nigerians that the banking sector is the nation's wealth sector of the economy and that they see it as a part of the national cake. Anybody with a little knowledge of Economics or finance should know that banks are trading on equity, which means that they are using other people's money to make money and depositor's money are not their own.
- **Genetic Causes:** This has something to do with heredity, a situation where by characteristics are passed on from parents to offspring. Some people steal and commit fraud not because they consciously intend to, but because it is in their blood.
- **Absence of Divine Control:** A character devoid of divine regulation can easily be infected by the success pollution or corruption. A banker that has the fear of God will always have the power to resist temptation to commit fraud in a bank he works.
- **Poverty:** People get entangled in forgery, record falsification, teeming and leaching, cash theft, over invoicing, computer manipulation as a result of poverty through poor income.
- **Abuse of interpersonal relationship** Some of the bank staff have friends in vital department and information obtained casually from such friend can be used to undertake high level fraud. Danyima (1989), said that some bank officials have God fathers, the protections of whom they believe they could always enjoy.
- **Delays in prosecution of Fraudsters and lack of punishment**

According to Dennis (1998), there are numerous existing laws targeted at controlling fraud, but the general attitude of some Nigerians seems to make nonsense to the statutes existence. Most times the laws are visited only when the less privileged are involved.

- **Banking Experience of Staff.** Fraud in bank occurs with higher frequency among staff with little experiences and knowledge of a staff, the more likelihood that frauds would pass staff undetected.
- **Personality Profile of Dramatized Personnel**: Most individuals with inordinate ambition are bound or prone to committing frauds. This kind of individuals is bent on making money either by hook or by crook. This happens when a person lacks discipline, integrity and principle.
- **Poor management:** Banks with poor management, record high incidence of all sort of frauds than those with effective and efficient management team.
- **Poor security Arrangement:** Banks where their securities for valuables are weak, poor and vulnerable, it is easy for fraudsters to have their ways undetected huge sum of money.
- **Inadequate Infrastructure:** Poor communication system and power failure

result to backlog of unbalanced postings, congested office space, etc.

- **Delay in Procuring Document:** Delay creates opportunities for hatching in banks and other financial institutions, thus making prevention and detection difficult.
- **Nature of Service:** Fraud may be perpetrated where document of value and liquid assets are exposed to an undisciplined staff or unauthorized person(s).
- **Volume of Work:** The amount of work done by officials could be so heavy that fraud could easily pass undetected by such officials.
- **Number of staff:** Where a senior official supervises quite a large number of the staff, there is a high likelihood that fraud could go undetected.

2.5 Types of Bank Fraud

The most important and common types of fraud highlighted by Bank Administration Institute (1989), in fraud and prevention series as cited by Ugah (2010), are discussed below:

- **Money Transfer Fraud:** Fraudulent money transfer may result from a request created just for the purpose of committing fraud or the alteration of the genuine fund transfer request. A genuine request can be altered by changing the beneficiary's name or account number or changing the amount of the transfer. These days, internet scammers send fake mails to would-be-victims, asking them to apply for fake contract or fake lottery, thereby winning non existing money from the dead billionaires accounts in different parts of the world. They connive with fraudulent bankers in the western union department to withdraw their-ill-gotten hard currency or without the knowledge of the bank as regards to the authenticity of the beneficiary.
- **Money Laundering Fraud:** It is a means to control the existence, sources or use of ill-gotten money by converting the cash into untraceable transaction in a bank.
- **Computer Fraud:** It can take the form of corrupting the programs and breaking the system via a remote sensor by a computer programmer or specialist.
- **Telex Fraud:** Transfer of fund from one location to another can be affected through the telex. The message though often coded, can be altered to enable diversion of the funds to an account not originally intended.
- **Loans Fraud:** This occurs when credit is extended to non borrowing customers or borrowers customer who has exceeded his credit limit. The fraudulent aspect of this class of fraud is that, there is intent to conceal the act from the head office staff on routine check.
- **Advanced fee Fraud:** This involves an agent approaching a bank, a company or an individual with offer to access large funds below market interest rate, often for long-term. The purported source of such funds is not specified as the only way to have access to it through the agent who must receive fee or commission in advance.
- **Cheque Kitting:** Kitting is defined by U.S. controller of the currency's policy, guideline for national bank director as "method for cheques to clear to obtain an unauthorized loan without interest charges".
- **Account Opening Fraud:** This usually starts when a person not known to the bank, ask to open a transaction account with false identification, but unknown to the bank, such person might use the account for illegal transaction and close the account within a short period

Other types of bank frauds are

Letter of credit fraud, forging of bank rubber stamps, overstating interest charges, manipulation of accounts and unauthorized printing of bank stationeries and cheque frauds.

