OSUN STATE UNIVERSITY

OSOGBO, NIGERIA

CANDIDO DA ROCHA ANNUAL MEMORIAL LECTURE

FRAUD DETECTION AND PREVENTION: THE ROLES OF REPORTING COMPANY AND THE EXTERNAL AUDITOR

Delivered by

RAFIU OYESOLA SALAWU, *Ph.D, FCA, FCTI, FNAA, FFAR*
Professor of Accounting,
Department of Management and Accounting,
Faculty of Administration, Obafemi Awolowo University,
Ile-Ife, Nigeria

19th September, 2019

RAFIU OYESOLA SALAWU, *Ph.D, FCA, FCTI, FNAA, FFAR*
Professor of Accounting,
Department of Management and Accounting,
Faculty of Administration, Obafemi Awolowo University,
Ile-Ife, Nigeria
Phone: +2348033795887 Email: osalawu02@yahoo.co.uk, rsalawu@oauife.edu.ng

1. INTRODUCTION

The theme of this memorial lecture ‘Fraud Detection and Prevention: The Roles of Reporting Company and the External Auditor’ is quite appropriate and timely because of recent happenings in the corporate world and public sector. For instance, on the 22nd of August, 2019, it was reported that the Federal Bureau of Investigation (FBI) arrested 77 Nigerians for fraudulent activities committed against individuals and companies. Also, a Global firm known as Dynamics Intelligence (an internationally recognised company operating in US, Canada and African countries including Nigeria) recently shut-down its operations in Nigeria because of employees and contractors’ fraudulent activities. A publication on ‘Ease of Doing Business in Nigeria (2019)’ ranked Nigeria 146 out of 190 countries that were surveyed. This 146th position may not be unconnected with the issue of fraud.

In 2016, PricewaterhouseCooper (PWC) conducted a research on Nigeria’s Gross Domestic Product (GDP) and the cost of corruption. The result revealed that 32.3% of service users are asked to pay bribe, which is quite high. The average bribe is ₦5,300 and 83 million bribes cases occurred in a year, this gives a total amount of ₦439billion per year, That is, Nigerians pay an estimated ₦439billion annually as bribes to obtain public services (PWC, 2016). Results further revealed that corruption in Nigeria could cost up to 37% of GDP by 2030.

Generally, it has been observed all over the globe that organisations are faced with the menace of fraudulent activities which vary in diverse methods and forms. This has significantly reduced the confidence of users in the reliability and objectivity of financial statements of reporting entities, due to various accounting scandals. The incidence of financial fraud can be traced back to 1925 in the United States of America and since then it has been on the increase in recent years (Toms, 2015). Table 1 showed that instances of financial scandals abound in the USA (Fred Stern & Company, Yale Express System, Wordcom, Enron, Duke Energy, etc.) and in Europe (HatryGroup, Royal Mail Stream Packet Company, Parmalat, Ahold, Monsanto, etc.). These cases globally shook the accounting profession and cast doubt on the integrity of the profession. It equally exposed the unethical dealings and the outrageous quests of corporate managers for profit maximization as most business scandals were as a result of financial statements fraud as shown in table 1. The global effects of the various scandals led to the birth of the Sarbanes-Oxley Act of 2002, in the United States, as well as the Public Company Accounting Oversight Board (PCAOB). The regulation has successfully moved the profession to critically reconsider its fundamental principles and practices significantly across many countries (Wilson, Herbert, Anyahara, Okoroafor & Onyilo, 2016).

Cases of fraud are not limited to developed countries. From experience and from documentary evidence, they cut across developing countries and especially, the private and the public sectors in Nigeria. In past years, much attention has been paid on banking sub-sector in association with fraud matters. Thus, Nwachukwu (1995) opined that frauds committed with pen in or through banks are more prevalent than those committed through other means. Likewise, business organisations of different types and forms have been plagued by this menace.

The unwholesome experience of Nigerian banks between as a fall out of financial crises between 2007 and 2012 brought about their demise. It consequently subjected integrity of the auditors into question, on the premise that most of the affected banks had been earlier issued clean audit opinion prior their collapse and subsequent extinction. The resultant financial turbulence and economic downturn did not only bring disrepute to renowned audit practice, it also eroded the confidence of investors and the general public after losing fortune in the affected organisations. The crisis was largely blamed on auditors for compromising their independence and for being privy to covering some of the unethical practices engaged in by the management which predisposed some of the organisations to avoidable collapse (Salawu, Oladejo & Inneh, 2017).

As evident in 2006 and 2009, the banking sector in Nigeria was rocked with accounting scandal, despite the fact that 90% of the banks in Nigeria are being audited by the big four accounting firms and issued clean audited bill every accounting year. Also, some public quoted companies like Cadbury Nigeria, Unilever Brothers, African Petroleum and in fact, the Nigerian Stock Exchange were enmeshed in similar scandal in 2010. These notable scandals necessitated the Federal Government of Nigeria through some of her agencies, to set up institutional structures like Financial Reporting Council for the purpose of protecting the interest of investors from corrupt directors and to institute as well as promote good corporate governance (Luke & Olowolaju, 2013). The Nigerian Accounting Standards Board therefore gave way to the Financial Reporting Council of Nigeria (FRC). The FRC Act No. 6 of 2011 was promulgated for that purpose.

In 2006, the former Managing Director of to AfribankPlc accused the External Auditor (Akintola Williams Deloitte, AWD)of cosmetic accounting and falsification of financial reports by the Board of Directors through collusion with its auditors to falsify the books of account of the company (ThisDay Newspaper, 16 October, 2009). The auditor contentiously denied being involved in such unethical practices (Bakre, 2007; Mmadus & Akomolafe, 2014).

Also in June 2006, the Securities and Exchange Commission (SEC) upon the receipt and review of Cadbury's annual reports and account for 2005, expressed its utter dismay at the non-compliance with Corporate Governance Codes and obtaining loans for dividends contrary to SEC regulations; worsening leverage ratio, deteriorating cash flow, inadequate disclosure, and the fast decline in the company's profitability. Sequel to this, in September of the same year, the board of Cadbury Nigeria Plc notified the Commission, its stockholders, other regulatory bodies and the world of the discovery of "overstatements" in her accounts, which according to it, had spanned many years. This was followed by the appointment of PricewaterhouseCoopers (PWC) to investigate the "overstatements" in the company's financial statements for the period 2003 to 30th September, 2006 (Ajibolade, 2008; Abduiiahi, Okpara & Ahunanya, 2010;Mmadus &Akomolafe, 2014).

The term 'fraud' in financial statements refers to a deliberate violation and subtle manipulation of accounting standards and falsification of data while making financial reports. Frauds are occurring phenomena both in developed countries, transition countries as well as countries with traditional financial reporting. In recent past years, one notable consequence of fraud in financial reports is the adverse deteriorating effect it has in developed nations thereby leading to serious monetary shocks and global financial crises. Hence, frauds are usually obvious when the financial reporting is particularly made to lean towards the achievement of the immediate goals of the management.

The main objective of this paper is to identify the roles of reporting company (that is, accountant, internal auditor, audit committee and the management) and external auditors in detecting and preventing fraud. The rest of the paper is divided into seven sections. Section 2 focuses on the conceptual clarification and theoretical framework, while section 3 discusses the scope of fraud in financial statement. Section 4 reviews and analyses fraud cases in Nigeria. Implications and consequences of fraud on business and Nigerian economy are presented in section 5. The responsibility of the management, accountant, internal auditor, audit committee and external auditor are contained in section 6, while section 7 discusses the current challenges facing Accountants and Auditors. The conclusion and recommendations are presented in section 8.

Table 1: Cases of Fraud and Accounting Scandals across the World

S/N	Period	Number of Companies	Number of Audit Firms	Countries Involved	Reasons
1	1925-1970	10	6	USA, UK & Canada	Overstatement of net worth and failure to indicate net operating loss; CPA conflicts of interest and overstatement of earnings
2	1971-1980	4	2	USA, Canada, Australia	Creation of fictitious insurance policies; Mutual fund and inflated value of assets
3	1981-1990	10	4	USA, UK & Canada	Creation of fictitious leases; Ponzi Scheme run by Barry Minkow; Bribery of CPA partner; Mispricing of derivatives contributing to profits by cutting bonuses; and Fraud and Forgery.
4	1991-2000	12	6	UK, USA, Canada & Belgium	Misuse of corporate funds; Financial misstatements; Fictitious Transactions in KOREA and improper accounting methodologies elsewhere; Mail fraud, wire fraud, bank fraud.
5	2001-2010	45	6	Australia, France, Switzerland, Italy, USA, Ireland,	Falsified Accounts, Inflated Sales and revenue; Round trip

				Canada, India, Nigeria	trades; Network capacity swaps to inflate revenues; misleading accounting practices etc.
6	2011-2016	11	6	Iran, China, Japan, USA, Canada, Brazil	Overstated profit and revenue, Fraudulent Invoices, Understated debt, fraudulent invoices, falsified accounts etc.

Source: Author's Compilation, 2018

2. CONCEPTUAL CLARIFICATION AND THEORETICAL FRAMEWORK

Error

Errors refer to the process whereby a disclosure is omitted through an inadvertent act. Fraud can also be defined as "the intentional act by one or more individuals among management, those charged with governance or third parties, involving the use of deception to obtain an unjust or illegal advantage" (Messier, Glover, & Prawitt, 2007).

Fraud

Fraud has been defined variously by business-related researchers and financial regulators. Hall (2007) observed that fraud refers to a deliberate and wilful falsification of financial data and subtle manoeuvring and embezzlement of the company's asset to the favour of an individual, hence the perpetrator.

The International Standards on Auditing (ISA), defined it as "an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage" (IASB, 2009). Similarly, the Institute of Internal Auditors (IIA's) defined fraud as "any illegal act characterized by deceit, concealment, or violation of trust". It does not connote the use of force or threat to the victim. Furthermore, fraud can be described as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.

There are basically two categories of fraud based on the kind of fraudsters and the technique used in achieving the fraud. Based on the kind of fraudsters, fraud may be divided into three viz; internal, external and mixed frauds. Internal fraud refers to fraudulent activities perpetrated by employees and directors of the establishment while external fraud is perpetrated by other individuals who are not part of the organisation. Also, when employees and directors within the organisation collude with others outside to perpetrate fraudulent activities, this is termed mixed fraud.

Also, based on the various investigated fraud cases, three primary categories of fraud have been identified by *the Association of Certified Fraud Examiners* (ACFE). They are asset misappropriations, corruption schemes and financial statement fraud schemes.

According to ACFE (2010), asset misappropriations involve those subtle plans or processes in which the perpetrator embezzles an organization's resources. This misappropriation plan occurs when the employee misuses his/her privilege by violating his or her duty to the employer so as to obtain some benefits in business transactions. Financial statement fraud schemes are concerned with deliberate elision of material information in the organization's financial reports (ACFE, 2010). KPMG Forensic Malaysia (2005), in its Fraud Survey in 2004 defines fraud as "a deliberate deceit planned and executed with the intent to deprive another person of his property or rights directly or indirectly, regardless of whether the perpetrator benefits from his/her actions".

Misappropriation of assets

Misappropriation of assets occurs when a company's asset is stolen by an employee. Those assets could be monetary or physical in nature. Characteristically, assets that are stolen include cash, cash equivalents, company data and/or intellectual property. Nevertheless, misappropriation of assets also involves accounting for facilities or individual use of company's assets without being authorized. Company assets include tangible and non-tangible which includes office supplies, inventory and intellectual property.

Fraud deterrence

This refers to the recognition of the basic causes of fraud and exterminating the potential for fraud. Fraud is not a casual occurrence; it occurs in the right circumstances where situations favour it.

