

FORENSIC ACCOUNTING AND WHITE COLLAR CRIME**ENOFE, A. O, PhD.****Department of Accounting
Faculty of Management Sciences
University of Benin****EDOGIAWERIE, O.U****Department of Accounting
Faculty of Management Sciences
University of Benin****OMBU,A****Department of Accounting
Faculty of Management Sciences
University of Benin****And****IMONITIE, O.M****Department of Accounting
Faculty of Management Sciences
University of Benin****Abstract**

This study attempted to ascertain the role of forensic accounting in reducing or preventing white collar crime. A survey research design was adopted in the study and a sample of 90 respondents was taken from diverse groups of private and public employment, internal and external auditors, as well as the top management staff which formed the study population. The statistical tool employed was SPSS which was used to analyze the bio-data, while ordinary least square (OLS) through the use of Eviews was used to analyze the responses from respondents. The study found that forensic accounting (FOR) has a negative but insignificant relationship with the dependent variable WCC. Also, while internal control system (ICS) and fraud auditing (FA) both had positive relationship with WCC, only ICS positive relationship with WCC is significant while FA is not significant.

The study recommended that white-collar criminals should be punished as harshly, or harsher than violent criminals. This will deter others from indulging in such illicit acts. This will also in a way pacify the victims that suffer greatly from such acts.

Keywords: Forensic accounting, internal control system, Fraud auditing, White collar crime theory.

Introduction

Fraud and other related crimes or offences have been conducted in various disguise, ranging from local communities to international setting. In politics/public as well as in private establishment. Different measures have also been adopted by different government or

organisations to curtail the occurrence of this menace. Hardly is a society totally devoid of crime. However, the gravity and the far reaching affect of these crimes calls for concern. The crime in any society can be said to be of two dimensions, which are blue collar crimes or white collar crimes. The blue collar crimes are perpetrated with instruments such as guns, knives and other sharp object, while the primary instrument used to commit white collar crimes is the pen.

White collar crimes can be adjudged to be more dangerous because of the impending multiplier effect it has on the society. This was what happened in the case of Enron and Arthur Anderson scandal in 2001 that led to the financial hardship of thousands of people. The temptation and tendency to be involved in one fraudulent act or the other will always abound especially when one is equipped with the elements of fraud triangle (pressure, opportunity, rationalization and capacity) (Akhidime & Ekatah, 2014; Bhasin, 2013; Oyewole, 2007). This then buttresses the fact that fraud is not company specific non country specific.

The act of Fraud has been confirmed to exist in every sector ranging from politics(e.g the trial of Sambo Dansuki on the alleged \$2.5b dollars scandal), to the banking sectors (e.g. the trial of some bank executives over use of customers fund for private purpose) and other well documented cases and it has been on the increase (Kathigesen, 2006).

The term fraud has been hitherto described by different writers. Some of these writers include O'zku & Pamukc, (2012), who explained that fraud is to enrich oneself by intentionally reducing the value/worth of an asset in secret. The changing nature of fraud have been in transition for a while now, it is not a recent phenomenon, as long as opportunities for illegal conduct arise, as with most forms of crime and anywhere that the exchange of value exists, the number of crimes or people bent on defrauding the process have risen with the innovations in technology.

White collar crime is not country specific, it cannot be said to occur more in one country than in another, nor can it be said to occur only in the public or private sector and it is not carried out with any weapon but with a pen. Suffice it to say, that while the often cited cases of Enron and WorldCom cases have brought forensic accounting to the lime light, the importance of forensic accounting have grown due to the incessant number of fraud and Corruption taking place all over the world and this is done either through online or with the use of electronics and other devices (Akhidime & Ekatah, 2014). From crimes perpetuated by Madoff and Satyam in 2009, accounting frauds and scam shave been dominating news items in the past decade. Corporations and regulatory bodies are trying their best to analyze and correct existing defects in their reporting system (Bhasin, 2013). The ever increase in interdependency of countries, i.e. globalization, more competitive markets has increased the risk of fraud and has led to periods of economic difficulty (Bhasin, 2013).The problems of developing third world nations are that it is common in public sector, which affect a lot of citizen and in most cases perpetrators get away with the act. This is to say that, only on few instances are the nefarious act uncovered on-time, investigated, prosecuted and adequate punishment awarded for them. Consequently, many involved are left free and hence there is no deterrent from future acts (Kasum, 2007).