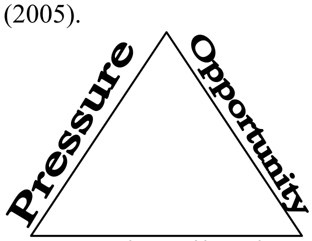
2.6 Fraud Prevention

Usually, it is less expensive to prevent fraud than to detect it. Therefore, fraud prevention should take precedence over the detection internal control system alone, do not prevent fraud in books of accounts, they merely facilitate its diction. Fraud prevention measures include; hiring honest people, paying them competitively, treating them fairly and providing a safe and secure work place, real time feedback on their performance, adequate tools and training to do their job right, role modeling, honesty, codes of ethics. Prevention also means regularly monitored and enforced internal control, application of anti fraud internal control system. Detection strategies include monitoring variance, reposting system, internal auditing, compliance auditing and intelligence gathering Nnebe (2012).

2.7. Theoretical Framework

1. Fraud Triangle Theory

There are three factors that must be present for a person to violate trust and perpetrate fraud, known as "Fraud Triangle" Cressy (1987) as cited by Coenen (2005).



The Fraud Triangle

Pressure (motivation): This is the first element of the Fraud Triangle. Lister (2007) defined pressure as the source of heat to the fire. Pressure can drive people to do things they wouldn't normally do. pressure to succeed, pressure to get ahead, pressure to meet deadlines and expectations, pressure from co-workers or boss etc Obielo (2015)

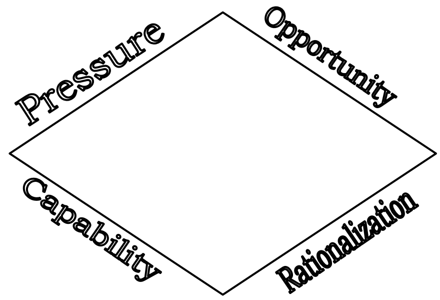
Opportunity: This is the fuel that keeps the fire burning Lister (2007). It is a second side of Fraud triangle. He believed that a person without being given an opportunity cannot perpetrate fraud. It is a weakness in the system where employee has power and ability to exploit, making fraud possible Rae and Subramaniam (2008).

Rationalization: Lister (2007) defines it as the oxygen that keeps the fire burning. Rae and Subramaniam (2008) refers rationalization as a justification of fraudulent behavior as a result of an employee's lack of personal integrity or other moral reasoning.

2. The Fraud Diamond

The fraud Diamond was initially presented by Wolf and Hermanson in the CPA Journal in December 2004. It is an enlargement of the Fraud Triangle by introducing another dynamic: capability (Okoye & Gbegi, 2013).

Worlf and Hermanson (2004) contended that while perceived "pressure" may coexist with an opportunity and a rationalization; it is improbable for fraud to take place except the fourth dynamic (capability) in likewise in existent. Thus, the potential fraudster must have the dexterities and ability to commit fraud. In the absence of this, there is the likelihood that fraud may not be perpetrated by the fraudster.



The Fraud Diamond diagram

3. The Fraud Box Model

According to the research carried out in 2014 by Okoye et al. on the topic, Application of Fraud Diamond Model in the Determination of Fraud Risk Factors in banks in Nigeria", developed the Fraud Box Model, by adding a fifth perspective which is 'corporate Governance'. The study was of the opinion a fifth element (Corporate Governance) is to be added since it is the master key to pressure, opportunity, rationalization and capability. It is believed that the fraudster's thought process will amount to thinking inside the box if there is "good corporate Governance". That corporate Governance if bad unlocks the fraudster's thought process thereby opening the doorway for fraud to occur. Good corporate governance is the missing link in Nigeria which is an index of fraud occurrence Okoye (2011).

2.8. Empirical Review

In a research work carried out by Onyeagba (2011) on the topic "Forensic Audit, an Appraisal of the Usefulness In the Prevention and Detection of Modern Fraud". The study made use of both primary and secondary data. Three hypothesis were formulated and tested with the aid of chi-square. It was discovered that the absence of commendable skills, technical know-how and equipment has not deterred the effectiveness of forensic auditing. It was also discovered that forensic Audit will serve as a better supplement to the lapses in internal and external auditing.