Fraud prevention

This refers to organizationally designed mechanisms, which are structurally embedded in the operational strategies and practices by the functionality and interconnectivity of employment screening, organizational implementation of fraud policy document and training, functional internal fraud controls and the role of the oversight committees for the purpose of inhibiting internal or external members of the organization from misappropriating the identifiable or non-identifiable loopholes that exist within the operations of the business of the organization to perpetrate fraud. Effective internal control in an organization is a veritable tool for preventing the occurrence of fraud. The tools employed could be manual, automated or real-time, depending on the nature of the transaction involved.

Fraud Detection

This is a process of examining suspicious transactions in an organization which involves determining the occurrence and the magnitude of fraud by using a combination through risk assessment and detection methods from the available records or examinable data provided by the organization. Fraud can be detected either at the point of perpetrating it or after it has been perpetrated. Fraud detection and prevention procedure can possibly be fused in transaction. It can be detected in a real-time by executing fraud algorithms at the moment of transactions. The real-time mostly detects outliers by spotting an unusual transaction entered in by customers. Thus possible fraud is detected immediately and prevented.

Financial Statement Fraud

Association of Certified Fraud Examiners [ACFE] (2010), defined financial report frauds as "the intentional, deliberate, misstatement or omission of material facts, or accounting data which is misleading and, when considered with all the information made available, would cause the reader to change or alter his/her judgment or decision". The American Institute of Certified Public Accountants (AICPA) defined financial statements fraud as "intentional misstatements including omissions of amounts or disclosures in the financial report to deceive financial statement users".

Fraudulent financial reporting is otherwise called earnings management in which case, accounting policies and/or accounting estimates are purposefully manipulated by the management to improve financial statements. As a matter of fact, fraudulent financial reporting are committed by public and private corporations to secure investors interest'; secure bank approvals for financing; serve as justifications for issuing bonuses and/or increased salaries; and/or to meet the expectations of shareholders. Enforcement actions have been brought against corporations by Securities and Exchange Commission for different cases of financial reporting fraud some of which are improper or fraudulent recognition if revenue, period-end stuffing, fraudulent post-closing entries, inappropriate asset valuations, and misleading non-GAAP financial measures.

Financial statement fraud may be realised via:

1) Forgery of material facts, financial statement or business transactions,
2) Misrepresentation of transactions, events, accounts, and other essential reports which are inserted in a financial report;
3) Intentional violations of accounting principles, policies or procedures inappraising, determining and recording of business transactions; and
4) False presentation of financial information in the financial statement.

As a result of financial statement fraud, incalculable damage has been done to accounting profession.

Theoretical Framework

Several theories relating to fraud include but not limited to Fraud Triangle theory, Fraud diamond theory, Pentagon theory, Anomie theory of fraud, Differential association theory, Differential Opportunity theory, theory of Work place Deviance, theory of Hyper motivation, the American Dream theory, the Potato Chips theory, the Rotten Apple theory, theory of low Hanging Fruit, Addition by Subtraction theory, A tip of iceberg theory, the Socio Ecology theory, the Social Control theory, Cognitive theory etc.. This paper is anchored on fraud triangle theory, fraud diamond theory and fraud pentagon and by extension invulnerability theory.

Fraud Triangle Theory: The fraud triangle was an idea developed by Donald Cressey, a criminologist in 1953 for investigating the causes of fraud. His research was aimed at ascertaining what drives people to violate trust bestowed on them. Three elements were considered by Cressy (1973) and they must be present for fraud to take place. These elements are pressure, opportunity and rationalisation. The fraud triangle theory explains the main motives for committing fraud by any official in the public and private sectors (Enofe, Idemudia, & Emmanuel, 2015).

The pressure motive for committing fraud states that fraud is committed due to overwhelming personal financial burdens and obligations encountered by employees which are far above their legitimate means or income or beyond the regular inflows accruable to them to meet such obligations. Therefore, they are induced to fraud or committing fraudulent practices due to the personal or family or societal financial obligations that exert pressure on them. Sometimes, people who are relatively wealthy still commit fraud because of insatiable quest for wealth.

The opportunity motive states that people commit fraud due to existence of the weaknesses or loophole in the internal control system of the organisation. The perpetration of the fraud will therefore continue until the internal control system is strengthened and the loopholes are blocked. Empirical studies have identified that those directors and employees who spend prolonged period in an organisation commit fraud. The rational reason could be due to the awareness of the weaknesses of the organisation which give them the adequate advantage and knowledge to manipulate and successfully commit the fraud. Any form of weakness in the internal control system or the absence of internal controls serves as the platform for perpetrating fraud in most instances. Although the financial reports of all companies can be subtly influenced, the likelihood of danger is higher for companies in industries where substantial decisions and accounting evaluations are involved. Companies with accessible cash, inventory and other valuable assets which could be small or easily removed are greatly vulnerable to fraud. When there is inadequate control in the payroll systems, this can create a gap in which employees can enrol ghost employees in order to increase the company's services.

The rationalization motive explains that fraud is perpetrated by public officers or employee and justified as the only means to survival. It states that officers justify the reason for committing fraud such as poor salary system, irregularity of payment, high cost of living that are not in tune with the reality of present pay system, poor working condition, my employer is unfair to me, I am borrowing it with intention of paying back, I am just taking my part of national cake and so forth. Fraudulent financial reporting is bound to occur especially if the top managers or the CEO exhibit a high disdain for financial reporting procedures but tend to concentrate on issuing overly optimistic forecasts; or are mainly concerned with meeting analysts' earnings forecast.

Fraud Diamond Theory: Experts have considered adding a fourth element to fraud triangle theory for further enhancement. Specifically, Wolfe and Hermerson (2004) postulated the fraud diamond theory and provided the fourth dimension to fraud triangle known as capability. Fraud diamond therefore consists of pressure (motives), opportunity, rationalization and capability. The theory proposes that an individual's capability, personality trait and abilities could play a major role in determining fraud occurrence. Capability is the situation when an individual that possesses relevant skills or traits and abilities leverages on his requisite skill to perpetrate fraud.

Wolfe and Hermanson (2004) identified the following traits: (i) authoritative position or function within an organisation (ii)ability to adequately manipulate the weaknesses of organisation's control system to the advantage and understand how the system work, (iii) boldness and courage that fraudulent actions will not be discovered and (iv) sustainability to cope with rigour and stress and to continue enjoying fraudulent activities for a long period so as to protect being caught. There are some other paramount factors which include the individual's traits to discover the opportunity and carry out the fraud.

Fraud Pentagon Theory: Crowe Horwath LLP, a popular US public accounting firms propounded this theory popularly known as Crowe's Fraud Pentagon model by adding two other elements, arrogance and competence, to the fraud triangle model. Crowe (2011) described arrogance as an attitude of superiority and entitlement or greed on the part of an individual having the belief that internal controls do not apply to him/her. The model identified five elements of arrogance, which are: (i) big egos-CEOs are seen as celebrities rather than businessmen; (ii) circumventing internal controls without being caught; (iii) bully-attitude; (iv) display of autocratic management style; and (v) fear of possible loss of position. Competence gives the perpetrator the opportunity to turn desire to reality. It possesses the same traits described under capability.

Invulnerability Theory: The three theories discussed above could be further enhanced and extended by considering other four elements which could be termed invulnerability syndrome. The elements are immunity, inconsequential penalty, amnesty and political settlement (party absorbency). (i) Immunity is protection from being arrested, investigated and prosecuted for fraud committed while occupying political office. (ii) Inconsequential penalty for committing fraud encourages further fraud perpetration both in the private and public sectors. In many cases penalty for committing fraud is less than one-quarter of the amount involved. (iii) Amnesty is the acts of pardoning fraudster or offender. That is, a decision to allow the offender goes free without punishment.(iv) Political settlement or party absorbency is a concession that a political fraudster receives because of his/her wiliness to cross to another ruling party or group. The fraudster is regarded as a political saint for becoming a new member of the ruling party. All these elements encourage fraud perpetrating both in private and public sectors with expectation that they will be exonerated in the long run. Invulnerability syndrome therefore refers to compromise involving any fraudulent public personality occupying any key position in any sector of the economy from being prosecuted while occupying office or willing to relinquish current interest for another (Salawu, 2019).

It must be noted that apart from the fraud theories, other causes of fraud are:

(i) weak or non-functional internal control system;
(ii) absence of openness in financial transactions is a perfect method to conceal a fraud;
(iii) ineffective management information system, that is,when it is not timely,
(iv) absence of independent audit department and weak accounting practice system;
(v) lack of effective oversight functions (board of directors, audit committee);
(vi) pride and covetousness of the management;
(vii) inappropriate transactions engaged by senior executives;
(viii) unproductive audit functions;
(ix) soft regulations; and
(x) shareholders' inattentiveness.

3. SCOPE OF FRAUD IN FINANCIAL STATEMENT

This paper revolves round financial statement fraud. Financial statements usually contain the, Income Statement, Statement of Financial Position, Cash Flow, Statement of Change in Equity and Notes to the financial statements. Most of these financial statement frauds have been revealed in practice through manoeuvring of revenues and expenses in the Income Statement and also of assets and obligations in the Statement of Financial Position. Types of financial statement fraud are: (i) revenue related fraud; (ii) inventory and cost of goods sold fraud; (iii) liabilities related fraud and (iv) assets related fraud.

The reason for preparing and presenting false financial reports is to increase the level of current profit. This takes the form of presenting:

a) Bigger profit by increasing revenues and/or decreasing expenses and current period losses,
b) Smaller profit by decreasing revenues and/or increasing expenses and current period losses.

Through manipulation of revenues and expenses in the Income Statement, the majority of financial statement fraud is committed. Manipulation of revenues, as it applies to financial context, can be classified into two namely:

(i) **False revenue increase:** It seeks to see to the rise or upsurge of profit periodically mainly to conceal the losses. Accounting processes to gain bigger profit are: double booking of the same customer invoices/statements; booking of fabricated invoices/statements; identifying revenue in advance; revenue swelling; and converting reserves into revenue.

(ii) **False revenue decrease:** In order to avoid periodic "jumps" in revenues, revenue decrease is displayed. Namely, the sense of a great fall in the next year may be caused by "jumping" high in one year and thus independently, the stock prices may fall of realized profit. For such reasons, there is a notion of constant revenue growth created instead of big fluctuations. The techniques of reduction are of diverse forms: not issuing invoices for continuous delivery at the end of period; postponement of revenue recognition; grey market trading; not issuing invoices for partial sales/work done; and revenue carried forward to the next year, etc.

Cost manipulations may obtain a direct impact alternatively on results such as the following:

(i) **False expense increase:** This fraudulent activity diminishes revenue and company tax obligations. There is increment in false expense of fraudulent accounting techniques such as: payment of private bills of managers through the company; fictitious accounting; aggressive assets write-off (Big-bath accounting); abstaining delayed cost if necessary; invoices for services from other companies giving the impression of larger revenue in their bookkeeping activities; increase in depreciation expenses; and planning costs above the usual level and costs related to non-existent risks.

(ii) **False expense decrease:** Accountants embark on this mainly to conceal losses or to gain profit in order to get bonuses and other dues. There is a decrease in false expense of fraudulent accounting techniques such as reduction in depreciation expenses, taking away present expenses from the Income Statement and its recapitulation; delaying of current costs; not booking suppliers' invoices; postponement of costs in the present year (not writing-off receivables and supplies or not planning risk costs although it should be done in the current year).

