

Impact Of Forensic Auditing On Fraud Detection: A Study Of Selected Oil Companies In Bayelsa State, Nigeria

Ayebaenemi J^{1.}, Uguru, L. C^{2.} And Chukwu, U. C³
^{1,2,3} Department Of Accountancy, Ebonyi State University, Abakaliki, Nigeria

Abstract

The study investigated the impact of forensic auditing on fraud detection in selected oil companies in Bayelsa State, Nigeria. A survey research design was adopted and data were obtained through the administration of a set of questionnaire. The population of the study was 160 while the sample size was 114 respondents, consisting of the staff of four oil & gas companies. Data obtained were analyzed using statistical tools: frequency tables, percentages, mean and standard deviation (SD), while Z-test statistics was used to test the formulated hypotheses at 5% level of significance. The study found that there is a negative and significant impact of investigative skill on financial fraud detection, positive but no significant impact of litigation support on financial fraud detection and positive and significant impact of fraud reporting on financial fraud detection in oil companies in Bayelsa State, Nigeria. The study concluded that forensic auditing affect detection of financial fraud positively. It is therefore recommended that oil companies in Bayelsa State should engage and retain the services of forensic auditors and other staff with knowledge of forensic auditing techniques so as to detect easily the incidence of financial fraud, hence the reduction if not elimination of fraud.

Keywords: Forensic auditing, Fraud detection, fraud reporting, investigative skill, litigation support

Date of Submission: 13-01-2024

Date of Acceptance: 23-01-2024

I. INTRODUCTION

Financial misappropriations are issues that bring challenges to the economy today. It is so endemic that financial irregularities are gradually becoming a way of life especially in Nigeria. Financial fraud has been committed in most cases by those who are in higher authority, entrusted with responsibility of taking care of funds (Owolabi, 2017). The level and volume of financial scandals have contributed to the loss of confidence by the financial statement user in the ability of public accounting to contribute viable solutions to the financial problems and have added to the increase in demand for forensic auditors (Huber, 2018). Fraud scandals that gave Nigeria's financial system serious concern include the famous oil subsidy scam, the Central Bank of Nigeria (CBN) currency scam (The Guardian, June 2, 2015), in addition to a long list of corruption and fraud related cases against several Governors, Deputy Governors and other top ranking officials in civil and political services (Ernest & Young, 2019).

Therefore, there is a growing demand for forensic audit services as a result of increasing fraudulent practices in oil industries and government agencies around the globe, especially in

Nigeria. Forensic auditing is a specialty of accounting and auditing practice that describes engagement that result from anticipated disputes and litigations. Forensic auditing could be seen as summarizing and adapting investigative auditing, criminology, litigation service, and financial skills to uncovering fraud (Taylor, 2019). According to Zimbelman, Albrecht, Albrecht & Albrecht (2017), the term 'forensic auditing' which could be called forensic accounting, or investigative accounting means relating to the application of scientific knowledge to a legal problem or usable in a court of law. Degboro and Olofinsola (2017), describe forensic auditing as the application of methods, integration of accounting investigative activities and law procedures to detect and investigate financial crimes and related accounting misdeeds. Forensic auditing according to Kelly and Hartley (2018) is "the focus on the evidence revealed by the examination of financial documents which may be applied in different contexts". Forensic auditors apply auditing, accounting and investigative skills in detecting fraud and presenting litigation support services in the court (Bologna&Liquist, 2015).

Series of frauds have been committed in Nigeria oil industries today despite the annual financial audit of organizations. Sometimes, the internal and external auditors are accused of knowing about the fraudulent activities and hiding the same (Ezejiiofor, Nwakoby&Okoye, 2016). More so, the procedure for detecting fraud

by internal and external auditors and other officers of the firm are either admissible in court or not, thereby making investors to lose substantially in terms of profit and funds invested.