Another study carried out by Obinwa (2010) which sought to determine the extent forensic accounting techniques have been applied in detecting, investigating and preventing fraud in Nigerian banks. Three hypothesis were tested using chi-square. It was discovered that forensic accountant are very relevant in the fight against fraud in Nigeria banking sector.

Egbunike (2010) on detecting fraudulent financial Entries: An Application of Benfords Law to Accounting Data. The study made use of descriptive statistic. In addition, Kolmgorov Sirnov and Two-Way ANOVAS in analyzing the primary data. The hypothesis were formulated and Tested with the aid of SPSS. The results proved the utility of Benford's Law in fraud detection.

Also, according to study carried out by Okoye and Ugochukwu (2015) had it that despite several analytical measures adopted by external auditors, in the records in Nigeria, fraud has never ceased to exist within the numbers and figures of the published financial documents. But the fraud model – Benish Model, an eight factored variable model by Beneish (1999), shows promises that such manipulations in the financial statements can be detected.

In their study, Cadbury Nigeria Plc, being known victim of fraudulent financial reporting from 2002-2006 was selected for the research work. Result from the Beneish Model Analysis not only confirmed the fraudulent allegations rose against the Board of Cadbury Nig. Plc for years 2002-2006. It also discovered that the post fraud records of the company (2007-2013), except in 2010, showed promising grounds of good corporate governance.

3.0. METHODOLOGY

The research design to be used for this study is the survey research design method. A 5-point Likert scale was used which respondents choose one option that aligns with their view. The response scoring weight were: – Strongly Agree (SA)-5 point, Agree (A)-4 points, Undecided(U)-3 points, Disagree(D)-2 points, Strongly Disagree(SD)-1 point. The questionnaire contained two sections; Section A and Section B. section A contains the bio (personal) data of respondent, while section B contains the relevant questions that will be used to achieve the objective of the study.

The total population is 101 employees and staff of First Bank Plc, GT Bank Plc, Access Bank Plc and Diamond Bank in selected locations in Anambra State. Among these are the senior management staff; middle management staff and the junior staff of the banks with relevant accounting knowledge

Table 3.1: The breakdown of the population

Banks	**Number of Employees**
First Bank	33
GtBank	21
Access Bank	22
Diamond Bank	25
Total population	**101**

Source: Field survey, 2018.

The researcher used Taro Yamane formula to determine the sample size because the population is finite. 5% level of significance was used.

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = Sample size

N = Population

e = Error-term (Level of Significance)

1 (one) = Constant

$$n = \frac{101}{1+101(0.05)^2}$$

$$= \frac{101}{1.2525}$$

$$n = 81 \text{ (approx.)}$$

Data collected was analyzed using the descriptive statistical tools of frequency distribution, tables and percentages while with the aid of Statistical package for Social Sciences (SPSS) version -23, inferential statistics (i.e. Spearman Rank Order Correlation Coefficient (r_s) was used to test the hypotheses.

4.0. DATA PRESENTATION AND ANALYSES

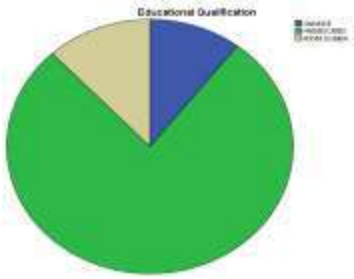
Questionnaire issued and returned

Issued	81	Percentage
Returned	67	82.72
Unreturned	14	17.28
Total	67	100%

Source: Field survey 2018

In above table, 81 questionnaires was issued, 67 representing 82.72% was returned while 14 representing 17.28% were not returned

Figure 4.1.1: Respondents' Educational Qualification



***Source**: Researcher's design via SPSS version-23*

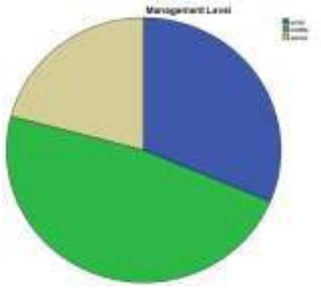


Figure 4.1.2: Respondents' Level of Management

The figure shows that 31.3% of the respondents are senior staff,
47.8% are middle staff, while the remaining 20.9% are junior staff. This is also represented in the pie chart below.