Frauds in financial statement have various factors namely:

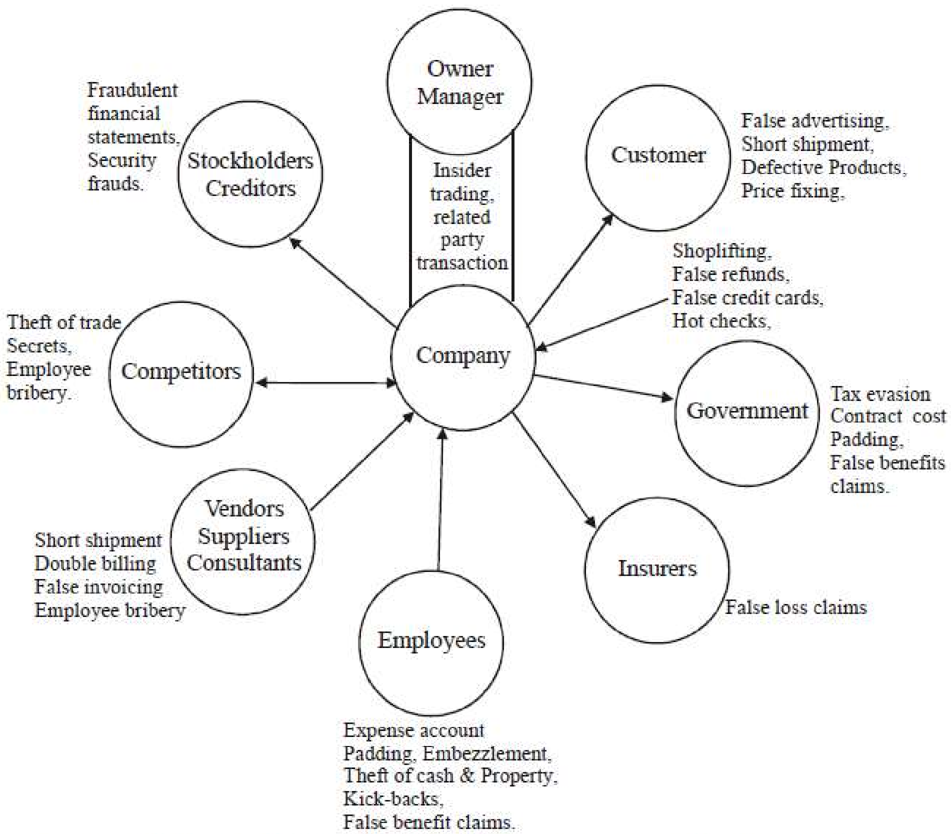
(i) **Improper Revenue Recognition**: This is done when sales are recorded to fictitious clients even if its realization is questionable.

(ii) **Improper Capitalization of Costs:** Some excessive capitalization of expenses are linked with intrinsic internally built means, which do not bring benefits to the future, for example, capitalization of R&D expenses, capitalization of administrative expenses, capitalization of expenses before the activity has started.

(iii) **Overstatement of Assets:** It arises as a result of the inability to pay off old suppliers and/or not making sufficient deductions for non-collectable receivables, recording non-existent supplies or not taking into account depreciation of assets.

(iv) **Unrecorded Liabilities**: There is an increase in the omission of a real cost at a particular period.

(v) **Inadequate Disclosures:** This occurs when there is a conceal of present on-going problem or guarantees for other's debt.



Source: Elliot R.K. & Willingham. J.J (1980): *Management Fraud: Detection and Deterrence,* New York; Pettrocelli Books, Inc. 1980 p.4

Figure 2: Sources of Fraud

Figure 2 presents various kinds of frauds that are perpetrated by staff, management and other stakeholders of the company. The accountants, internal auditors and management should pay attention to all these loopholes.

4. FRAUD CASES IN NIGERIA

Cases of frauds would be discussed under two sub-theme comprising of:

a. Frauds in Nigerian Non-Financial Firms
b. Frauds in Nigerian Financial Firms

a. Frauds in Nigerian Non-Financial Firms

Fraudulent practices in Nigeria transcends the locus of physical businesses, it has extended to imaginary businesses assuming the power of legally existing business solely to perpetrate fraud. A recent publication by New York District Export Council (2018) revealed that the scope of cross-border frauds initiated in Nigeria has serious negative impact on the legal firms. These include but not limited to Fraudulent Orders for US Products; Money Transfer and Government Contract Schemes; Fraudulent Business solicitations; Fraudulent business Proposals; Crude Oil Scams; and Increasing Sophistication of Fraud Letters.

Fraud according to Robertson (1976 and 1979), could be perpetrated in different ways within organisations in form of employee fraud, embezzlement, larceny, defalcation and management fraud. Rochschild (1994) noted however, that of the most common of various forms of fraud are Investment fraud, banking and financial service fraud, government fraud, marine fraud, computer fraud and, smash and grab fraud.

Typically, the study by Hamilton and Gabriel (2012) described the structure of the corporate organizations in Nigeria. The report from the survey of different functional managers from inventories, production, sales, finance and accounting departments in twelve quoted companies reveals that secret commission and bribery; false invoicing; theft of inventory assets and cheque forgery with about 66%, 32%, 32%; 28% and 14% occurrence respectively, dominate different companies. The mild repercussion of most of the cases could be explained as inadequate as many forms of these frauds have evolved today. Some of the measures adopted by companies in Nigeria as documented by Hamilton and Gabriel (2012) include immediate dismissal and disciplinary action; Reporting cases to the police; Keeping quiet; Negotiated settlement and Civil actions for recovery with 56%, 25%, 22%; 19% and 3% occurrence respectively.

Cases of financial crimes and other illegal practices categorised under the agency of Economic and Financial Crime Commission Act and which are outside the scope of this paper include advance fee fraud, money laundering, counterfeiting, illegal charge transfers, computer credit card fraud, contract scam futures market fraud, fraudulent encashment of negotiable instruments etc. It is obvious that many of the cases found in different corporate bodies are not documented. As a result, sourcing reliable data on fraud cases in the non-financial firms poses a great challenge to researchers. However, the cases of frauds in financial firms are well documented. Therefore, for the purpose of this lecture, cases on Nigerian Banking industry would be focused on because of availability of data

b. Frauds in Nigerian Financial Firms

Besides the common financial statement fraud, electronic fraud also exists in various kinds in the Nigerian banking system namely: triangulation/Site cloning fraud; hacking; online fraud; Stolen card; account takeover fraud; Money laundering fraud; unauthorised emails/Text messages fraud; unauthorised access; debit card skimming fraud; ATM fraud; mobile banking application against incorrect mobile number; creating fake and non-existent users on mobile platform; SIM Swap fraud and unauthorised deduction from Mobile wallet, cheque kiting, letter of credit fraud, loan fraud, counterfeit financial instruments, cheque fraud, clearing fraud, telex fraud, and management fraud (Aruomoaghe & Ikyume, 2013, Udeh & Ugwu 2018).

In 2018, fraud cases reported rose to 37, 817 different from 26, 182 that was obtainable in 2107. It was also discovered that, in 2018, the fraud cases in total sum involved ₦38.93 billion which was far higher than ₦12.01 billion in 2017. Further reports revealed that in 2018, ₦15.15 billion was lost to the incidences of fraud which was far higher when compared to ₦2.37 billion and ₦2.40 billion in 2017 and 2016, respectively. The upsurge in fraud cases could be alluded to high level of intelligent method adopted by perpetrators such as hacking, cybercrime as well as increase in I.T related products and usage, fraudulent withdrawals and unauthorised credit.

From the reports, it was further discovered that the Internet and technology-based sources were the notorious channels through which most fraudulent activities are perpetrated and they had the highest frequency, accounting for 59.2% of fraud cases and 42.83% of the actual total loss suffered.

As a result of other implicit security measures regarding the Cards coupled with users' awareness, fraud cases related to ATM/Card issues have reduced from 16,397 in 2017 to 10,063 in 2018. Nevertheless, there is a significant rise in web-based fraud cases from 7,869 in 2017 to 12,343 in 2018.

In total, 899 staff were directly part of fraud and forgery cases in 2018 higher than 320 in 2017 and 394 temporary staff involved giving 43.83% of the total number of staff involved in frauds. Subsequently, 206 officers and Executive Assistants' cadre were also discovered to have involved in frauds signifying about 22.91%; also, Supervisors and Managers accounted for 119 or 13.24% of the total fraud cases.

It is striking to identify that there has been persistent rise in the number of temporary staff involved in fraud and forgery cases. This bothering problem must be addressed by the DMBs and regulators by examining the contract of temporary staff in terms of welfare and permanent employees in view of the risk their current status poses to banks operations. Furthermore, internal control measures must be strengthened and authenticate recruitment process of temporary staff.

Figure 3 showed the trend of fraud cases in the Nigerian banking sector. In 2002, 789 cases were recorded but increased to 850 in 2003 with 6.7%. A huge increase of 38% was noted between 2003 and 2004, bringing the number of cases to 1,175 which further increased to 1,229 in 2005, with 4.6%. However, a slight drop by about 2.9% reduced the number of cases to 1,193 in 2006. Again, the cases of fraud increased to 1,553 and 2,007 in years 2007 and 2008 respectively. A reduction by 12% and 13% was witnessed in 2009 and 2010. Fraud cases escalated further by 53%, 43% and 11% in 2011, 2012 and 2013 respectively. By 2014 (with a growth rate of 182.7%), the number of cases of banking fraud had grown to more than 10,600 and thereafter, it increased to 26,182 fraud cases in 2017 and a further increase to 37817 fraud cases reported in 2018.

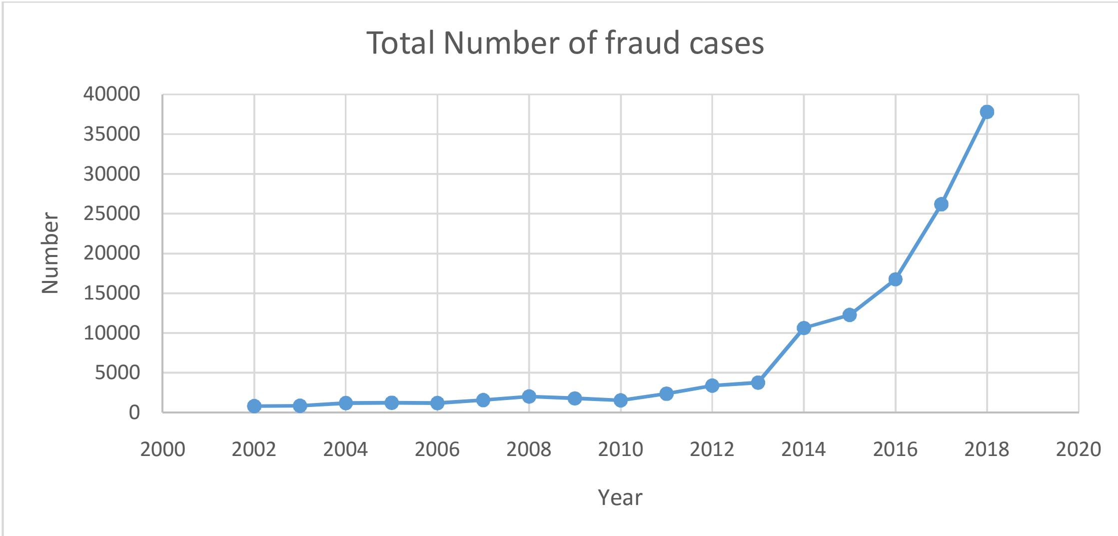


Figure 3: Total number of Fraud cases in the Nigerian Banking Sector
Source: NDIC Annual Reports from 2002 to 2018, Reports of the Nigeria Electronic Fraud Forum (NeFF) (2014-2018)

Following from the number of fraud cases, the amount involved showed a different pattern. As shown in Figure 4, the amount involved in these fraud cases fluctuated around a mean of 19.259 billion naira with a total amount from 2002 to 2017 as 295.226 billion naira. Specifically, in 2002, the amount involved in the fraud cases was 12.92 billion naira which reduced by 27.4% in 2003 to stand at 9.38 billion naira. A 25%(11.75 billion naira) increase was noted in 2004but in 2005and 2006, this amount reduced to about 10.61 billion naira and 4.83 billion naira respectively. However, in 2007 and 2008, there was an over 100% (10 billion naira) and over 430% (53.5 billion naira) increase in the total amount involved in fraud. This total amount fluctuated over the years but is noteworthy that the trend of the total amount of fraud involving the Nigerian banking sector has reduced between 2009 and 2017 however in 2018; an increase in the amount of fraud was documented as 38930 billion naira which is a rise from that of 2017 with a percentage value of 224.09%. This shows that the authorities are putting up some efforts to reduce the total amount involved in fraud cases however; there are yet more grounds to cover although this effort of theirs were being compromised in 2018.