Statement of the problem

There have been an increase in the number of fraud and fraudulent practices; however, the ones with far reaching effect seem to be the white collar crime committed through the use of the pen. Numerous researchers have emphasized the relevance of forensic accounting

services in curbing or eliminating white collar crime, given the fact that majority of these criminals are not caught (Izedomi & Mgbame, 2011; Okoye & Akamobi, 2009; Owojori & Asaolu, 2009). Kasum (2007) have equally acknowledge in his research work that the increasing occurrence of white collar crimes and fraudulent activities in Nigeria. These studies have argued that in Nigeria, white collar crime is gradually becoming a normal way of life. Kasum (2007) stated that financial irregularities are becoming the specialty of both private and public sector in Nigeria as individual commit fraud and corrupt practices according to the capacity of their office. Fraudsters always keep in constant communication with each other and the community of white collar criminals seems to be getting larger (Kathigesen, 2006). Consequently, there is a general expectation that forensic accounting may be able to stem the tide of financial malfeasance witnessed in most sectors of the Nigerian economy. However, there has not been adequate emphasis, especially survey evidence on how forensic accounting can help curb white collar crimes beyond several views that focus on the individuals rather than the crime itself. This is due to the fact that not only senior or top management that engage in white collar crimes but junior staffs and subordinates tend to engage in it (Richard & Kent, 2010). This study hopes to bring to light the important duties forensic accountants can bring to bear in developing countries such as Nigeria that is characterized with fraud and other crimes.

Research Questions

Having previewed the research problem, the following questions will be asked to help bring out the research problem to be tackled in this study:

1. To what extent can forensic accounting be a useful tool for tackling/reducing white collar crime?
2. How can the use of fraud auditing help in preventing white collar crime?
3. In what way can a sound internal control system deter and help reduce various white collar crimes?

Objective of the Study

The broad objective of the study is to ascertain what effect the application of forensic accounting has in reducing White collar crime in Nigeria. Specifically, the research objectives are:

1. Ascertain the role forensic accounting plays in combating white collar crime;
2. Find out if fraud auditing can help in preventing white collar crimes; and
3. Determine how a sound internal control system can help reduce these various white collar crimes.

Research Hypotheses

Flowing from the above, the hypotheses which will be tested in order to achieve the objective of this study will be stated below in the null form:

Ho₁: There is no significant relationship between forensic accounting and white collar crime reduction;

Ho₂: The use of fraud auditing does not lead to/help in the prevention of white collar crime; and

Ho₃: There is no significant relationship between a sound internal control system and reduction of white collar crimes.

Literature Review

White Collar Crime

The concept of white collar crime got its name from the work of Edwin Sutherland, who was a criminologist and a socialist. He defined white collar crime as the crime committed by an individual of repute and high social standing in the course of his occupation (Samuel, & Chin-Hong, 2011). Gerald and Christian (2014) defined white collar crime which is similar to that given by the FBI “as those illegal acts which are characterized by deceit, concealment, or violation of trust and which are not dependent upon the application or threat of physical force or violence. Individuals and organizations commit these acts to obtain money, property, or services; to avoid the payment or loss of money or services; or to secure personal or business advantage”.

In a study conducted by KPMG (2003), it reveals that more corporate entities are experiencing incidents of fraud than in prior years; while more sophisticated measures are being adopted to combat fraud through the launching of new anti-fraud strategies and programs that include the deployment of forensic accounting techniques in response to the Sarbanes-Oxley Act of 2002. Pricewaterhouse Coopers’ (PWC, 2003) in a Global Crime Survey showed that 37 percent of respondents in 50 countries reported significant white collar crimes with the average loss per company of \$2,199, 930. These survey results propel the importance of forensic accounting practice and education. White collar crime is considered a cancerous worm and bane of the Nigerian public sector which has affected the country and plagued all attempts to improve the lives of the citizens (Oyewole, 2007; Nwachukwu, 2010). It is the belief of some experts in the financial industry that forensic accounting will increase risk control mechanism and limit fraud vulnerability of companies and the practice of white collar crime in the private and public sector. White collar criminals exhibit equal or lower unemployment rates compared to the general public and especially to street criminals, exhibit equal or lower unemployment rates compared to the general public and especially to street criminals, tend to be married, the mean age of white collar criminals is around 40–45 years and have regular incomes (Alalehto, 2015).