The existence and extent of fraudulent activities in oil industries today is not only glaring but has plunged some of the companies into irrecoverable liquidation due to poor accounting practices, lack of internal control, mutilation of financial records, etc which characterized some companies. In order to reverse the above trend, this study was conducted using investigative skills, litigation support and fraud reporting as proxies in detecting fraud. The study is therefore conducted to examine the impact of forensic auditing on fraud detection in selected oil industries in Bayelsa State, Nigeria.

II. REVIEW OF RELATED LITERATURE

Conceptual Review:

1. Forensic Auditing

Forensic auditing and forensic accounting are sometimes used interchangeably. Kelly and Hartley (2018), defined Forensic auditing as the focus on the evidence revealed by the examination of financial documents which may be applied in different contexts. It is an activity that consists of gathering, verifying, processing, analyzing and reporting data in order to obtain facts and evidence in a predefined context in the area of illegal financial disputes or irregularities and giving preventive advice.

Forensic audits are more intensive than regular audits and are usually conducted in a series of steps to determine if allegations can be substantiated and to identify the nature of any further work needed. It therefore requires a clear and detailed audit plan that is designed to obtain information on how, when and who committed such a wrongdoing. As an investigator, the forensic auditor can be seen as a specialist in fraud detection, and particularly in documenting exactly the kind of evidence required for successful criminal prosecution, able to work in complex regulatory and litigation environment; and with reasonable accuracy.

According to Modugu and Anyaduba (2013), forensic auditing is the special area of the accountancy profession which describes engagement that resolves from actual or anticipated disputes or litigation. Forensic means "fit for use in a court of law". Thus, forensic accountants work with a standard that must suit the justice system and above approach. Several companies took decisive steps to improve and upgrade the structure of their internal control and auditing system, as a result of this development, accountants specializing in forensic auditing became a highly sought after experts.

Forensic auditors are invited to investigate a fraud or a possible fraud in basically two situations (Taylor, 2019), where a fraud has been uncovered by an internal or external audit or management review committee and the management wish to employ specialists to gather the evidences in such a way that they will support a prosecution, or at least be able to defend a claim and fraud alleged, perhaps by a whistle blower, or preliminary indications of something unusual have been uncovered by audit procedures, but nothing is provable or yet certain.

2. Investigative Skill

Investigative skill involves the ability of forensic auditors to decipher fraudulent activities through evaluation of possible occurrence of any or a combination of three main areas of fraud which includes theft, concealment, and conversion either that has occurred, or is still being perpetuated. It also involves any or a combination of fraud investigation approaches like testimonial evidence, documentary evidence, physical evidence, and personal observation, investigation process includes a review of personnel's responsibilities, and the extent of their authority; a review of internal control including internal and external audit reports, and management reactions to them; meetings with internal auditors and management when appropriate; discussions with the external auditors when necessary; and analytical review of financial and management accounts.

3. Litigation Support

This has to do with the forensic auditors' ability to provide support for litigators, especially when a suspect is being prosecuted. These supports could come in the form of providing a lawyer who will facilitate recovery of, or filing of vital documents in the court of law which the forensic auditor might not find convenient to do for the organization. Investigation of a fraud may also involve freezing orders to prevent the transfer or movement of suspected assets or search orders which require legal privileges.

4. Fraud Reporting

This is the ability to create awareness of fraudulent cases either or both internal or external to the public or in the court of law for their organizations against fraudsters. The law lays down minimum content of reporting format required for acceptance in the court of law. When fraud reports go below the standard, the court may reject it. Since the Forensic Auditor is an expert, he is expected to present the report in such a way that even a lay man would understand and proof of fraudulent activities would have been done beyond

reasonable doubt. There are two aspects of crime reporting, the first is reporting alleged crime to the law enforcement agencies like the Police, EFCC, and ICPC and the second which is the focus of this study is reporting a confirmed crime by court of competent jurisdiction to the general public.