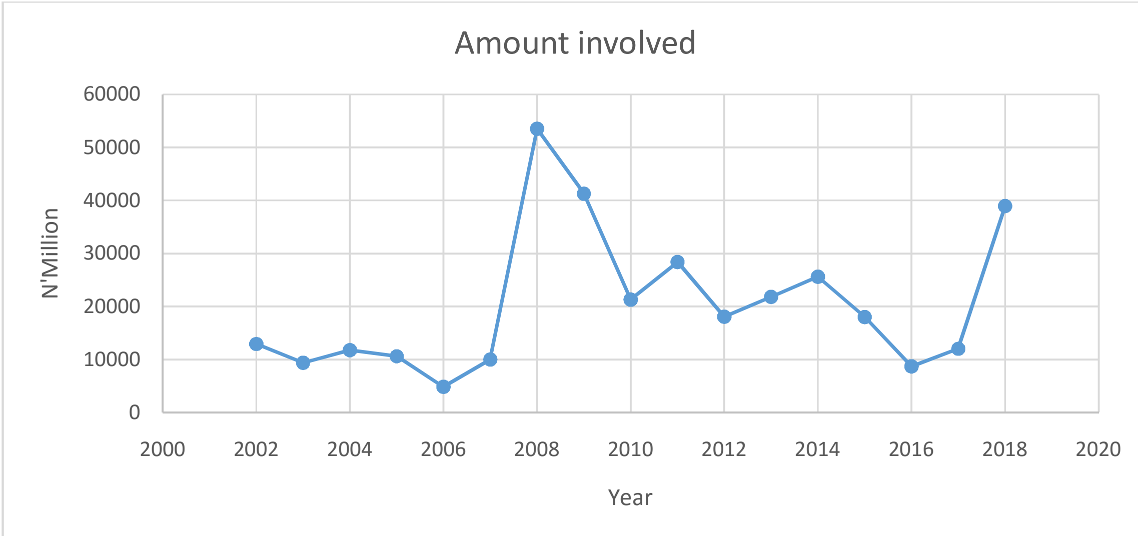


Figure 4: Total number of Fraud cases in the Nigerian Banking Sector
Source: NDIC Annual Reports from 2002 to 2017, Reports of the Nigeria Electronic Fraud Forum (NeFF) (2014-2017)

In figure 5, expected losses in the event of fraud cases had been maintained at an average of 5.08 billion naira in the Nigerian banking sector. However, the total possible loss stood at approximately 80 billion naira for the periods between 2002 and 2017. This expected losses from fraud attempts recorded 1.3 billion naira in 2002. However, it dropped in 2003 to about 857 million naira by a 34% year on year change, although with a whooping increase of 204% between 2003 and 2004.These expected losses rose to 2.6 billion naira in 2004 and the increase was sustained by 114% (5.6 billion naira) before it reduced to 50.58% (2.77 billion naira) between 2005 and 2006. As seen from Figure 5, 2008 experienced the highest total expected losses from fraud cases of about 17.54 billion naira which was a 511% increase from 2.87 billion recorded in 2007. Thus, these losses dwindled gradually over the years from 2009 which has a 56.97% drop from that of 2008 to an expected loss of 2.37 billion naira in 2017 which is a slight decrease as compared with 2016 that reduced by 24.3% to stand at 2.34 billion naira. A different ball game was observed in 2018 where the expected losses from fraud attempt grew by 538.6% from the previous period to produce 15,150 million naira.

Figure 5: Total Expected Losses
Source: NDIC Annual Reports from 2002 to 2017, Reports of the Nigeria Electronic Fraud Forum (NeFF) (2014-2017)

Figure 6 represents the proportion of expected loss to the actual fraud amount in the banking sector in Nigeria. The proportion did not follow a definite pattern. In 2002, 2003 and 2006, the proportion was 10%, 9% and 57.3% approximately. Also, the proportion was 18% in 2009 and 54% in 2010. Thereafter, there has been a relative fall in this share of expected losses to the actual fraud amount from 2011 to 2017. In the light of this precision, the average share of expected losses to actual fraud amount stood at 27.57% over the period nonetheless, this percentage doubled in 2018 to 38.92%.

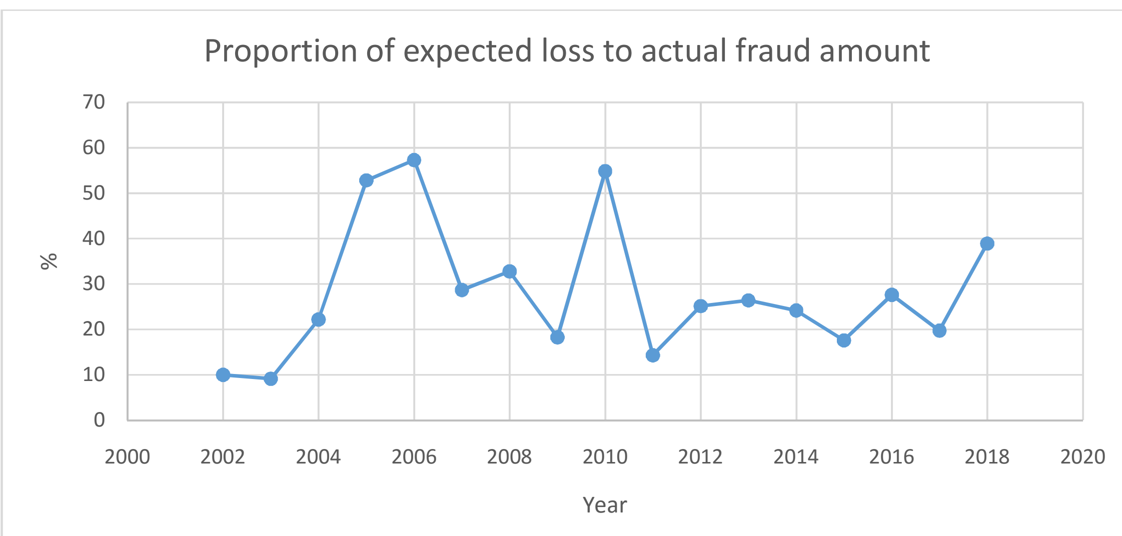


Figure 6: Proportion of expected loss to actual fraud amount
Source: NDIC Annual Reports from 2002 to 2017, Reports of the Nigeria Electronic Fraud Forum (NeFF) (2014-2017)

Generally speaking, it can be said that the regulatory authorities in the Nigerian banking sector have done pretty well in the last 16 years owing to the fact that despite the numerous attempts of fraudsters to defraud by the increasing number of fraud cases, there has been a reduction in the total amount involved in each fraud case as well as the total amount of expected losses in the cases. Also, the share of the expected losses to actual fraud amount revealed that over the years, this share has reduced; however, the authorities still have a lot to do in order to further reduce or eliminate the prevailing fraud cases in the Nigerian banking sector.

The channels through which these fraud cases were perpetrated include Automated Teller Machine (ATM), POS, internet banking, across counter, cheque, ecommerce, mobile transaction and the web. Examining the period between 2013 and 2016, Table 2 showed the actual amount lost to fraud through the various channels as occurred from 2013 to 2016. As well as the percentage change from 2014 to 2016 as shown in Table 3.

Table 2: Fraud actual loss amount trend by channels in the banking sector between 2013 and 2016

Channels	2013 (₦)	2014 (₦)	2015 (₦)	2016 (₦)
ATM	54,999,829	2,688,669,292	355,892,203.30	464,514,684.27
POS	5,851,443	157,610,831	63,533,467.48	243,321,812.67
Web	109,298,898	1,031,239,284	173,472,360.60	83,776,994.11
Across Counter	13,851,780	140,813,927	732,856,773.50	511,072,861.29
Internet Banking	271,762,696	2,120,881,512	268,995,257.70	320,665,957.87
E-commerce	13,948,390	58,994,920	52,161,394.14	132,252,118.32
Mobile	6,787,544	13,328,957	248,144,131.00	235,170,720.40
Cheques	8,693,770	4,448,600	167,413,696.90	4,558,897.75
Total	485,194,350	6,215,987,323	2,062,469,284.62	1,995,334,046.68

Source: NDIC Annual Reports from 2002 to 2017

From the analysis on table 3, there was a notable increase in losses due from the different types of banking fraud in 2014 except for cheque. However, in 2015, the fraud committed using cheques grew stronger, followed by mobile and across the counter fraud while other channels exhibited a relative drop. In 2016, there witnessed a fall in Web, across counter, mobile and cheques and an increase in fraud in the channels.

Table 3: Trend of Actual Amount lost to Fraud by Channels between 2014 and 2016

Channels	2014	2015	2016
ATM	4789%	-87%	31%
POS	2594%	-60%	283%
Web	844%	-83%	-51%
Across Counter	917%	420%	-30
Internet Banking	680%	-87%	19%
E-commerce	323%	-12%	154%
Mobile	96%	1762%	-5%
Cheques	-49%	3663%	-97%

Source: NDIC Annual Reports from 2002 to 2017

5. IMPLICATIONS AND CONSEQUENCES OF FRAUD ON BUSINESS AND NIGERIAN ECONOMY

It is difficult to estimate the cost of fraud to firms and economy because there are situations of fraud and abuse undiscovered; also, not all discovered cases are reported, and finally, no specific action is usually taken against criminal activities.

Financial Instability

It has been discovered that the steadiness of the economic-financial environment can be enhanced or endangered by financial statements. The interest of investors and accounting profession is not only represented by high-quality financial statements but also of the regulatory bodies and connected stakeholders (Dimitrijevic, Milovanovic & Stanci, 2015). Fraud has weakened the financial strength of financial and non-financial firms in less-developed countries, especially Nigeria.

Negative Effect on National Income

Furthermore, economies in both developed and developing countries are unceasingly being endangered by fraud in the financial statements. As a result, there is an obvious and subtle manipulation of financial reports which have shaken most of the developed capital markets, distracted their functioning and leading to more serious financial crisis. Evidently, the national economy is also being affected by decrease in investments, GDP, and employment. The decrease in investment attractiveness as a result of risk and uncertainty, and inefficient capital market consequently slows down economic activities.

Loss of Public Confidence

The direct impact of financial statements fraud is usually adverse on the corporations, the employees, shareholders, creditors and the host of other stakeholders. If fraud leads to a state of bankruptcy or near failure, stakeholders are in danger of risking losing all or part of their investments. The effect of fraudulent financial reporting also reduces the confidence of the public significantly.

More importantly, the diverse, serious, corporate scandals had impacted negatively on financial statements and likewise eroded the public confidence on the published financial reports. Professional accountants and auditors according to (Salaudeen, Ibikunle & Chima, 2015) have displayed non-adherence to ethical professional standards in the discharge of their duties.

Capital Market Inefficiency

The impact of financial statements fraud on the financial markets reflects a broader negative and indirect effect on the market participants. Some known effects include undermining the reliability of corporate financial statements, higher premium risk and less efficient capital markets. It also brings about substantial valuation losses for investors of the affected companies (Sahiti & Bektashi, 2015; Salawu & Olayinka, 2016).