Types of White Collar Crimes

In surveys conducted by numerous researchers like PricewaterhouseCoopers (2009); Samuel and Chin-Hong (2011) on the types of white-collar crimes that have been discovered to be perpetrated to include asset misappropriation, accounting fraud, bribery and corruption, intellectual property infringement, money laundering, tax fraud, illegal insider trading, market fraud involving cartels colluding to fix prices, espionage, and others. There is no apparent categorization and the list is not exhaustive. White collar crime has also categorized as criminal misappropriation of property, criminal breach of trust, cheating/fraud, forgery/credit/Automated Teller Machine (ATM) card fraud, counterfeiting currency, defamation, product piracy, product counterfeiting, cyber crime, offences of communications and multimedia industries, offences of printing and publication, banking/financial fraud, loan

sharking, securities fraud/listing offences/insider trading, commodities fraud, money laundering, insurance fraud, maritime fraud, offences of company, tax evasion, customs and smuggling offences, immigration and human (Lim, 2005). This just goes a long way in reiterating the seriousness of white collar crime.

Forensic Accounting and White Collar Crimes

In the views of Razeed, Crumbley and Elmore (2009), Forensic Accounting is simply a specialty field in Accounting that deals with the identification of financial fraud, and reports in a way that it would be suitable for use in a court of law. Howard and Sheetz (2006) define forensic accounting as simply the process of interpreting, summarizing and presenting complex financial issues clearly, succinctly and factually often in a court of law as an expert witness. Forensic accounting according to Dada (2014) is a technique that is suitable for legal review, offering the highest level of assurance, and including the now generally accepted implication of having arrived at a decision in a scientific fashion. Findings are based upon the scientific detection and interpretation of the facts from the circumstances. Lim (2005) defines forensic accounting also called investigative accounting or fraud audit is a merger of forensic science and accounting, it was also stated that what science used in question here is accounting science, meaning that the examination and interpretation will be of monetary information.

Flowing from the above definitions, forensic accounting have job responsibilities that differ from case to case as well as different settings depending on the alleged crime that has occurred, many perform the same duties. They perform forensic research and dig into transactions to trace funds and identify assets that need to be recovered. They also conduct forensic analysis of financial data to determine if any foul play occurred. Forensic accountants take their findings and use them to create reports for litigation or even testimony (Gabe, 2016). Like in the case of securities fraud where investors are seduced into making financial decisions with false information, insider trading and ponzi scheme which involves the creation of an investment fund where, rather than profit being obtained via actual investment, withdrawals are financed by future investors. These are some of the cases forensic accountants would be faced with in the course of carrying out their duties and this cannot be tackled by the regular audit process. Forensic accounting involves investigating possible instances of fraud for individuals and businesses, and also with serving as advisors who can testify in legal proceedings (Gabe, 2016).

In the western world, forensic accounting and investigation is gaining widespread awareness in both the public and private organizations. The collapse of Enron corporation, which is one of the most significant business events that has occurred in the last 50 years, has significantly awaken the need for a forensic accountant in fraud detection and using forensic accounting techniques (Ata & Seyrek, 2009). Forensic Accounting is the fastest growing and highest paying field of Accounting, and with the integration and complexity of the global markets and financial institutions, it would be in greater demand within the next few decades. The need of governments, regulatory authorities and courts for high level of expertise for the analysis of intricately devised frauds underlies the importance of forensic accounting (Ramaswamy, 2005). Forensic accountants provide services in accounting, auditing

investigation, damage valuation, analysis valuation and general consultation and also have critical roles in divorce, insurance claims, personal damage claims, fraud claims, construction, auditing of publication right and in detecting terrorism by using financial precedence (Hassan & Morteza, 2012).

Internal Control System and White Collar Crime

Internal control is broadly defined as a process, affected by an entities board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Izedonmi (2005) defined internal control "as not only internal check and internal audit but the whole system of controls, financial and otherwise, established by the management in order to carry on the business of the organization in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of records". Internal controls should not be thought of as "static." They are a dynamic and fluid set of tools which evolve over time as the business, technology and fraud environment changes in response to competition, industry practices, legislation, regulation and current economic conditions(Daniel, 2011; Micheal, 2004).

According to the Controller's office (2015) Internal controls are policies, practices, and procedures that are designed to provide reasonable assurance those objectives are achieved in the following categories: Effectiveness and efficiency of operations (including safeguarding of assets and records).Reliability of financial reporting: Compliance with laws and regulations. These will go a long way in preventing or reducing the practices of engaging in white collar crimes.