5. Fraud

Fraud has grown rapidly over the last few years, and there is a growing trend for large organization to consider hiring professionals such as forensic auditors to reduce the pressure and potential of occupational, financial frauds. The Association of Certified Fraud Examiners ACFE (2010) views occupational fraud as the process of using one's occupation or responsibility to satisfy his personal interest by enriching himself through the deliberate abuse of power. Abuse of power by the fraud perpetrators includes deliberate mismanagement, and misrepresentation of organizational resources (fixed and current assets). It is therefore noted that fraud is a menace whose potential impact is devastating to any business economy, security and social economic wellbeing of people. No definite and invariable rule can be laid down as a general proposition in defining fraud, as it includes surprise, trickery, cunning and unfair ways by which another is cheated.

Regardless of the type or nature of the sectors, various category of financial crime and other types of occupational fraud are taking place such as swindles and employee trust violations. Ernest and Young (2019) defined fraud as an act of deliberate action made by an entity, knowing that such action can result in a possession of unlawful benefits. It states that fraud is an intentional act of individuals among management, employees or third parties who produce errors in financial reporting in favour of their personal desires.

6. Fraud Detection

Fraud detection simply implies the act of discovering of fraudulent activities that have either been perpetuated or are still been perpetuated in the organization. It is a set of activities undertaken to prevent money or property from being obtained through false pretenses. Activities such as reorganization, downsizing, moving to new information systems could weaken an organization's ability to detect fraud, hence forensic auditor with investigative skill, litigation support, and fraud reporting techniques when employed in an organization detect financial fraud easily.

III. Empirical Review

Wadesango, Zibusiso and Lovemore (2023), examined the analysis of effects of forensic auditing in detecting fraud in State Owned Enterprises: A case study of ZESA. The study used questionnaires to collect data from the total population of fifty-four. Pearson correlation and Chi-square tests were employed in testing the data obtained. The results showed that forensic auditing has a significant positive correlation relationship in fraud detection in SOEs.

Edward (2021) studied the impact of forensic accounting on financial fraud detection in DMBs in Nigeria. The study employed a survey research design and obtained data through the use of structured Likert scale questionnaire. The data were tested using descriptive statistics and regression analysis and discovered that forensic accounting techniques of conducting investigation, analysing financial transactions and reconstructing incomplete accounting records have significant effect on financial fraud detection in deposit money banks in Nigeria.

Asusu (2019) explores the effect of forensic auditing on reducing fraud cases in Nigeria DMBs. The survey research design was adopted and questionnaires, personal interviews and documents review were used to obtain data. Ordinary Least Square regression was used to analyze the data and it was discovered that forensic auditing services is significantly associated with the internal control systems and cash management systems but not significantly associated with loan processing and repayment system.

Ogundana, Okere, Ogunleye and Oladapo (2018) examined the role of the forensic accountant in the prevention and detection of fraud in the Nigeria banking sector. The study adopted the survey research design while data were obtained using questionnaire. Findings revealed that forensic accounting has a significant impact on fraud prevention and detection.

Jugurnath, Bissessur, Ramjattan, Soondrum & Seedoyal (2017) conducted an empirical study in Mauritius: Forensic Accounting and Fraud Investigation. A survey using questionnaire was used to collect data and analyzed using regression. It was discovered that forensic accounting must be introduced as a compulsory tool in dealing with financial fraud and corruption in the three stated type of companies to promote corporate governance.

Ezejiogor, Nwakoby and Okoye (2016) conducted a study in order to determine the impact of forensic auditing in combating fraudulent activities and to ensure good corporate governance practice in Nigerian banking sector. The hypotheses formulated were tested using t-test statistical techniques. The study found among others that forensic accounting is an effective tool for addressing financial crimes in the banking system.

Amake and Ikhatua (2016) conducted a study on forensic accounting and fraud detection in Nigeria public sector with the aim of empirically examining the significant difference between forensic accounting and fraud detection in the Nigeria public sector. A research survey design was used to collect data and the statistical tool used to test the hypotheses was analysis of variance, (ANOVA). They found out that the application of forensic accounting in Nigeria's public sector is effective in detecting and preventing fraud.