Economic and Business Losses

As it might be tedious to discover all fraud and abuse, so it is difficult to determine the cost of fraud to businesses. In fact, some uncovered frauds may not be reported and which means specific civil action is not usually taken against criminal acts. As reported by Association of Fraud examiners (2010), globally organisations lose an estimated 5% of their revenues to fraud per annum.

Other Associated Losses

Additional factors which must be put into consideration are hiring and firing employees which subsumes legal, accounting and increased insurance costs, and loss of productivity. However, the spectrum of this paper cannot provide quantification for all these indirect cost. Still, most experts submit that firms usually go through similar losses and they are being paid through their normal operating expenses by organisations.

It could be deduced that the cost of fraud is twice higher than the amount of the lost money or assets. Approximately, one in twenty company failures is ascribed to fraud. Even BCCI in Great Britain is one of these recent controversial and costly frauds. Equally, in Nigeria, business practices and transactions have been destroyed by absurd upsurges of fraud, involving mismanagement of funds, cheque falsifications, funds diversion, etc. Prevalently, in modern day business, fraud has become one of the most difficult problems in Nigeria. According to Brink and Witt (1982), fraud is usually an essential concern of the management because it is a constant hazard to actual resource utilisation in a company.

6. FRAUD DETECTION AND PREVENTION

Fraud-related issues have been studied by scholars from the general viewpoint of fraud prevention. This is due to its effectiveness rather than allowing it to occur before trying to detect it. Most times, the money stolen through fraudulent acts is usually not recovered or probably better to say that the chance of recovering such money is very slim. Moreover, it consumes time to investigate frauds especially involving conglomerate companies with multinational operations.

When fraud is detected in businesses, the initial and popular question has always been: "How could that have happened?" And if audited financial statements were issued the question asked is: "Why didn't the auditors have a clue?". A follow up question arising from the combination of the initial two questions would be, who has the responsibility for preventing and detecting fraud? The responsibilities lie with the parties involved in the preparation and supervision of financial statement of the reporting company and the eternal auditor. Hence, the subsequent sub-sections explore the strategies involved in fraud detections and preventions in a bid to answer the questions generated.

MANAGEMENT'S RESPONSIBILITIES

Management are the directors or professional managers of companies or principal officers in public organisations whose responsibilities are to manage men, money, materials and machine invested in the company. The task of fraud prevention rests majorly on management. They are expected to carry out the following roles in fraud protection and detection in an organisation.

Internal control: It is clearly stated in the annual reports that management is saddled with the preparation of the financial statement, maintenance of good administrative and accounting controls. It is the submission of all professional literatures that managements, not the auditors, has the sole responsibility for establishing internal controls, proper reporting, and adoption of sound accounting policies. These are mechanisms or principles to adopt so as to prevent the menace of fraud. Strong internal control is the best fraud prevention.

For example, necessary procedures should be in place to avoid fusion of roles such as not allowing the individual writing the checks restore the bank statement, maintain physical inventory records by another department different from the receiving department, approval of payment done by another staff different from the person that initiated the purchase order, etc. Thus, internal controls may be aided, enhanced and fraud prevented.

Compulsory holidays: It is important to make holidays compulsory for everyone. This will expose the activities of employees or staff members involved because such people may be unwilling to proceed on holidays or leave so as to conceal their nefarious activities within the company.

Ethical culture within the business entity: An atmosphere of honesty, loyalty, integrity must be cultivated and developed within the organisation to enable business grow. By this, opportunities for fraudulent activities are reduced. In order to achieve such management must set an admirable ways and manners of treating employees, customers and suppliers. Managers or leaders must lead by example.

Zero tolerance to fraud: Management must clearly demonstrate zero tolerance to fraud to all stakeholders, and there is no room for nepotism or tribalism if fraud is detected. Management must make it mandatory and vivid to all stakeholders that fraud and its accomplices will not be tolerated or pampered and fraud cases will be reported to law enforcement agents.

Regular training and workshop: Training and sensitization programmes are to be organised by management to create awareness about the potential and possible operation of fraudsters. This act is likely to dissuade the employees from committing fraud.

Increasing the Sanctions Imposed on Perpetrators of Fraud: White collar fraud is perpetrated most often without the realisation of the management. However, it will be necessary to spell out strict punishment on anyone caught in the act of fraud. This will help reduce perpetrators and stop them from falsifying financial statement. In a survey of financial executives, corporate secretaries, internal auditors, lawyers and public accountants, 83% of the respondents suggested that perpetrators of fraud in the financial statement must be subjected to critical punishment and penalties (Raab, 1986; Salawu & Agbeja, 2007; Salawu, 2017).

Screening of employee before employment: Screening the employee is another way to repress fraud. This assertion might be true; yet, the best notion is to employ loyal and honest employees in order to minimize risk. Some organisations engage in pre-employment screening. Such screening tests could take several forms including lie detector, checking applicant's Facebook, drug tests and finger printing of employees. Thorough scrutiny of resumes and applications letter of the prospective applicant, an employer can deduce other essential information and identify if the original information supplied is authentic and exact.

Organizational Environment: A good business atmosphere must be created so as to prevent pressures on employees to commit fraud. Thus, this atmosphere is requisite for the purpose of creating open and constant communications as well as reliable information for recruiting, performance evaluation, and promotion of employees. These and other factors such as counselling programs, benefit-in-kind and motivation, could combine to curtail the perceived need of an employee to commit fraud.

Encourage whistle blowing by employees: Management is responsible for establishing the procedure for whistle-blowing procedures in order to encourage staff to whistle-blow when necessary. Without due protection for the whistle-blowers, members of staff would not be courageous to alert the management when they discover illegal or fraudulent dealings from other members of staff.

Forensic accounting: Due to the increasing menace of business fraud, Forensic Accounting as a field of study has received attention within the last ten years. It incorporates special investigative skills, auditing and accounting ingenuity. The aim of forensic accounting is to discover the document trace left by a fraudster and prepare the inquiry in a manner that is suitable for presentation in a court of law. Forensic accountants have been trained to investigate financial statements and other materials that are correlated to errors and misconducts and analyse the reality behind every business condition. It should be noted that the positions of forensic accountants often comprise former law enforcement officials. Thus, it becomes imperative for big accounting firms to extend their forensic accounting department in order to deal appropriately with matters that concern fraud and other criminal activities that are challenging companies. Those employed by law and Public accounting firms in forensic accounting sections are mainly former FBI agents, accountants with exceptional knowledge of computer, former "white collar" law enforcement investigators, and business oriented computer professional.

Hansen (2009) opined that the investigators' best weapon in detecting and pacifying collective crime are the forensic accounting devices which are accounting and computer forensic. With the application of these investigative devises, it is possible for forensic accountant to detect corporate crime or white collar crime.

In order to analyse, summarise, interpret and explain financial issues and conditions in clear manners; forensic accountants are preserved in many firms. Forensic accountants could be involved to:

(i) Interpret and examine financial facts;
(ii) Create computerized applications to carry out analysis;
(iii) present findings through reports and exhibits; and
(iv) Give evidence in court as an expert witness.

As an additional section to public accounting, law firms have considered forensic accounting arms an advantage. This will assist or aid business to possibly investigate, detect fraud cases. Even though it is not common with all forms to have forensic accounting sections, the inclination has significantly increased.

ACCOUNTANT'S RESPONSIBILITIES

Accountants are the employees of the reporting company whose responsibility entails the preparation of the annual financial statement of the company. To prevent and detect fraud, the accountants must perform the following roles in an organisation.

Segregation of duties: In a perfect setting, separation of duties reveals that different duties will be undertaken by different employees. The different tasks are authorization of transactions, payments, custody of assets, recording of transactions, vouching etc. This is one of the characteristics of the public limited liability companies as well as public organisations.

This however may not be possible in many small and medium-sized enterprises, as a result of limited number of employees in the organisation but for segregation of duties is a must.

Adherence to Accounting Standards: All accounting policies, bases and standards must be followed in the course of record keeping and preparation of financial statement of the organisation. Accountant and management must ensure that cheques and documents are numbered sequential.

INTERNAL AUDITOR'S RESPONSIBILITIES
Internal auditor is a protector and a watchdog for the management. The Institute of Internal Auditor (IIA, 2016), described internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Internal audit department is designed to enable an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal auditor must perform the following responsibilities.

Internal control: To be implemented on the behalf of the management, the effectiveness and efficiency of internal control can be regularly evaluated by reviewing compliance with regulation, institutional policies, accounting standards and procedures.

Risk management: Provision of risk management relates to the identification, detection, monitoring and mitigation of risk. Internal audit procedure must be performed with integrity.

Physical controls: In any organisation, good physical controls over the assets such as their completeness, existence, valuation, ownership and additions of assets is necessary. The internal auditors must have due regard to the accounting principles and disclosure requirements.

Rotation of duties: Fraudulent members of an organisation take advantage of perpetuity on a single role being handled by them singly for years. The losses to the employer are increased by the opportunity to conceal fraudulent acts over a period of time. It is opined that when duties are rotated, it will make it more difficult to hide fraudulent acts. This responsibility also lies with the management.

Monitoring of branches operations: Management accountants and internal auditors at the head office must pay close attention to the operation of branches. Branch offices could be vulnerable to fraudulent activities if there is no close monitoring, regular visits and effective documentation and timely reporting of accounting information of the branch activities to head office. This is meant to reduce the risk of fraud at those branches.

Data Security: With the ample usefulness and versatility of the digital insurgency, this has created a new range of possibilities for fraud. Data must be protected from wrong hands to avoid being manipulated in order to commit fraud and also to reduce the risk of fraud. In addition, machine or mercury light that are capable of detecting forged notes can be installed.

Procurement (Accountant and Auditor): In most cases potential losses to a business arise from the cost of procurement which can be very significant. In order to reduce the risk of procurement fraud, consideration must be given to by management to the implementation of controls over all processes and procurement act must be complied with especially in the public sector.

Related parties Transactions: There are cases of fraudulent activities which involve or are facilitated by other related parties. Thus, it is expected to subject all transactions of related parties to investigation, in an attempt to detect fraud. Special attention should be given to award of contracts to a related party or the purchase/sale of assets to a related party.

AUDIT COMMITTEE'S RESPONSIBILITIES

Audit committee plays a crucial role in assisting the board of directors in enhancing the transparency and integrity of financial reporting. Section 359(3) of Company and Allied Matters Act (1990, as amended) as Legal Framework of Audit Committee *requires* the establishment of audit committee by public companies to whom the external auditor are expected to report.

It is the task of the audit committee to champion the course of preventing and discouraging fraudulent acts and as well ensuring ethical compliance policies and program. So, the committee should often challenge the management and ensure there are appropriate antifraud programs and controls in place for detecting potential fraud and undertake investigations. And in case fraud is detected, the committee must necessarily take appropriate action against the perpetrators.

If fraud or any improper acts are exposed or detected, it is the responsibility of the audit committee - through the external auditors, internal auditors or forensic accounting consultants, as the control mechanism to examine and if it is necessary, secure legal counsel to affirm claims on the organisation's behalf. Consultants in forensic accounting may be needed particularly to contribute their in depth knowledge in the investigation of fraud cases and if desirable to get an autonomous evaluation.

As said earlier, the audit committee should ensure there are appropriate controls are in place for detecting potential fraud and undertaking investigations that could culminate into discovering fraud early. The committee is saddled with:

1) Monitoring the accounting records preparation and financial reporting process;
2) Overseeing the internal control system;
3) Overseeing the internal audit and independent public accounting functions,
4) Reviewing the financial statements,
5) Reporting findings to the board of directors, and
6) Appointment and remuneration of external auditors

Audit committee is expected to take a good course in preventing and discouraging fraudulent acts as well as taking appropriate action in the discovery of fraud. The complementary role of the Independent public accountants and of the internal auditors would continue to play an important part in the process as well.