Fraud Auditing and White collar crime

Fraud auditing is creating an environment that encourages the detection and prevention of frauds in commercial transactions. In the broadest sense, it is an awareness of many components of fraud, such as the human element, organizational behavior, knowledge of fraud, evidence and standards of proof, an awareness of the potentiality for fraud, and an appreciation of the so-called red flags. Some of the functions of a fraud auditor follow (Dada, 2014). In short, fraud auditing is the process of detecting, preventing, and correcting fraudulent activities. While completely eliminating fraud is the goal, it is simply not feasible. The concept of reasonableness is applicable here, and this concept is often associated with the fraud-related fields of financial accounting and auditing. Fraud auditors should be able to prevent a reasonably preventable fraud. Accounting-type frauds usually are accompanied by the modification, alteration, destruction, or counterfeiting of accounting evidence (singleton, singleton, bologna, & lindquist, 2006). But accounting records can be either intentionally or accidentally modified, altered, or destroyed, as by human error or omission. The first objective for the fraud auditor, then, is to determine whether a discrepancy in accounting records is attributable to human error. If so, there may be no actual fraud. If the discrepancy (missing records, destroyed records, modified records, counterfeit records, errors, omissions) cannot be

attributed to accidental or human error, further investigation should follow at an appropriate level.

Theoretical Framework

White collar crime theory

This theory was drawn mostly from the work done on white collar crime theory by Sutherland (1949). The term white-collar crime dates back to 1939. Sutherland was the first to coin the term, and hypothesise white-collar criminals, attributed different characteristics and motives than typical street criminals. Sutherland originally presented his theory in an address to the American Sociological Society in attempt to study two field, crime and high society which had no previous empirical correlation. He defined his idea as “crime committed by a person respectability and high social status in the course of his occupation (Sutherland 1949; Michael 2004). Sutherland noted that in his time, less than two (2) percent of the persons committed to prison in a year belong to the upper class.” His goal was to prove a relation between money, social status, and likelihood of going to jail for a white-collar crime, compared to more visible, typical crimes, although, the percentage is a bit higher today.

Much of Sutherlands work was to separate and define the difference in blue collar street crimes, such as arson, burglary, theft, assault, rape and vandalism which are often blamed on psychological, associational and structural factors. Instead, white-collar criminals are opportunists, who over time learn they can take advantage of their circumstances to accumulate financial gain. They are educated, intelligent, affluent, individuals who are qualified enough to get a job which allows them the unmonitored access to often large sum of money. Due to the high status of the perpetrators of this crime, a forensic accounting should be applied to curb such practices.

Empirical Framework

Looking at prior empirical studies that have been carried out on white collar crime, Samuel and Chin-Hong (2011) conducted a study in Malaysia on white collar crime and stock return on a group of public listed companies in Malaysia to examine the announcement effect of white-collar crime. The period of the study is from 1996 to2010, covering both the Asian Financial Crisis in 1997/98 and the sub-prime mortgage crisis in 2008/09. Results indicate the existence of significant negative abnormal share price reaction on 10 trading days subsequent to the day of announcement. Which indicate that the white collar crime effect has rendered the stock market in Malaysia inefficient.

Okoye (2010) in his examination of forensic accounting as a tool for fraud detection and prevention including white collar crime used primary and secondary sources of data. 370 questionnaires were administered to staff of 5 selected ministries in Kogi area. Tables and simple percentages were used to analyze the data. The statistical tool used to test hypotheses was Analysis of Variance (ANOVA). Among the findings was that, the use of forensic accounting do significantly reduce the occurrence of fraud cases in the public sector and therefore can help better in detecting and preventing fraud cases in the public sector organization. Okunbor and Obaretin (2010), a total of 140 statistically sampled respondents of ten companies from five sectors quoted in Nigerian Stock exchange. Using regression model and descriptive statistics for

the purpose of data analysis the result showed that the application of forensic accounting by quoted companies in Nigeria is not effective in curbing fraudulent activities. The general consensus was that it had not been effective as revealed by the frequency scores of those who disagreed.

Ebimobowei (2011) examined the effect of forensic accounting services in fraud detection. The primary data was collected with the help of a well-structured questionnaire of three sections administered to twenty four banks in Port Harcourt, the capital of Rivers State and the data collected from the questionnaires were analyzed with descriptive statistics, Augmented Dickey-fuller, ordinary least square and Granger Causality. Kristy, Shanna, Jason and Marc (2008) also carried out a research in the United States on Public perceptions of white-collar crime and punishment using a 2005 national sample of 402 telephone survey participants, the current study examined citizen perceptions of white-collar and street crime, as well as attitudes regarding apprehension and punishment. Findings suggested that white-collar criminals be punished as harshly, or harsher than violent criminals. This contradicts earlier research reporting public ambivalence toward white-collar crime. Further, public support for white-collar crime control was established with the finding that the majority of Americans want the federal government to allocate more or equal resources in the form of forensic accounting to the control and deter white-collar crime (Kristy, Shanna, Jason & Marc, 2008). Hansen (2009) argues that accounting and computer forensics is investigators' best tools in fraud detection and is currently implemented in most white collar crime investigations in recent years.