Adebisi, Okike and Yoko (2016), investigated how forensic accounting has abetted the detection and prevention of fraud in Nigeria. The study is a survey research which used questionnaire to collect data and the data collected was analyzed using chi-square and conclusion was arrived at that forensic accounting have a significant role to play in fraud detection and prevention in Nigeria.

IV. Theoretical Framework

This study is anchored on the Fraud Triangle Theory (FTT) propounded by Cressey (1950). The main assumption of the theory is that workers commit fraud only when any or a combination of the above three factors are available in an organization. The theory was used to explain factors that cause someone to commit occupational fraud. It consists of three elements that can lead a person to commit fraud like perceived pressure, shareable financial need, and perceived opportunity and rationalization.

Perceived Pressure: Perceived pressure refers to the factors that lead to unethical behaviors. These pressures can either be financial or non-financial pressures. If the perpetrators believed that they were pressurized, this belief could lead to fraud. Perceived pressure can exist in various ways, especially in non-shareable financial need. Financial pressure is recognized as the most common factor that lead an entity to engage in an evil action.

Perceived Opportunity: Opportunity is created by ineffective control or governance system that allows an individual to commit organizational fraud. In the field of accounting, this is termed as internal control weaknesses. The concept of perceived opportunity suggests that people will take advantage of circumstances available to them (Kelly and Hartley, 2010).

Rationalization: The rationalization indicates that the perpetrator must formulate some morally acceptable idea before engaging in unethical behaviour. Rationalization refers to the justification and excuses that the immoral conduct is different from criminal activity. If an individual cannot justify dishonest actions, it is unlikely that he or she will engage in fraud.

In relating this study to the FTT, it can be said that in order for forensic auditors to successfully detect frauds in the Nigerian companies, they need to look at the pressure, opportunity and rationalization opened to people. Forensic accountant needs to understand the pressures that the perpetrators are facing, the opportunities that present themselves and the rationalization behind the frauds. The theory was adopted amongst other theories relating to the topic because it shows the conditions under which fraud can be committed.

V. METHODOLOGY

Research Design

The study adopted surveyresearch design because data were generated from the respondents responses to instruments administered on them. The study covered the impact of forensic auditing on fraud detection in selected oil companies in Bayelsa State, Nigeria. The independent variables covered in the study which are also in line with the variables in the specific objectives are fraud reporting, litigation support and investigative skills while the dependent variables covered fraud detection. The study concentrated on Bayelsa State because it is the main area where the oil companies are located.

The population of the study consisted four oil companies in Bayelsa State, Nigeria. Specifically, a total number of one hundred and sixty (160) staff that belong to the accounting unit, internal audit unit, quality control unit, human resources unit and management team of the company that are on the monthly nominal roll of the companies constituted the population of the study.

Table 1: The Four Sampled oil companies and staff strength of Unit Selected

S/N	Names of oil companies	Staff Strength of Unit Selected
1.	Shell petroleum development	42
2.	ConOIL Nigeria Ltd	23
3.	Chevron/ Texaco Nig. Ltd	51
4.	Bayelsa Oil Company Ltd	34
Total		160

Source: Author's Field Survey, 2023

Method of Data Analysis

The data were statistically and descriptively analyzed using tables and their corresponding frequencies were converted to percentage to achieve uniformity necessary for comparison. Thus, the researcher analyzed the data using mean (x), standard deviation (SD) and t-test statistics.

The mean (x) score rating was used to answer and rate all the research questions that were posed in the study. Meanwhile, a criterion mean (u) score of 3 was set for this study as derived by adding up the number of scale options. Thus; 5+4+3+2+1 = 15/5 = 3. Hence, a mean (x) score of 3.0 and above was rated and adjudged acceptance that forensic auditing impact or affect financial fraud detection while below 3.0 was rated and adjudged unacceptable.