EXTERNAL AUDITOR'S RESPONSIBILITIES

Who is an external auditor? External auditor is a professional statutory auditor appointed by the shareholders or owner (depending on the nature company) and charged with the responsibility of examining and reporting on the financial statements produced by the reporting company, in order to express a professional opinion on the financial position of the organisation.

Porter (1920) argued that exposing fraud was the main goal of an audit in the pre-1920s phase. However, there had been a shift in the primary goal of an audit by the 1930s as to verification of accounts. As a result of the numerous business transactions, it has been practically impossible for the auditors to examine all transactions. This development lends credence to the claim by the auditing on the fact that the responsibilities for fraud detection rested with the management. Also, in order to prevent fraud, appropriate internal administrative system must be implemented in their companies.

In the 1960s, it was garnered that auditors were denying their duties in detecting fraud and this act caused sadness to the heart of the public and media. The importance of audit became an issue of confusion as they failed to detect fraud. Nevertheless, aside several criticisms, auditors continued to lessen their usefulness and duties in detecting frauds by claiming that such duties are restricted to the management. As a result, business problems have been compounded by the complexity and volume of incidents of fraud. Porter (1997) noted the efforts of the law court regarding the determination of instances whereby the auditors have the duty to detect fraud. This according to the court of law could apply within reasonable limits. Boynton *et al.* (2005) argued that in contrast that auditing standards have been revamped since the fall of Enron, to re-emphasise the auditors' responsibilities to detect fraud (Oyinlola, 2010; Josiah, Adediran & Akpet, 2012).

In a bid to restrain castigation and suitably reply the demand of the public for improved auditors performance SAS No.82 was issued by the American institutes of certified Public Accountants. The new auditing standard is well detailed to reflect the roles of an auditor in detecting, investigating, and reporting material misstatements in financial statements as a result of fraud. This will be the first time that AICPA used the word 'Fraud' rather than the euphemistic word "Irregularity". There are two types of misstatements which are germane to the auditor's investigation on Fraud in financial statements audit. They are those arising from fraudulent financial reporting and misappropriation of assets. The SAS has been in operation for Financial Statements audit period at the end of or after December 15, 1997.

In order to ascertain if financial statements are void of material misstatement, the auditors. Under SAS No:82, has the duty to schematize and perform an audit in order to have an assured confidence. As part of the roles of the auditor, he is expected to examine forty-one risk factors that cause manipulation of financial reports and misuse of assets whenever audit plan is being designed or formulated. Furthermore, the plan necessarily needs consistent adjustments or modification during the audit which is based on the information garnered concerning these factors. Examples of Situations that would require attention of an initial risk assessment have been provided by the SAS. Nevertheless, Subjective judgement must still be used by auditors to analyse the risk factors. For instance, an auditor must examine one risk factors that "Managements displays significant disregards to regulatory authorities" (SAS 82 1997:90) Also, the auditor must consider the use of "Professional judgements" in conducting an audit where we have such risk factors and must as well record these risk factors in the working papers (SAS 82 1997:90). In a bid to acknowledging that the main difference between fraud and error in intent, the AICPA designates the task adjudging this distinction to the auditors.

Indicators of Fraud and Detection by Auditors

As indicated in Table 4, there are a number of fraud risks and relevant controls, along with key indicators that can be measured and reported regularly by the Auditors. Also, indicated in the Table 4, are key indicators that could be set as benchmark control measures to gauge potential instances of fraud. These indicators, however, may not by themselves be clear signs of the presence or absence of fraud, but must be considered in conjunction with other controls, such as fraud reporting and data analytics. Fraud measures must be designed within the context of the particular organisation and industry.

Table 4: Key Indicators of Fraud Reporting

Risk Area	Indicator	Activity	Suggested Tolerance level
Procurement	Number of purchases without purchase orders	Purchasing	Less than 10% of total ₦ value of purchases
Procurement	Number of purchase orders raised after supplier invoice date	Purchasing	Less than 1% of purchase orders
Procurement	Number of purchase orders below quotation threshold	Purchasing	Less than 20% of total value of purchase orders, subject to pattern identification and trend analysis
Procurement	Number of purchase requisitions approved by an employee	Purchasing	To be determined after analysis of patterns and trends
Procurement	Number of purchase requisitions raised and approved by the same employee in excess of purchase authority levels	Purchasing	Zero tolerance
Payables	Number of supplier invoices authorised for payment by purchase requisition approver/requestor	Purchasing	Zero tolerance
Payables	Number of payments to suppliers without an invoice	Purchasing	Zero
Payables	Number of supplier payments raised and approved by the same person	Payment	Zero tolerance
Payables	Number of creditors unpaid for 90 days or more		Zero tolerance, except for specific exceptions directed by CEO
Payables	Number of employee names corresponding to suppliers	Purchasing	Less than 5%, to accommodate similar names and relatives
Payables	Number of employee bank details corresponding to supplier bank details		Zero tolerance
Payables	Number of one-off suppliers	Purchasing	Less than 1% Trends to be closely monitored
Payables	Number of supplier credit notes	Purchasing	Less than 10% of total

	recorded in the last 30 days		invoices processed.
Payables	Frequency of single-use suppliers in the past 24 months	Purchasing	Less than 1%. Trends to be closely monitored
Payables/receivables	Supplier details matching non-rates debtor details	Payments	Less than 10%. Trends to be closely monitored
Receivables	Number and ₦ value of debtors (rates/other) outstanding for 90 days or more	Sales	Less than 10%. (Exclude state and commonwealth government agencies)
Receivables	Number of debtor debit notes raised in the last 30 days	Sales	Less than 1%. Trends to be monitored.
Receivables	Account receivables that appear too high or that are increasing too fast	Sales	Less than 20%. Trend to be monitored
Cash management	Number and ₦ value of monthly payments to suppliers over 12 months	Purchases	Pattern to be consistent with yearly trend
Cash management	Number and ₦ value of monthly collections from rates debtors over 12 months	Sales	Pattern to be consistent with yearly trend
Cash management	Number and ₦ value of cash and cheque receipts in the last 30 days	Receipts	Observe pattern proportional to total number and value of receipts and compare to trend
Cash management	Number and ₦ value of cash and cheque payments in the last 30 days	Payments	Observe pattern proportional to total number and value of receipts and compare to trend
Revenue	Number of rateable properties without issued rate notices for the year	Receipts	Zero tolerance
Revenue	Number of eligible properties without issued waste collection charges for the year	Receipts	Zero tolerance
Revenue	Revenue that appears too high, especially relative to non-financial performance measures	Sales	Zero tolerance
Returns Inwards	Sales returns that appear too low	Sales	Zero tolerance
General financial	Number of journal entries posted during the month	Recording	To be determined, based on expected month-end activity, etc.
General financial	Number of journals raised and approved by the same person in the last month	Recording	Zero tolerance
General financial	Number of journals entries posted without supporting documents	Recording	Zero tolerance
Bad Debt	Bad Debt and Discount Allowed that appears too low	Sales	Zero tolerance

Source: Oommen and Buys (2015), Modified.

If the transactions recorded in the book of account fall below the suggested tolerance level indicated in Table 4, ***the auditor must take the following steps***:

(i) Review all the available accounting information in the financial statements.
(ii) Trace the trend and raise query on any identified deviation or extraordinary items.
(iii) Auditor must not take verbal explanation on their face values. They must ask 'why' and 'how; in the course of cross-checking accounting information.
(iv) Identification of last minute revenue adjustment by the organisation which significantly improves financial results must be carefully examined.
(v) Auditor must pay attention to a large and growing receivable balance with little or no cash received from the customers
(vi) At this stage the following must be done objectively- test checking documents; inspection of books of account; inspection of reconciliation statements and other reports; stocktaking exercise and wages pay-out; examination of cheque book and independent confirmation of information obtained verbally.

In summary the auditor is expected to design audit procedures in order to obtain reasonable assurance that misstatement arising from fraud and error that are material to the financial statements taken as a whole are detected.

7. CURRENT CHALLENGES FACING ACCOUNTANTS AND AUDITORS

a) **Globalization:** The era of the fourth Industrial Revolution is here where robots are going to take over all the tasks that can be repetitively performed such as routine services rendered by the accountants and auditors both internal to the organisation and external services rendered by independent audit firms. Accounting profession would be crossly affected by loss of most of the existing jobs although new jobs that the robots cannot perform would be available to the extremely skilful professionals. Globalization paradoxically and essentially constitutes threats to the profession despite its many benefits. Tachie (2010) identified three groups of professional accountants that would be grossly affected by globalisation which include: those working for or providing external services to foreign-owned companies; those working for or providing external services to locally-based enterprises with global presence and the professional accountants whose jobs are routine in nature. However, accountants with expanded skills in financial accounting and as well as those that could complement their knowledge and acquired skills with the performance-oriented knowledge, skills, and abilities of management accounting stand a better chance to survive and find securing valued jobs (Wilson, Herbert, Anyahara, Okoroafor & Onyilo, 2016).

b) There is need therefore according to Salawu (2017) and Venter and Moloi (2018) for universities to update and upgrade their curriculum in order to adequately prepare and equip the new stream of students who are bound to face the challenge of the fourth industrial revolution. Consequently, there is the need for current students as well as the graduates from all fields and especially, the intending Accountants and intending Auditors to acquire the identifiable relevant skills including but not limited to innovative thinking, negotiation skill, creativity, cognitive flexibility, emotional intelligence, problem solving, people management, service oriented attitude and decision-making skill as required for the fourth industrial revolution.

c) **Acceptance of International Financial Reporting Standards (IFRS):** There is lack of consensus on universal acceptance of IFRS as a single set of high quality standards poses another challenge for the current and future accountants especially, in the era of disruptive technology.

d) **Ethical Issue:** The current generation is witnessing an erosion of ethics and insurgence of new forms of technology-related frauds and vices which constitute the risk of cybercrimes for companies and a new challenge for the profession. Commitment to ethics is not rated as fundamental duty but as a supererogation. Here is a generation with explosive practice of "creative accounting" like a profession within the accounting profession.

e) **Regulatory Framework:** There is the challenge of lack of consensus among the regulators and relevant institutions including the Securities and Exchange Commission, the Stock Exchange, accounting profession, standards setters, legislature, and, to some extent, the academia in the development of a common framework for financial reporting.

f) **Standard of Accounting Education:** The challenge of lowered or lack of commitment to excellence by majority of the students in the current age which according to Financial Research Associates (2009),has also affected the profession by creating a "*massive institutional pedagogical gaps and dysfunctions in accounting education*" with the resultant effects on the quality of graduates released into the cycle of accounting profession. Till date, the profession is still facing the challenges and threats as well as dearth of graduates with core competence necessary for meeting the complex and ever increasing challenges of financial reporting in a sophisticated and dynamic business environment.

8. CONCLUSION AND RECOMMENDATIONS

Much local and global crises had been generated as a result of the untamed propensity of fraudulent staff and management with incalculable damage to the reputation of reputable public limited liability companies as well as resultant stigma on the accounting and auditing services on the one hand; many investors had been victims of the devastating consequences some of the collapsed companies brought upon their wide range of stakeholders on the other hand. The cost of fraud is shared by all the entire society through higher costs and lower corporate profits. However, through the itemised role of the management in ensuring effective internal controls system, codes of ethics and conducive work environments for employees, more stringent requirements for external auditors, activation of whistle blowing, corporate entities in Nigeria can be rid of the menace of fraud.

The main task of the management (accountants, internal auditing, audit committee, etc.), external auditors, and other controlling institutions is to identify, investigate and detect and prevent frauds in financial statements. Also, proper normative framework should be created by other regulatory bodies and their application should be secured for the importance of reliable, transparent financial reporting and Accountability.