Methodology

The survey research design is adopted in this study. The population of the study comprises four different groups; auditors, preparers or those involved in financial statement preparation, users, and academics. In considering sample size, Saunders and Thornhill (2003) suggest that a minimum number of thirty (30) for statistical analyses provide a useful rule of thumb. Nevertheless, we adopted a sample of ninety seven (90) respondents which consist of those in private and public employment, internal and external auditors, as well as the top management staff. Primary data was used in the study. A total of 90 copies of questionnaire were administered and 77 were returned, 13 were not. The sampling was done using simple random sampling. The data was generated using well-structured likert scale questionnaire. In this study, the statistical employed is the Ordinary Least Square (OLS) using SPSS in analysing the bio-data and Eview8 in analysing the research questions.

Model specification

The following model was specified for this study, first is the model in its functional form:

$$WCC = f(\text{FOR}, \text{ICS}, \text{FAUD})$$

$$WCC = \beta_0 + \beta_1 \text{FOR} + \beta_2 \text{ICS} + \beta_3 \text{FAUD} + \mu_i$$

Where;

WCC= White Collar Crimes

FOR= Forensic accounting

ICS= Internal Control System

FAUD= Fraud auditing

$$\beta_1, \beta_2, \beta_3 < 0$$

Presentation and Analysis of Result

Demographic Analysis

Table: 1

		SEX			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	43	55.8	55.8	55.8
	Female	34	44.2	44.2	100.0
	Total	77	100.0	100.0	

The table 1 above reveals that 43 of the respondents are male while 34 are female given a percentage of 55.8% and 44.2% respectively.

Table: 2

		AGE			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-25 years	12	15.6	15.6	15.6
	26-30 years	29	37.7	37.7	53.2
	31-35 years	17	22.1	22.1	75.3
	36-40 years	8	10.4	10.4	85.7
	41 years and above	11	14.3	14.3	100.0
	Total	77	100.0	100.0	

Table 2 above displays the age distribution of the respondents. 12 of the respondents representing 15.6% of the total respondents were between the ages of 20-25 years, 29 were between 26-30 years, 17 were between 31-35 years, 8 were between 36-40 years while 11 respondents were 41 years and above. These represent 37.7%, 22.1%, 10.4% and 14.3% respectively.

Table: 3

		QUAL			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	WASCE	17	22.1	22.1	22.1
	OND/NCE	19	24.7	24.7	46.8
	Bsc/HND	26	33.8	33.8	80.5
	Msc/Phd	7	9.1	9.1	89.6
	Others	8	10.4	10.4	100.0
	Total	77	100.0	100.0	

Table 3 above shows the qualification of the respondent

Table: 4

EMPS

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Self Employed	35	45.5	45.5	45.5
Private Employment	9	11.7	11.7	57.1
PublicService Employment	9	11.7	11.7	68.8
Others	24	31.2	31.2	100.0
Total	77	100.0	100.0	

Table 4 above shows the employment status of the respondents. 35 out of the total respondents are self-employed, 9 are under private employment, 9 are civil servants while 24 are in one form of profession or the other. This represent 45.5%, 11.7% and 11.7% and 31.2% respectively.

Covariance Analysis

Covariance Analysis: Ordinary

Date: 06/27/16 Time: 06:15

Sample: 1 77

Included observations: 77

Degree-of-freedom corrected covariances

Covariance Correlation Probability	WCC	FOR	ICS	FA
WCC	4.296309 1.000000 ----			
FOR	0.764183 0.191971 0.0944	3.688312 1.000000 ----		
ICS	1.800752 0.451241 0.0000	1.847744 0.499724 0.0000	3.706767 1.000000 ----	
FA	1.032126 0.244715 0.0320	0.865345 0.221437 0.0529	0.979323 0.249979 0.0283	4.140465 1.000000 ----

Source: Eview8.0

The above table shows the relationship amongst variable viewing from a covariance analysis test. The table shows that the co-efficient of correlation of a variable with respect to itself is 1.00. The result in the above table showed a correlation coefficient of 0.191971

between forensic accounting and white collar crimes. This could suggest that forensic accounting can relatively reduce white collar.