Standard deviation was used to determine how the responses from the respondents in the mean (x) score varied from criterion mean (u) while Z-test statistic was used to test the entire hypotheses as postulated at 0.05 level of significance. Thus, determining whether to accept or reject the null hypotheses by comparing the value of the Z-test statistic result as calculated with Z-test statistic table value of 1.96.

The formula for Z-test statistic is stated thus:

$$Z = \frac{X - u}{\frac{SD}{\sqrt{n}}}$$

Where Z =value of Z- test calculated, x=Mean Score, N=Hypothesized (criterion) mean standard, n=Size, SD=Standard Deviation

Decision Rules:

Reject the null hypotheses if the Z-test statistic value computed is greater than table value; $Z \geq 1.96$ or less than $-z \leq -1.96$ otherwise accept.

VI. RESULTS

Research Question One: To what extent does investigative skill impact on fraud detection in selected oil companies in Bayelsa State, Nigeria?

Table 2: Mean of the extent to which skill impact on fraud detection in selected oil companies in Bayelsa State, Nigeria

	Item	N	X̄	δ	Decision
1.	The application of forensic investigative skills boosts the public’s confidence in forensic auditors.	110	3.31	1.24	Large Extent
2.	The application of forensic investigative skills helps to improve the internal control of oil & gas companies.	110	3.83	1.20	Large Extent
3.	The investigative skills of forensic auditors help in detecting fraud.	110	3.80	1.35	Large Extent
4.	The investigative skills of forensic auditors in oil & gas companies help to reduce fraud to a high level.	110	3.95	1.19	Large Extent
	Cluster Mean	110	3.72	1.25	Large Extent

Source: Authors’ Field Survey, 2023

Table 2, contains values of mean responses supplied by the respondents in respect to the extent to which skill impact on fraud detection in selected oil Companies in Bayelsa State, Nigeria. The mean values and standard deviation values in parentheses for item 1-4 stood at 3.31 (1.24) 3.83 (1.20) 3.80 (1.35) and 3.95 (1.19). The standard deviation of 1.25 indicates that the individual responses are clustered around the mean and the clustered mean value of 3.72 indicates that the application of forensic investigative skills boosts the public’s confidence in forensic auditors, helps to improve internal control, help in detecting fraud and assist to reduce fraud to a high level.

Research Question Two: To what extent does litigation support impact on fraud detection in selected oil companies in Bayelsa State, Nigeria?

Table 3: Means of the extent to which litigation support impact on fraud detection in selected oil Companies in Bayelsa State, Nigeria

	Item	N	\bar{X}	δ	Decision
5.	Effective use of litigation support by the forensic auditors improves the performance of Oil & Gas companies.	110	3.75	1.17	Large Extent
6.	Litigation skills help forensic auditors in detecting fraud.	110	3.93	1.19	Large Extent
7.	The support of litigation for forensic auditors reduces fraud at high level in management.	110	3.82	1.19	Large Extent
8.	Litigation support for forensic auditors helps in fraud control.	110	3.96	1.15	Large Extent
	Cluster Mean	110	3.87	1.18	Large Extent

Source: Authors' Field Survey, 2023

Table 3 covers the mean of the responses supplied by respondents in relation to the extent to which litigation support impact on fraud detection in selected oil companies in Bayelsa State, Nigeria. As presented in Table 3, the mean values and standard deviation values in parentheses supplied in respect to the six statements that followed stood at 3.75(1.17), 3.93(1.19), 3.82(1.19) and 3.96(1.15). The standard deviation of 1.18 indicates that the individual responses are clustered around the mean and the clustered mean value of 3.87 indicates that effective use of litigation support by the forensic auditors improve the performance of Oil & Gas companies, help forensic auditors in detecting fraud, reduces fraud at high level in management and helps in fraud control.

Research Question Three: To what extent does fraud reporting impact on fraud detection in selected oil Companies in Bayelsa State, Nigeria?