In the light of the roles of reporting company and the external auditor identified in this paper, the following recommendations are suggested:

(i) **Fraud Awareness Training:** This is a critical step in deterring fraud among employee. The emphasis should not be on the responsibility of the external auditors only, but relevant training and sensitization programmes should be organised by management to create awareness inculcating practical steps for incapacitating fraudsters among staff and management.

(ii) **Minimization of opportunity to fraudulent activities:** Management must ensure that opportunities for fraud are minimized (fraud prevention) by obliterating the loopholes and instituting stringent rules and punishment for (fraud, deterrence).

(iii) **Development of Corporate Fraud Policy:** A Corporate Fraud Policy sets out what employees are to do when fraud is suspected. It involves establishing whistle blowing protection procedure and guaranteed protection as applicable.

(iv) **Investigation of fraud:** There should be prompt investigation of cases reported and extermination of any detected fraud. Government and relevant regulatory bodies should impose stiff sanction on those found culpable of corporate fraud as in other countries. The quality, integrity, transparency, and accountability in any profession would not be sustained, without any legal sanction. Code of Ethics not backed by any legal sanction cannot be maintained in real life.

(v) **Effective internal control:** Effective internal control protects the company against fraud and irregularities. One major responsibility of the management is to develop and institute these controls. The success or otherwise of such controls is dependent on the management. The roles of accountants and internal auditors cannot be overemphasised in this area.

(vi) **Rotation of External Auditor:** Unduly prolonged tenure of audit firms has been identified as a key contributor to declining auditor independence in Nigeria, leading to collaboration with the management of companies in falsifying accounts. Extension of audit tenure should be discouraged by corporate organization and regulatory bodies in Nigeria.

(vii) **Supervision by Relevant Government Agencies**: The Federal government of Nigeria through her relevant agencies like the CBN, FRC, IFRB, NDIC, with the support of the professional bodies, should monitor the development in the reporting environment. The government should consider setting up an independent body or authorised the Institute of Chartered Accountant of Nigeria the role of assessing the report on the performance of the firms of auditors to check for possible violation to extant rules and regulations within the profession.

(viii) **Independence of the external auditor:** The regulators of accounting profession should strive to promote the independence of auditors. This can be achieved through adherence to accounting and auditing standards. In addition audit and non-audit services should be performed by different accounting firms to forestall compromise and collaboration in the job.

(ix) **Unified Code of Corporate Governance in Nigeria**: If the investor's confidence must be resuscitated, there is need for a unified code of corporate governance among the various regulators in Nigeria. The effort of regulators in Nigeria should complement one another since proliferation of codes impact negatively on the activities of both the audit committee and external auditors. This would also serves as benchmark for monitoring and implementing corporate policies and practices at firm level.

(x) **Harmonization of Accounting Professional Bodies:** Multiplicity of accountancy bodies in Nigeria has given birth to divergent codes on auditor independence. The multiplied codes of corporate governance be harmonised and the proliferation of accounting professional bodies in Nigeria should be addressed by the relevant regulatory agency, as a pre-condition for promoting auditor independence among external auditors.

(xi) **Upholding of Ethics:** Ethical practices should be promoted among accounting and auditing professionals who are responsible for the preparation and examination of financial statements to guarantee reliable report of the true state of the firm.

(xii) **Strengthening Audit Committees:** The role of the audit committees in promoting efficient and healthy corporate governance practices cannot be overemphasised. It is therefore imperative that members of this committee must have proven integrity, display a high level of financial literacy and professional expertise, practical and deep understanding of the object of the company, requisite corporate experience must be given high consideration in appointing members into the committee. In addition, relevant technological skill should be considered as a prerequisite in this era of the fourth industrial revolution.

(xiii) **Research Grants to Higher Institutions:** Grants are highly needed for postgraduate students in accounting and accounting teachers/researchers in order to tackle challenging accounting profession in the face of constant change of technology and era of artificial intelligence. Notable accounting firms, professional bodies and government must aid researches in the field of accounting and finance.

(xiv) **Review of Accounting Curriculum:** Fraud related topics are not visible in the accounting curriculum of many Nigerian University. With increasing awareness and the challenges which imposed the responsibility to fight numerous types of fraud on the accountant, Nigerian institutions need to add fraud examination, forensic accounting, accounting for artificial intelligence, accounting information system courses to their curriculum.

All the above recommendations if applied would considerably reduce fraudulent practices by the reporting company and the external auditor. Management, accountants, internal auditors and external auditor must join hands together to wage war against fraud on daily basis. However, the fear of God cum eternity in view is the main panacea to eradicating and preventing fraudulent practices in the private and public sectors.

References

Association of Certified Fraud Examiners. (2010). "Report on the Nation Occupational Fraud and Abuse." [Online]. Available: http://www.cfenet.com/summary.html. Accessed 7/28/99.

Association of Certified Fraud Examiners (2010). Report to the Nation on Occupational Fraud & Abuse, 2010 Global Fraud Study, ACFE.

Abduiiahi, M., Okpara, E &Ahunanya, S., (2010). Transparency in Corporate Governance: A Comparative Study of Enron, USA and Cadbury PLC, Nigeria. *The social Sciences*, 5(6), 471-476.

Ajibolade, S.O. (2008). “A survey of the perception of ethical behaviour of the future Nigeria Accounting Professionals” *The Nigerian Accountant* 43 (3), 54-57

Aruomoaghe, J. A. &Ikyume, J. C. (2013). Accounting for fraud in Nigeria: The banking sector in focus, *International Journal of Research in Management*, 3(6), 59-73.

Baird, J.E. &Zelin, R.C. (2009).An examination of the impact of obedience pressure on perceptions of fraudulent acts and the likelihood of committing occupational fraud.*Journal of Forensic Studies in Accounting and Business*, *1*(1), 1-14.

Bakre, O.M (2007). The Unethical practices of Accountants and Auditors and the compromising stance of professional bodies in the corporate world: Evidence from corporate Nigeria Accounting forum, 31(3), Broad Street journal 21 October 2009 “All eyes on Accountants available on-line at http;//www.bsjournal.com/article page php?id=8902/862dof847.

Boynton, W., Johnson, R. &Kell, W. (2005).*Assurance and the integrity of financial reporting*.8th edition.New York: John Wiley & Son, Inc.

Brink, V.Z. & Witt, H. 1982, Internal Auditing.John Wiley & Sons: New York, NY.

Coffee J. J. (2006). Gatekeepers: The Professions and Corporate Governance, Oxford University Press, Oxford, England.

Cressey, D. (1973). Other people’s money. Montclair: Patterson smith

Cressey, D. R. (1953).Other People’s Money. Montclair, NJ: Patterson Smith, pp.1-300.

Crowe, H. (2011). The Mind Behind The Fraudsters Crime : Key Behavioral and Environmental Element.

Dimitrijevic, D.,Milovanovic, V. &Stanci, V. (2015). The Role of A Company’s Internal Control System in Fraud Prevention, *Financial Internet Quarterly, eFinanse*, 11(3), 34-44.

Elliot R. K & Willingham (1980).*Management Fraud: Detection and Deterrence* Pettro Celli Books Inc. New York.

Enofe, A. O., Ekpulu, G. A. &Ajala, T. O. (2015). Forensic Accounting and Corporate Crime Mitigation, *European Scientific Journal*, 11(7), 167-185.

Enofe, A. O.,Idemudia, N. G. & Emmanuel, G. U. (2015).Forensic Accounting a Panacea to Fraud Reduction in Nigeria Firms, *Journal of Accounting and Financial Management*, 1(8), 49-64

Financial Research Associates.(2009). Assessment of Inclusion of NASB Statement of Accounting Standards in Accounting Curricula, Nigerian Accounting Standards Board.

Hall, J. A., (2007). Accounting Information Systems.Fifth Edition. Cincinnati: Thomson South-Western College Publishing.

Hamilton, D. I. & Gabriel, J. M. O. (2012).Dimensions of fraud in Nigeria quoted firms *American Journal of Social and Management Sciences,* 3(3), 112-120.

Hansen, L.L. (2009). Corporate financial crime: Social diagnosis and treatment. *Journal of Financial Crime, 16*(1), 28-40.

IIA (2016).International standards for the professional practice of internal auditing (Standards) [Online]. https://na.theiia.og/standards-guidance/,,,/IPPE-Standards-2017.pdf.

Josiah, M. J., Adediran, A. S. &Akpet, O. E. (2012).Evaluation of roles of auditors in the fraud detection and investigation in Nigerian industries, *American Journal of Social and Management Sciences*, 3(2), 49-59.

KPMG Forensic Malaysia. 2005. Fraud survey 2004 report. Kuala Lumpur: KPMG.

Luke, O. O. &Olowolaju, M. (2013). Incessant Financial Scandals in the Corporate Organizations in Nigeria: Auditors' Culpability, *Research Journal of Finance and Accounting,* 4(9), 104-109.

Messier, W. F., Glover, S. M., &Prawitt, D. F. (2007).*Auditing & assurance services: A systematic approach* (6th ed.). New York, NY: McGraw-Hill/Irwin.

Mmadus, R.A &Akomolafe, R.J, (2014). Financial Investigation and Disclosure as Defence Mechanisms against Corporate Fraud in Nigeria: Are We There Yet? *African Journal of Law and Criminology,* 4 (1), 25-41

New York District Export Council (2018).Nigerian Business Scams.https://www.newyorkdec.org/nigerian-business-scams.html

Nigeria Deposit Insurance Corporation (NDIC) Annual Reports from 2002 to 2017

Nwachukwu, C.C (1995).*Modern Nigerian Business Law.*African Educational Service Owerri, Nigeria

Oommen, R. & Buys, P. (2015). “The Role of Management Accounting in Fraud Control: The Case of the City of Joondalup”, *Risk governance & Control: Financial Markets & Institutions, 5*(4), 213-222.

Oyinlola, A. O. (2010). "The Role of Auditors in Fraud Detection, Prevention and Reporting in Nigeria", *Library Philosophy and Practice (e-journal)*, 517. http://digitalcommons.unl.edu/libphilprac/517.

Porter, B. (1997): *Auditors' responsibilities with respect to corporate fraud: a controversial issue*, in Sherer,M. and Turley, S. (Eds), 3rd ed., Current Issues in Auditing, Paul Chapman Publishing. London, Ch. 2, 31-54.

PWC (2016).Impact of Corruption on Nigeria's Economy, PricewaterhouseCoopers Limited, www.pwc.com/ng.

Raab, M. S. (1986). Detecting and Preventing Financial StatementFraud: The Roles of the Reporting Company andthe Independent Auditor, *Yale Law & Policy Review*, 5(2), 513-535.

Rothschild M. (1994): Cited in Alant N.&Uys T. (1994) and inHamilton, D. I. & Gabriel, J. M. O. (2012). Dimensions of fraud in Nigeria quoted firms *American Journal of Social and Management Sciences,* 3(3), 112-120.

Robertson J. C. (1976*).*Cited in Hamilton, D. I. & Gabriel, J. M. O. (2012).Dimensions of fraud in Nigeria quoted firms *American Journal of Social and Management Sciences,* 3(3), 112-120.

Salawu, R. O. &Agbeja, O. (2007). Auditing and Accountability Mechanism in the Public Sector, *International Journal of Applied Economics and Finance*, 1(1), 45-54.

Salawu, R. O.,&Salawu, M. K. (2007). The Emergence of Internet Banking in Nigeria: An Appraisal, *Information Technology Journal*, 6(4), 490-496.

Salawu, R. O. &Olayinka, S. W. (2016). Stock Market Liquidity and Investment Decisions of Non-Financial Quoted Companies in Nigeria, *Journal of Economics and Business Research*, 21(2), 205-226.