Regression Result

Dependent Variable: WCC
 Method: Least Squares
 Date: 06/27/16 Time: 06:12
 Sample: 1 77
 Included observations: 77

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FOR	-0.068671	0.129229	-0.531393	0.5968
ICS	0.480402	0.129828	3.700289	0.0004
FA	0.150003	0.109111	1.374768	0.1734
C	5.787869	2.178152	2.657239	0.0097
R-squared	0.225177	Mean dependent var		14.40260
Adjusted R-squared	0.193335	S.D. dependent var		2.072754
S.E. of regression	1.861635	Akaike info criterion		4.131337
Sum squared resid	252.9949	Schwarz criterion		4.253093
Log likelihood	-155.0565	Hannan-Quinn criter.		4.180038
F-statistic	7.071678	Durbin-Watson stat		2.058862
Prob(F-statistic)	0.000308			

Source: Eview 8

The above table presents the result of the regression analysis. The R^2 value of .225177 suggests that only 22.5% of the systematic variation in white collar crime (WCC) is explained by the model. From the analysis, it can be observed that all the independent variable forensic accounting (FOR) has a negative but insignificant relationship with the dependent variable WCC. While internal control system (ICS) and fraud auditing (FA) both have positive relationship with WCC, only ICS positive relationship with WCC is significant while FA is not significant. The prob (F stat) is 0.000308, hence we could argue that a greater level of significant relationship exists between WCC and all the independent variables combined using a 5% significant level. The DW value of 2.058862 since it is greater than 2 shows the absence of autocorrelation. These findings are in line with researches by (Akhidime & Ekatah, 2014; Izedonmi & Mgbame, 2011; Kasum 2009; Ramaswamy, 2005).

Summary of Result

The research result is summarized thus:

H₁: There is no significant relationship between forensic accounting and white collar crime reduction;

From the result, the independent variable forensic accounting (FOR) has a negative but insignificant relationship with the dependent variable WCC. This means that WCC can be reduced by FOR but not significantly. This conforms to the apriori expectation. Therefore, H₁ above will be accepted.

H₂: The use of fraud auditing does not lead to/help in the prevention of white collar crime:

Fraud auditing (FA) has positive but non-significant relationship with WCC. This means that FA cannot help to prevent WCC and also goes against the apriori sign which is negative relationship. Therefore, H₂ is accepted. This findings conforms with that of Okoye (2010) whose findings revealed that application of forensic accounting by quoted companies in Nigeria is not effective in curbing fraudulent activities

H₃: There is no significant relationship between a sound internal control system and reduction of white collar crimes:

Internal control system (ICS) has positive significant relationship with WCC. This is against the apriori expectation of expected negative relationship. Although ICS has a significant relationship with WCC, the positivity of the relationship reveals that ICS cannot reduce WCC.

Conclusion and Recommendation

The threat posed by white collar crime cannot be overemphasized as the adverse effect it has on the society is multifaceted and deadly. It has a ripple and multiplier effect on the society and is capable of putting millions into penury just as in the case of Enron and Arthur Andersen. Haven known this, steps are therefore required to be taken to curtail its occurrence and also to reduce its effect in the event of actual occurrence.

In our findings above, forensic accounting (FOR) was found to be capable of reducing white collar crime although not significantly. This therefore means that efforts can be intensified towards the adoption of forensic accounting techniques by advancing on the current level of application, training of forensic accounting personnel and intensification of awareness on the use of forensic accounting.

Forensic accounting and forensic accountant should be used more and the profession should be given a serious attention because of its potentials in correcting the decadence of the financial system in Nigeria. Regular fraud auditing need to be carried out and an internal control system should be designed by a forensic expert who knows the potential loopholes that can be exploited.

Also, just as suggested by Ebimobwei (2011), we also recommend that white-collar criminals should be punished as harshly, or harsher than violent criminals. This will deter others from indulging in such illicit acts. This will also in a way pacify the victims of this act.

References

- Akhidime, E. A., & Uagbale-Ekatak, E. R. (2014). The growing relevance of forensic accounting as a tool for combating fraud and corruption: Nigeria experience. *Research Journal of Finance and Accounting*, 5(2), 71-77.
- Alalehto, T. (2015). White collar criminals: The state of knowledge. *The Open Criminology Journal*, 8, 28-35.
- Ata, H. A., & Seyrek, I. H. (2009). The use of data mining techniques in detecting fraudulent financial statements: An application on manufacturing firms. *The journal of Faculty of Economics and Administrative Sciences*, 14(2), 158-170.