Table 4: Mean of the extent to which fraud reporting impact on fraud detection in selected oil Companies in Bayelsa State, Nigeria

	Item	N	\bar{X}	δ	Decision
9.	Report a fraudulent act by employee to the company director.	110	3.95	1.12	Large Extent
10.	Whistle-blow to appropriate law enforcement when suspected fraud is committed by a director or management.	110	3.70	1.32	Large Extent
11.	The fraud reporting skill of forensic auditors help in identifying fraud before/after it has been perpetrated members of staff.	110	3.80	1.23	Large Extent
12.	The reporting of fraud by forensic auditors helps to recover and restore financial related losses resulting from fraud.	110	3.95	1.20	Large Extent
	Cluster Mean	110	3.85	1.22	Large Extent

Source: Authors' Field Survey, 2023

Table 4 presents the responses supplied by respondents in regard to the extent to which fraud reporting impact on fraud detection in selected oil Companies in Bayelsa State, Nigeria. The mean values and standard deviation values in parentheses for the four items revealed values of 3.95 (1.12), 3.70 (1.32), 3.80 (1.23) and 3.95 (1.20). The standard deviation of 1.22 indicates that the individual responses are clustered around the mean and the clustered mean value of 3.85 implies that reporting a fraudulent act by employee to the company director, whistle-blowing to appropriate law enforcement when suspected fraud is committed by a director or management and fraud reporting skill of forensic auditors help in identifying fraud before/after it has been perpetrated members of staff while reporting of fraud by forensic auditors helps to recover and restore financial related losses resulting from fraud.

Test of Research Hypotheses

This section provides a z-test of research hypotheses at 1.96 level of significance.

HO₁: Investigative skill does not have significant impact on fraud detection in selected oil Companies in Bayelsa State, Nigeria.

Table 5: Z-test analysis of the influence of investigative skill on fraud detection

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
ho1	110	3.7	.1191828	1.25	3.466406	3.933594

mean = mean(ho1) z = -0.1678
 Ho: mean = 3.72

Ha: mean < 3.72 Ha: mean != 3.72 Ha: mean > 3.72
 Pr(Z < z) = 0.4334 Pr(|Z| > |z|) = 0.8667 Pr(Z > z) = 0.5666

Source: Authors' Field Survey, 2023

Table 8 displays the z-test of -0.167 that is less than the Z- critical value of ± 1.96 at 0.05 level of significance. Based on this statistical evidence, the study rejects the null hypothesis and concludes that investigative skill have a significant impact on fraud detection in selected oil Companies in Bayelsa State, Nigeria.

HO₂: Litigation support does not have significant impact on fraud detection in selectedoil Companies in Bayelsa State, Nigeria.

Table 6: Z-test analysis of the extent to which Litigation support impact on fraud detection in selected oil Companies in Bayelsa State, Nigeria

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
ho2	110	4.218182	.1125086	1.18	3.997669	4.438695

mean = mean(ho2) z = 3.0947
 Ho: mean = 3.87

Ha: mean < 3.87 Ha: mean != 3.87 Ha: mean > 3.87
 Pr(Z < z) = 0.9990 Pr(|Z| > |z|) = 0.0020 Pr(Z > z) = 0.0010

Source: Authors' Field Survey, 2023

Table 6 revealed z-test with a value of 3.0947 that falls outside of the Z- critical value of ± 1.96 at 0.05 level of significance. Based on this statistical evidence, the study accepts the null hypothesis and conclude that litigation support does not significantlyimpact on fraud detection in selected oil Companies in Bayelsa State, Nigeria.

HO₃: Fraud reporting does not have significant impact on fraud detection in selected oil companies in Bayelsa State, Nigeria.

Table 7: Z-test analysis of the extent to which Fraud reporting impacts on fraud detection in selected oil Companies in Bayelsa State, Nigeria

Variable	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Interval]	
ho3	110	3.963636	.1163224	1.22	3.735649	4.191624

mean = mean(ho3) z = 0.9769
 Ho: mean = 3.85

Ha: mean < 3.85 Ha: mean != 3.85 Ha: mean > 3.85
 Pr(Z < z) = 0.8357 Pr(|Z| > |z|) = 0.3286 Pr(Z > z) = 0.1643

Source: Authors' Field Survey, 2023

Table 7 showed a z-test value of 0.9769 which falls within the Z-critical value of ± 1.96 at 0.05 level of significance. Based on this statistical evidence, the null hypothesis is rejected and the study concludes that fraud reporting has a significant impact on fraud detection in selected oil companies in Bayelsa State, Nigeria.