Salawu, R. O., Oladejo, T. M. &Inneh, E. G. (2017).Going Concern and Audit Opinion ofNigerian Banking Industry, *Accounting & Taxation*, 9(1), 63-72.

Salawu, M. K. (2017). Assessment of the Institutional Regulatory Framework of Auditor Independence in Nigeria, *African Research Review*, 11(2), 108-120

Salawu, M. K., Venter, S, &Moloi T. (2018). “Accounting StudentsAwareness and Understanding of Skills and Competencies Demanded by the Fourth Industrial Revolution*” International Conference on Economics, Management and Technology, Bangkok, Thailand*, a working Paper No. A2018001.

Salaudeen Y. M., Ibikunle. J.&Chima, E. I. (2015). Unethical Accounting Practice and Financial Reporting Quality: Evidence from Nigeria, *International Journal of Academic Research in Accounting, Finance and Management Sciences,* 5(2), 143–150.

Sahiti, A. &Bektashi, M. (2015).Detection Techniques of Fraud in Accounting *European Journal of Economics and Business Studies*, 2(1), 96-101

Tachie, A., 2010, How accounting profession could fit into globalization effort in the 21st century? Available on: www.answers.com › ... › Industries and Professions.

The Nigeria Electronic Fraud Forum (NeFF) (2014). Annual Report e-Fraud: Fighting the battle, winning the war

The Nigeria Electronic Fraud Forum (NeFF) (2015). Annual Report: Improving and Securing the Cyber-Environment, Central Bank of Nigeria, 10-18.

The Nigeria Electronic Fraud Forum (NeFF) (2016). A Changing Payments Ecosystem: The Security Challenge, 13-25.

The International Auditing Standards Board, (2009). International Standard on Auditing No.240: the Auditor's responsibilities relating to fraud in an audit of financial statements.

Toms, S. (2015). Fraud and Financial Scandals: AHistorical Analysis of Opportunity and Impediment, MPRA Paper No. 68255,Online athttps://mpra.ub.uni-muenchen.de/68255/posted 8.09:46 UTC.

This day October 16th, 2006, p. 6.

Udeh,S. N. &Ugwu, J. I. (2018).Fraud in Nigerian Banking Sector, *International Journal of Academic Research in Business and Social Sciences*, 8(5), 590-607

Wells, J. (2005). *Principles of Fraud Examination*. New Jersey: John Wiley & Sons, Inc.

Wilson, E. Herbert, W. E.,Anyahara, I. O.,Okoroafor, E. N. &Onyilo, F. (2016).Financial Reporting Council of Nigeria and the Future of Accounting Profession in Nigeria, *International Journal of Finance and Accounting*, 5(3), 146-157.

Wolfe, D., &Hermanson, D. R. (2004). The fraud diamond: Considering four elements of fraud. *The CPA Journal*, 74 (12), 38-42.

Appendix I: Reports of the Nigeria Electronic Fraud Forum (NeFF) (2014-2017)

Year	Total Number of fraud cases	Amount involved (₦'Million)	Total Expected Losses (₦'Million)	Proportion of expected loss to actual fraud amount (%)
2002	796	12919.55	1291.955	10
2003	850	9383.67	857.6674	9.14
2004	1175	11754	2610.563	22.21
2005	1229	10606.18	5602.184	52.82
2006	1193	4832.17	2768.833	57.3
2007	1553	10005.81	2869.666	28.68
2008	2007	53522.86	17544.79	32.78
2009	1764	41265.5	7547.46	18.29
2010	1532	21291.41	11678.34	54.85
2011	2352	28400.86	4069.843	14.33
2012	3380	18045	4536.513	25.14
2013	3756	21795	5756.06	26.41
2014	10621	25608	6192.014	24.18
2015	12279	18021	3169.894	17.59
2016	16751	8683	2399.981	27.64
2017	26182	12012	2372.37	19.75
2018	37817	38930	15150	38.92

Source: NDIC Annual Reports from 2002 to 2018, Reports of the Nigeria Electronic Fraud Forum (NeFF) (2014-2018)

A Brief Citation of Professor Rafiu Oyesola Salawu

Rafiu Oyesola Salawu hails from Ido Local Government, Oyo State. He was born on 16th October, 1966. In his pursuance for education, he attended Ibadan District Council (IDC) Primary School, Siba, Via Bode-Igbo, Ibadan, Oyo State from 1973-1979. He attended former Community High School, Onidoko, via Omi Adio, Ibadan, where he obtained the West African School Certificate in 1985. He proceeded to former Oyo State College of Arts and Science, Ile-Ife, from 1986-1988, where he obtained Higher School Certificate in Accounting, Management and Economics.

Rafiu Oyesola Salawu is a First Class graduate of Economics from Obafemi Awolowo University, Ile-Ife. He also holds M.Sc. degree (Economics) from the University of Ibadan; Master of Business Administration (Accounting and Finance), M.Phil. and Ph.D. (Management & Accounting) from Obafemi Awolowo University, Ile-Ife, Nigeria.

He started his academic career as an Assistant Lecturer in the Department of Management and Accounting on 4th August, 1998. Subsequently, he became a Professor of Accounting on 1st October, 2012. He has conscientiously served the Department, the Faculty and the University in various capacities and continues to maintain a high standard of academic excellence and productivity as a teacher, researcher, supervisor and mentor.

He is a seasoned scholar of repute in the field of Accounting and Finance. He has attended several academic and professional conferences, seminars and workshops at local, national and international levels cum paper presentations. In the course of his 20-year academic life in the University system, he has a total of sixty-five (65) publications in national and international journals. He has supervised 14 Ph.D theses as first or second supervisor, 18 M.Sc. theses as first supervisor and hundreds of B.Sc/MBA projects as sole supervisor. He is a reviewer and editorial member to some national and international journals. He has served and still serving as an External Examiner to many Departments of Accounting in many Federal, State and Private Universities in Nigeria. He is a consultant to the West African College of Surgeons in the field of Public Finance and Budgeting. He has participated in 15 National University Commission (NUC) accreditation/resource verification exercise across the Universities in the country, as team leader or team member. Currently, Professor Rafiu Oyesola Salawu teaches Public finance, Taxation, Financial Accounting, Financial Reporting, Financial Econometrics and Public Sector Accounting. His research interest covers Financial Accounting, Finance, Taxation and Public Sector Accounting.

Professor Salawu is a Council Member, Governing Council of Association of Forensic Accounting Researchers (AFAR). Also, a Council Member, Governing Council of Global Initiative Centre for Scientific Research and Development (GICSRD), Nigeria. Professionally, he is a Fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Taxation of Nigeria (CITN). Furthermore, he is a Fellow of the Nigerian Accounting Association (FNAA) and a Fellow of the Association of Forensic Accounting Researchers (FFAR). Professor Salawu, through his professional skills and academic prowess, has produced several Chartered Accountants with ICAN Awards in most diets. As a Fellow of the Chartered Institute of Taxation of Nigeria (CITN), he has served as a member of the Editorial Advisory Committee between 2013 and 2016 and presently serves as the Editor-in-Chief, Journal of Taxation and Economic Development, since 2016 till date. He is also Editor-in-Chief, African Journal of Corporate Governance Research, University of Johannesburg, South Africa.

Furthermore, he has rendered useful services to the Department, Faculty, University and the Community. He was the Chairman (Local Organizing Committee) of the successful International Conferences held in 2012, 2014 and 2016 at the Departmental level and Faculty Conference in 2015. He is a member of organizing Committee, Annual International Academic Conference on Taxation, CITN from 2018 till date; A member, organizing Committee, Academic Conference on Accounting and Finance, ICAN 2016 till date; member, International organizing Committee, International Conference of Accounting and Business, University of Johannesburg, South Africa, 2018 till date. Indeed, Professor Salawu has indeed carved a niche for himself as a distinguished teacher, researcher and mentor in the Department. Currently, he is the Chairman, Faculty of Administration Postgraduate Committee, member of University Strategic Action Plan Steering Committee and a senate member of Obafemi Awolowo University, Ile-Ife, as well as a Visiting Professor at School of Business and Public Administration, University of The Gambia, Gambia. He is happily married to Dr. (Mrs.) Mary Kehinde Salawu and they are blessed with children.

DONOR - LATE MRS. FREDERICA ABIMBOLA OMOLOLU-MULELE: AN EDUCATIONIST, LAWYER AND PHILANTHROPIST PAR EXCELLENCE

Early Life

Late Mrs. Frederica Abimbola Aina Omololu-Mulele was born to Fredrick Ladipo Mobolaji Benson. Her father did not like to have any English name so he later changed to Ladipo Mobolaji Abisogun-Afodu; this was in the youth movement era. He was born in Lagos but his father hailed from Ikorodu, Lagos State while his mother belonged to Suenu Chieftaincy Family of Lagos at Isale Eko. Ladipo Mobolaji Abisogun-Afodu was a Pharmacist, a member and founder of Lagos Cricket Club.

During the 2nd World War in 1940, the boat that Mr Mobolaji Abisogun was travelling on was torpedoed by the German Submarine U.2 off the Coast of Iceland and all those in the ship perished. He was buried in London. Her mother, Mrs. Candida Adenike Afodu was the daughter of Chief Candido Joa da Rocha. He died on 1st July, 2005 bringing to an end the first generation of Chief Candido da. Rocha's family.

After the death of Mrs. Abimbola Omololu-Mulele's father, her grandfather, da Rocha took over her upkeep and education of her five siblings from primary school to the University level. Da Rocha was a business man, property and land owner and the financier. He lived in the historic Water House, 12 Kakawa Street, Lagos. Her siblings are Late Dr. O. da Rocha-Afodu, Mrs. A. O. Branco, who is the current head of the da Rocha-Afodu's clan, late Mr. C. O. da Rocha-Afodu, Professor John Taiwo da Rocha-Afodu, an Emeritus Professor of Surgery, University of Lagos and Mrs. Cecilia Kehinde Somolu.

Education

She attended Queens College Nursery School, Onikan, Lagos; she then moved on to St. Thomas Catholic Secondary School, Broad Street, Lagos. She continued her secondary school education in Sussex, United Kingdom. On completion of secondary education, she attended Trinity College, Dublin and was the first Nigerian female graduate in Law to attend any University. She was a member of Middle Temple Inn, London.

Career

Abimbola started her career in the civil service as a Crown Counsel. She got married to a career diplomat and judge, late Justice Olusanya Omololu who was a Deputy High Commissioner in the Nigerian High Commission in the United Kingdom. She later bowed to her husband's wish and resigned her appointment. In order to satisfy her passion as an educationist, she established Adrao International School (Abimbola da Rocha Afodu Omololu).

Mrs Omololu-Mulele started the school in one of the government houses given to officials at the Luggard Avenue, Ikoyi. She started on July 1, 1963 with three pupils, one of whom was a member of the family. The school relocated to the present location on Ahmadu Bello Street, Victoria Island in 1964. The formal opening was performed by the late Prime Minister, Alhaji Tafawa Balewa in April 1964.

Endowment

Many years after the death of her husband, Justice Omololu, she married General Guillame Mulele. Mrs. Omololu-, Mulele was a renowned educationist, lawyer and philanthropist per excellence. Her philanthropic spirit was best demonstrated in the endowment of **₦38,000,000.00 (Thirty-Eight Million Naira)** for the Candida da Rocha Annual Lecture in Accountancy as her legacy gift to the Osun State University in her Last Will and Testament. She made similar endowments to the Department of Pharmacy and the Department of Obstetrics and Gynaecology of the University of Lagos, a Catholic Seminary and the Catholic University, Abuja.

The endowment of the Candida da Rocha Annual Lecture in Accountancy is a demonstration of her commitment to stimulate and advance the frontiers of knowledge in Accountancy.

Mrs. Abimbola Aina Omololu- Mulele passed on to eternal glory on the 19th day of May 2009. May her gentle soul rest in peace.