- Bhasin, M. (2013). An emperical investigation of the relevant skills of forensic accountants: Experience of a developing economy. *European Journal of Accounting Auditing and Finance Research*, 1(2), 11-52.
- Controller's office. (2015). Financial fraud policy and processes to prevent and detect it's occurrence, university of iowa. Retrieved from <http://controller.fo.uiowa.edu/financial-fraud-policy-and-processes-prevent-and-detect-its-occurrence>.
- Dada, S. O. (2014). Forensic accounting technique: A means of successful eradication of corruption through fraud prevention, bribery prevention and embezzlement prevention in Nigeria. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 4 (1), 176-186.
- Daniel, D. (2011). Fraud prevention: Improving internal controls. Retrieved from www.csoonline.com/article/678375.
- Ebimobowei, O.A.C. (2011). Fraudulent activities and forensic accounting services of banks port Harcourt, Nigeria. *Asian Journal of Business Management*, 4(2), 124-129.
- Gabe, D. (2016). Balancing the books: How forensic accountants fight white collar crime. Retrieved from <http://online.pointpark.edu/business/how-forensic-accountants-fight-white-collar-crime/> on 10/08/2016
- Gerald, C., & Christian. D. (2014). White collar crime: What it is and where it'sgoing. *Notre Dame Journal of Law, Ethics & Public Policy*, 38(2), 480-523.
- Hansen, L. L. (2009). Corporate financial crime: social diagnosis, and treatment. *Journal of Financial Crime*, 16 (1), 28-40.
- Howard, S., & Sheetz, M. (2006). *Forensic accounting and fraud investigation for non-Experts*, New Jersey, John Wiley and Sons Inc.
- Institute of internal auditors. (2004). *International standards for the professional practice of internal auditing*. Altamonte
- Izedomin, F.I., & Mgbame C.O. (2011). Curbing financial frauds in Nigeria, A case for forensic accounting. *African Journal of Humanities and Society*, 1(12), 52-56.
- Izedonmi, F.O. (2005). *A Manual for Academic and Professional Research*, 2nd edition, Lagos, Nigeria.
- Kasum, A. S. (2007). *The relevance of forensic accounting to financial crimes in private and public sectors of third world economies: A study from Nigeria*. Department of Accounting and Finance. University of Ilorin, Nigeria.
- Kathigesen, N. (2006). *White collar crime in South Africa*. A thesis dissertation submitted at the University of Johannesburg.
- KMPG Forensic. (2003). *Fraud Survey 2003*. Montvale, NJ

- Kristy, H., Shanna, V. S., Jason, B., & Marc, G. (2008). Public perceptions of white-collar crime and punishment. *Journal of Criminal Justice*, 36, 50–60
- Lim, H.S. (2005). White-collar crime in Malaysia. Retrieved from <http://rmpckl.rmp.gov.my/Journal/BI/whitecollarcrime.pdf>
- Michael, B. (2004). *Forensic accounting: Its positively ancient*. Rosenfrab, M & K Publisher
- Mukoro, O. D., Faboyede, O. S., & Eziamaka, C. B. (2014). The effectiveness of forensic accountants in strengthening internal control of business organizations in Nigeria (a study of selected business organizations in Nigeria). *Journal of Management Research*, 1-40
- Nwachukwu, E. (2011). Corruption: The elephant in the room. *The Punch* July, 20.
- O'zku, & Pamukc, (2012). Fraud detection and forensic accounting. Retrieved from www.accountingsoul.com/resources/Fo...
- Okoye, E. I., & Akamobi, N.L. (2009). The role of forensic accounting in fraud and litigation support. *The Nigerian Academic Forum*, 17(1), 39-44.
- Okoye, E.I (2010). Forensic accounting: A tool for fraud detection and prevention in public sector. A study of selected ministries in Kogi State.
- Okunbor, J. A. & Obaretin, O. (2010). Effectiveness of the application of forensic accounting services in Nigerian organizations. *AAU Journal of Management Science*. 1(1), 171-184.
- Our Reporter. (2014, December, 14). Nigeria's latest corruption perception ranking. Retrieved from <http://sunnewsonline.com/new/nigerias-latest-corruption-perception-ranking/>
- Owojori, A.A., & Asaolu, T. O. (2009). The role of forensic accounting in solving the vexed problem of corporate world. *European Journal of Scientific Research*, 29(2), 183-187.
- Oyewole, O (2007). Draft paper presented at Africa Network of Constitutional Law conference on fostering constitutionalism in Africa.
- PricewaterhouseCoopers (PWC). (2003). Global economic crime survey 2003. Available at <http://www.pwc.com/extweb/ncsurvers.nsf>
- PricewaterhouseCoopers. (2009). Global economic crime survey – November 2009. Retrieved from http://www.pwc.com/en_GX/gx/economic-crime-survey/pdf/global-economic-crime-survey-2009.pdf
- Ramaswamy, V. (2005). Corporate governance and the forensic accountant. *The CPA Journal*, New York, 75(3), 68-70.
- Reed, S. (2014, June 5). Six strategies for fraud prevention in your business. Retrieved from <http://www.cgteam.com/blog/six-strategies-for-fraud-prevention-in-your-business>
- Richard, G. B., & Kent, A. K. (2010). From white collar crime to red collar crime. *Journal of Financial Crime*, 17(3), 351-364.