Source: Researcher's design via SPSS version-23

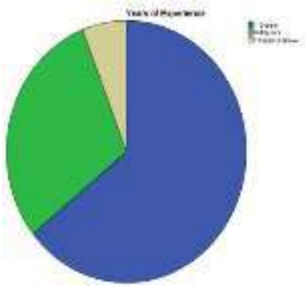


Figure 4.1.3: Respondents' Years of Experience

This figure shows that 64.2% of the respondents has served in the institution within a period of one to five years, 29.9% have served a period of six to ten years, while 6.0% have served eleven years and above.

Source: Researcher's design via SPSS version-23

Test of Hypotheses

Hypothesis Testing One

Ho: There is no significant relationship between fraud and bank failures

	Bank Failure
Fraud-**Correlation (r_S)**	.301*
Sig. (2-tailed)	.007
N	67

***Source**: Researcher's computation via SPSS version-23*

Table 4.3.1 showed the Spearman Rank Order Correlation Coefficient (r_S= 0.301 or 30.1% p=0.007) between bank failure and fraud. Table 4.3.1 indicates that the relationship between the aforementioned variables is positive, that is, the variables move in the same direction. since p-value of 0.007 is less than 0.05, we reject the null hypothesis (H_O) and accept the alternative hypothesis (H_1). We therefore conclude that there is significant relationship between bank failure and fraud.

Hypothesis Testing Two

Ho: There is no significant relationship between forensic auditing and fraud detection in the banking sector

Table4.3.2: Spearman Rank Order Correlation Coefficient between forensic auditing and fraud detection.

	Fraud detection
Forensic auditing-**Correlation (r_S)**	.282*
Sig. (2-tailed)	0.010
N	67

***Source**: Researcher's computation via SPSS version-23*

Table 4.3.2 showed the Spearman Rank Order Correlation Coefficient (r_S=0.282 or 28.2% p=0.010) between fraud detection and forensic auditing Table 4.3.2 indicates that the relationship between the aforementioned variables is positive, that is, the variables move in the same direction. Since p-value of 0.010 is less than 0.05, we reject the null hypothesis (H_O), and accept the alternative hypothesis (H_1). We therefore conclude that there is significant relationship between the forensic accounting and fraud detection.

Hypothesis Testing Three

Ho: forensic auditing has not significantly helped in restoring investors' confidence in the banking sector.

Table4.3.3: Spearman Rank Order Correlation Coefficient between forensic auditing and investors' confidence.

	Investors' confidence
Forensic auditing-**Correlation (r_S)**	.407*
Sig. (2-tailed)	.010
N	67

Source: Researcher's computation via SPSS version-23

Table 4.3.3 shows the Spearman Rank Order Correlation Coefficient (r_S= 0.407 or 40.7% p=0.010) between forensic auditing and investors' confidence Table 4.3.3 indicates that the relationship between the aforesaid variables is positive, that is, the variables move in the same direction. Since p-value of 0.010 is less than 0.05, we reject the null hypothesis (H_O), and accept the alternative hypothesis (H_1). We therefore conclude that, the association between forensic auditing and investors' confidence in the banking sector is statistically significant.

DISCUSSION OF FINDINGS

The analysis and result gotten from the data processed using SPSS, has so far revealed that, there is significant relationship between the bank failure and fraud.

The tested hypothesis two of the study revealed that, there is significant relationship between the forensic accounting and fraud detection. This is in line with a study carried out by Obinwa (2010) which sought to determine the extent forensic accounting techniques have been applied in detecting, investigating and preventing fraud in Nigerian banks. He affirmed that forensic accountants are very relevant in the fight against fraud in Nigeria banking sector. This outcome is also in line with Ojaide (2006), Crumbley (2006), and Zysman (2001) who emphasize the need for forensic accounting to curb the issue of rising fraud.

Our result in hypothesis three revealed that forensic accounting has significantly helped in restoring investors' confidence in the banking sector. This finding is in line with Onyeagba (2011), Okoye and Akamobi (2009), and Wallace (1991) that perceived that forensic Audit will serve as a better supplement to the lapses in internal and external auditing.

SUMMARY OF FINDINGS

i. There is significant relationship between bank failure and fraud.
ii. There is significant relationship between the forensic accounting and fraud detection.
iii. Forensic accounting has significantly helped in restoring investors' confidence in the banking sector.

CONCLUSION

The Researcher's conclusion is that forensic audit is the panacea to bank failure in Nigeria. It has been proven to be the only tool or means left to fill the conventional audit expectation gap; to restore public confidence and to reduce if not to completely prevent fraud in organizations especially the banking sector. Hence, forensic accounting is the panacea to bank failure in Nigeria.