VII. DISCUSSION OF FINDINGS

The first objective to examine the extent to which investigative skill impacts on fraud detection in selected oil companies in Bayelsa State, Nigeria. Findings from the z-test analysis revealed a negative significant influence of investigative skill on fraud detection. More so, the answer to the research question as presented in table 8 reveals that effective use of litigation support by the forensic auditors improves the performance of oil companies, helps forensic auditors in detecting fraud, reduces fraud at high level in management and helps in fraud control. The findings imply that, when investigative skills are lacking, it is more difficult to detect fraud. This conclusion aligns with Edward (2021), who studied the impact of forensic accounting on financial fraud detection in DMBs in Nigeria and concluded that forensic auditing techniques of conducting investigation, analysing financial transactions and reconstructing incomplete accounting records have significant effect on financial fraud detection in DMBs in Nigeria.

The second objective of the study assessed the extent to which litigation support impacts on fraud detection in selected oil companies in Bayelsa State, Nigeria. Findings from the z-test revealed that litigation support does not significantly but positively impact on fraud detection. This implies that litigation is still an effective tool for fraud detection, but it is not the only tool that should be used. Oil companies should also implement other fraud prevention measures, such as strong internal controls, employee training, and whistleblowing policies. Also, litigation support is not always successful in detecting fraud. This is because fraudsters are often very good at concealing their activities. Similarly, this result is in agreement with Amake and Ikhatua, (2016) who conducted a study on forensic accounting and fraud detection in Nigerian Public sector and found a positive relationship between forensic accounting and litigation support service in Nigeria. Also, Ezejirofor, Nwakoby and Okoye (2016) investigated the impact of forensic accounting in combating fraudulent activities in order to ensure good corporate governance practice in Nigerian banking sector and concluded that forensic accountants play a role in litigation support services and are relevant in reporting.

Finally, the study's third objective examined the impact of fraud reporting on fraud detection in selected oil companies in Bayelsa State, Nigeria. Findings from the z-test revealed that fraud reporting significantly and positively impacts on fraud detection. The finding implies that whistle-blowing to appropriate law enforcement when suspected fraud is committed by a director helps in identifying fraud before/after it has been perpetrated. Also, when employees feel comfortable reporting suspected fraud, it increases the likelihood that fraud will be detected. Additionally, when oil companies have strong fraud reporting systems in place, they are more likely to comply with anti-fraud regulations. Similarly, the result is in agreement with Wadesango, *et al.* (2023), who examined the analysis of effects of forensic auditing in detecting fraud in State Owned Enterprises.

VIII. CONCLUSION AND RECOMMENDATIONS

Based on the results, we made the following findings:

1. There is a negative and significant impact of investigative skill on financial fraud detection in oil companies in Bayelsa State, Nigeria. This is vouched by the value of z- test calculated of -0.1678 that is less than the z- critical value of 1.96 at 0.05 level of significance.
2. There is a positive but no significant impact of litigation support on financial fraud detection in oil companies in Bayelsa State, Nigeria. This is because the Z-test calculated value of 3.0947 which is higher than the z- critical value of 1.96 at 0.05 level of significance.
3. There is a positive and significant impact of fraud reporting on financial fraud detection in oil companies in Bayelsa State, Nigeria. This is evidenced from the Z- test calculated value of 0.9769 which is less than the Z- critical value of 1.96 at 0.05 level of significance.