Samuel, W., & Chin-Hong, P. (2011). White-collar crime and stock return: Empirical study from announcement effect. Retrieved from <https://www.researchgate.net/publication/228422003>

Singleton, T., Singleton, A., Bologna, J., & Lindquist, R. (2006). Fraud auditing and forensic accounting. 3rd Edition. Canada, John Wiley & Sons Inc

Sutherland, E. H. (1949). White Collar Crime. Journal of Criminal Law and Criminology, 41(1), 80-82

Appendix

Department of Accounting,
Faculty of Management Science,
University of Benin,
Benin City
May, 25th, 2016

Dear Respondent,

REQUEST FOR THE COMPLETION OF A QUESTIONNAIRE

Good day, my name is **Edogiawerie UNUAGBON**, a post graduate student of M.Sc accounting in the University of Benin, undertaking a research on "**Forensic accounting and white collar crimes**".

Kindly take few minutes of your time to assist in completing the questionnaire. Your personal information are not required and every information provided will be treated with strict confidentiality and used solely for academic purpose.

Thanks for your assistance and cooperation.

Yours faithfully,

Edogiawerie UNUAGBON
PG/MGS

Instruction

Please tick or mark (✓) in the boxes provided or fill where appropriate.

1. Sex: Male Female
2. Age: 20- 25 26 - 30 31 – 35 36 – 40 41 and above
3. Educational Qualification: WASCE , Ond / NCE , B.Sc / Hnd M.Sc / Phd Others
4. Employment status: Self employed Private employee Public service employee Others

Section B: Questions to Test the Study Hypotheses

Code: SA- strongly agree, **A-** Agree, **U-** Undecided, **D-** Disagree, **SD-**Strongly disagree

White collar crime

1. Financial crimes is a serious problem that can be tackled with the help of forensic accounting
SA A U D SD

2. The issue of bribes, theft, and misappropriation of funds that has been on the increase in Nigeria can be combated with the help of forensic accountants

SA [] A [] U [] D [] SD []

3. Forensic accounting can be the solution to white collar crimes

SA [] A [] U [] D [] SD []

4. The public sector can benefit immensely from forensic accounting given the fact that White collar crimes is more prevalent in this sector

SA [] A [] U [] D [] SD []

Forensic Accounting

5. Forensic accounting can be used to locate diverted funds

SA [] A [] U [] D [] SD []

6. Forensic accounting can be a veritable tool for identifying misappropriated funds

SA [] A [] U [] D [] SD []

7. Forensic accounting is solely enough as an instrument to detect fraudulent transactions

SA [] A [] U [] D [] SD []

8. Forensic accounting can be the deciding factor in the fight against top officials that steal and siphoned funds

SA [] A [] U [] D [] SD []

Internal control system

9. Effective internal control system can curb white collar crimes.

SA [] A [] U [] D [] SD []

10. Forensic accounting is effective in monitoring and evaluating internal control systems

SA [] A [] U [] D [] SD []

11. Internal control systems can help to detect possible loopholes in the organization.

SA [] A [] U [] D [] SD []

Fraud Auditing

12. Fraud auditing can help detect financial fraudsters

SA [] A [] U [] D [] SD []

14. Accountants/ Auditors with forensic accounting skills will help identify perpetrators of white collar crimes after the fact

SA [] A [] U [] D [] SD []

15. Forensic investigations deals directly with fraud investigations and this can help reduce financial reporting differences

SA [] A [] U [] D [] SD []