RECOMMENDATIONS

1. *There is the need to intensify efforts by Regulatory Bodies in creating awareness of forensic accounting as the best tool to fight against fraud in the areas of detection; investigation and prevention of fraud in Nigerian banks.*
2. *For effective and competent audit, banks should provide for both conventional and forensic auditors with the required physical materials as well as financial tools. This is because when the auditor is well paid, it will boost their morale in the performance of their audit work.*
3. *Finally, since forensic auditing is highly capital intensive, government should therefore, assist in her capacity to ensure that there is improved level of reporting through the inclusion of forensic accounting report as part of annual report in the banking sector, which is to a reasonable extent, the hub of the economy.*

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APPENDIX I: QUESTIONNAIRE

SECTION A

1. Education Qualification: OND/NCE ☐ HND/BSC/BED ☐ PhD/M.Sc/MBA ☐

2. What is your level and position in the organization?

   (a) Junior ☐) Middle ☐ :) Senior ☐

3. Year of service with the institution

   1-5yrs ☐ 6yrs-10 ☐ 11yrs and above ☐

SECTION B

SA - Strongly Agree; with this statement

U - Undecided; with this statement

A - Agree; with this statement

SD - Strongly Disagree; with this statement

D - Disagree; with this statement

S/N	Questions	SA	A	U	D	SD
1.	Fraud is a general phenomenon which causes hazard in every organizations					
2.	There is relationship between fraud and Bank failures					
3.	Most fraudulent activities that lead to bank failures are done by insiders.					
4.	More than 70% cases of bank failures are caused by fraudulent activities					
5.	The incidence of fraud can affect the management, every workers of the organization ,and even the investors when it occurs					
6.	Forensic audit involves evaluation of evidence that goes beyond the scope of traditional audit					
7.	Forensic auditing has become a useful technique of fraud detection and prevention in financial institutions					
8.	Forensic auditing has aided in fraud detection and prevention.					
9.	Forensic accounting promotes accountability and transparency in the banking sector					
10.	Forensic auditing provides high value and efficient professional services compared to traditional auditing					
11.	Investors prefer to invest their fund in organization that employs the service of forensic accountants					
12.	Investors prefer foreign investments to local investments due to loss of confidence in the Nigeria system.					
13.	Investors' loss of confidence tends to be restored as a result of forensic auditing.					
14.	There seems to be frequent occurrence of fraud and investors loss of confidence in financial institutions.					

APPENDIX II

Statistical data analysis output from Statistical Package for Social Science Students (SPSS)-version 23

Frequency Table

Educational Qualification					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	OND/NCE	7	10.4	10.4	10.4
	HND/BSC/BED	52	77.6	77.6	88.1
	PhD/M.Sc/MBA	8	11.9	11.9	100.0
	Total	67	100.0	100.0	

Management Level					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Junior	21	31.3	31.3	31.3
	Middle	32	47.8	47.8	79.1
	Senior	14	20.9	20.9	100.0
	Total	67	100.0	100.0	

Years of Experience					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	1-5years	43	64.2	64.2	64.2
	6-10years	20	29.9	29.9	94.0
	11years & above	4	6.0	6.0	100.0
	Total	67	100.0	100.0	

Nonparametric Correlations

Correlations				
			Fraud	banks' failure
Spearman's rho	fraud	Correlation Coefficient	1.000	.301**
		Sig. (1-tailed)	.	.007
		N	67	67
	banks' failure	Correlation Coefficient	.301**	1.000
		Sig. (1-tailed)	.007	.
		N	67	67

Correlations			
		forensic auditing technique	Fraud detection
forensic auditing technique	Pearson Correlation	1	.263*
	Sig. (1-tailed)		.016
	N	67	67
detection and prevention of fraud	Pearson Correlation	.263*	1
	Sig. (1-tailed)	.016	
	N	67	67

Nonparametric Correlations

Correlations				
			forensic auditing technique	**fraud detection**
Spearman's rho	forensic auditing technique	Correlation Coefficient	1.000	.282*
		Sig. (1-tailed)	.	.010
		N	67	67
	fraud detection	Correlation Coefficient	.282*	1.000
		Sig. (1-tailed)	.010	.
		N	67	67

Correlations			
		forensic auditing technique	**investors' confidence**
forensic auditing technique	Pearson Correlation	1	.407**
	Sig. 21-tailed)		.000
	N	67	67
investors' confidence	Pearson Correlation	.407**	1
	Sig. (2-tailed)	.000	
	N	67	67