In conclusion, forensic auditing is a process which serves as a function to promote credibility and demote financial fraud. The procedure demands high levels of understanding in the provision of auditing, investigations techniques, fraud reporting, accounting rules, wide economic references and other legal obligations. It draws conclusions which calculate values and identify irregular transactions by critically analyzing financial data available. It provides accounting evidence to the court of law for any dispute resolution and also the economic investigative explanations to a fraud. From the foregoing, it can be concluded that forensic audit function is an important tool in a firm to curtail and eliminate the number of fraud occurrences in entities. It avails both private and public firms the opportunity to go beyond the roles of traditional auditing in many ways in combating financial fraud using litigation support, investigative skill and fraud reporting.

Based on findings and the conclusion, the study recommended as follows:

1. The management of oil companies in Bayelsa State, Nigeria should ensure that Auditor and employees' with sound knowledge of litigation support technique are involved in forensic auditing in their companies so as to encourage and enhance the credibility of their annual financial reports;
2. That management of oil companies of Bayelsa, Nigeria should also employ the services of auditors and staff with investigative skills as involved in forensic auditing in order to boost the rate of financial fraud detection and also reduce if not elimination the rate at which fraudsters operate in their companies;
3. That the management of oil companies of Bayelsa, Nigeria should ensure that they engage and encourage fraud reporting in the services of their companies. This will reduce the level of fraudulent activities by fraudsters, and also increase the rate at which financial frauds are detected and prosecuted in the law court.

REFERENCES

- [1]. Adebisi, J. F., Okike, B. M.& Yoko, V. E. (2016). The Impact Of Forensic Accounting In Fraud Detection And Prevention: Evidence From Nigerian Public Sector. *International Journal Of Business Marketing And Management*, 1(5),34- 41.
- [2]. Amake, C. C.&Ikathua, O. J. (2016). Forensic Accounting And Fraud Detection In Nigerian Public Sector, *Igbinedion University Journal Of Accounting*, 2(1), 148-172.
- [3]. Association Of Certified Fraud Examiners (Acfe) (2010).*Fraud Examination Manual(International)*. Association Of Certified Fraud Examiners (Acfe) (2010), London, Mcgraw Publishers.
- [4]. Asusu, P. U. (2019). Effect Of Forensic Auditing On Reducing Fraud Cases In Nigeria Money Deposit Banks. *African Journal Of Arts And Humanities*, 5(2), 62-78.
- [5]. Bologna, G. J., &Liquist, R. J. (2015). *Fraud Auditing And Forensic Accounting (3rded.)*. Trinker.
- [6]. Cressey, D. R. (1950). *Other People's Money: A Study In The Social Psychology Of Embezzelment*.Glencoe, Iii: Free Press.
- [7]. Crumbly, D. L. (2003). *Forensic Accounting: Older Than You Think*. Texas A &M University
- Corpus Christi.
- [8]. Curtis, M. (2008). An Analysis Of Factors Affecting The Cognitive Moral Development Of Accountantsand Auditing Students. *Journal Of Accounting Education*, 12(1), 1-26.
- [9]. Degboro, D., &Olofmsola, L.(2017). Forensic Accounting Technique: A Means Of Successful Eradication Of Corruption Through Fraud Prevention, Bribery Prevention And Embezzlement Prevention In Nigeria. *Arabian Journal Of Business And Management*,5(2), 49-62.
- [10]. Dhar, P.& Sarkar, A. (2010). *Forensic Accounting: An Accountant's Vision*, Vidyasagaruniversity, Midnapore, West-Bengal, India.
- [11]. Ebo, A. (2009). *Private Sectors And The Governance Of Security In West Africa (1st Ed)*. Routledge.
- [12]. Edward, I. A. (2021). Impact Of Forensic Accounting On Financial Fraud Detection In Deposit Money Banks In Nigeria,*African Journal Of Accounting And Financial Research*, 4(3), 74-119.
- [13]. Efcc (2004). Using Icts To Create A Culture Of Transparency: E-Government And Social Mediaopenness And Anti-Corruption Tools For Societies. *Government Information Quarterly*,27, 264-271.