



# EFFECT OF FORENSIC ACCOUNTING TECHNIQUES ON FINANCIAL REPORTING CREDIBILITY OF FEDERAL MINISTRIES, DEPARTMENTS AND AGENCIES (MDAS) IN NIGERIA

By

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## ABSTRACT

*The study titled the effect of forensic accounting techniques on the credibility of financial reporting of Federal Ministries, Departments and Agencies (MDAs) in Nigeria. This study particularly examines the effect of forensic accounting skills; technical and analytical skills; and communication skills on the credibility of financial reporting. The population of this study comprises 14 federal Ministries and 56 federal Agencies. The study utilized stratified and simple sampling techniques to select a sample size of 164 in Kaduna, and the questionnaire contains fifteen questions on a five-point Likert-type scale, administered online. IBM SPSS Statistics software was employed to analyze the data. The regression result indicates that forensic accounting skills; technical and analytical skills, and communication skills have a positive and significant effect on the credibility of financial reporting. The study concludes that the credibility of financial reporting is influenced by the three independent variables positively and significantly. The study recommends that MDAs should hire more and train more accountants who specialize in forensic accounting to assist in identifying and preventing malpractice to enhance the financial statements' reliability and accuracy engage in improving the technical and analytical skills of human resources in the accounting and finance department by providing training that assists in reducing the rate of erroneous financial analysis and reporting; and make sure that their financial teams are well-endowed with communication skills to enables the stakeholders to have confidence in the report and make a better understanding of it, hence improving on the credibility of the report.*

**Keywords:** *Forensic Accounting, Financial Reporting Credibility, Federal Ministries, Federal Agencies. Technical Skills, Analytical Skills, Communication Skills, Regression Analysis, SPSS, Likert Scale*

## 1. INTRODUCTION

Global financial credibility is a fundamental key in ensuring that stakeholder confidence and governance in public sector entities are well achieved. In Africa in particular the role of preparing and disseminating timely, credible and transparent financial statements is pivotal given the region's persistent problems with governance and management of its fiscal systems. In Nigeria, the Federal Ministries, Departments and Agencies (MDAs) which has the Federal Ministry of Finance as a central coordinating agency, is a major sub-sector of the public sector where sound accounting and credible financial reporting are critically important. These entities have been characterized by a high rate of financial inventiveness and fraud, hence a need to employ proper forensic accounting practices to enhance financial reports' credibility (Owolabi et al., 2013).

The credibility of financial reporting is simply the extent to which users of the financial statements can rely on them without a doubt that they have been prepared with no material omissions or manipulation. For Nigeria's MDAs, reporting accurate financial information is important since it helps government; officials, policymakers, and the public in the decision-making process (Dada et al., 2013). However, due to constant corruption and various inefficient cases, the published financial reports of such entities have been questionable (Gbegi & Adebisi, 2014). For the people to regain their



confidence back in this sector is only possible if the MDAs embrace the right forensic accounting procedures.

Investigative accounting involves a number of techniques aimed at the identification, deterrence, and investigation of fraud and other financial malpractices. Methods like fraud detection, forensic auditing, and Computer Assisted Audit Tools are important in the examination of financial data and reveal the real position of MDAs (Emmanuel et al., 2018). These methods are essential to report those irregularities, and defunct activities and have a justified picture of financial statements. Globally, the reliability of reporting financial data is very important, especially in supporting the credibility of the management of the public's resources. The application of forensic accounting practices is being considered as an international vogue to bolster financial credibility and accountability. In Africa, and particularly over the recent past, there has been an increasing concern for Credibility of financial reporting as a tool to fight the continent's perennial vices of corruption and poor accountability. Nigeria and other African countries are gradually incorporating forensic accounting in enhancing their financial control. In Nigeria, the quality of the financial reports of the MDAs is always in doubt because of such things as corruption and inefficiency. These challenges must be solved by the use of forensic accounting techniques to build back the confidence that people have in the financial reports that the entities produce.

To be effective in conducting forensic investigations, one needs fundamental skills in forensic accounting. These include an understanding of accounting principles, being familiar with specific legislation and standards regarding finance as well as knowledge about ways that frauds could be discovered (Adegbe & Fakile, 2012). In addition, a capability to thoroughly analyze financial documents look for suspicious signs, and know what consequences may appear based on their findings is also required from a specialist doing forensic accounting.

Forensic accountants must possess the technical skills necessary for conducting detailed examinations of financial data. They need these skills to apply such analyses as regression analysis, ratio analysis, or data mining which identify peculiarities revealing that there has been fraudulence practices (Enofe et al., 2013). To effectively analyze large quantities of data however they require competency in the use of forensic accounting software and tools.

A forensic accountant must be able to convince others of their findings in clear and persuasive terms. To conduct effective investigations that yield results, these professionals need excellent communication skills. It requires the ability to comprehend complex financial information by non-financial experts, writing detailed and coherent reports as well as giving expert witness in a court (Jung-Wha et al., 2014). Therefore, during investigations forensic accountants ought to be good at gathering relevant information through interviews and dealing with multiple stakeholders.

This study focuses on the Federal Ministries, Departments, and Agencies (MDAs) in Nigeria. These public sector entities undertake various governmental functions and responsibilities and also manage huge financial resources. The credibility of financial reporting in MDAs is therefore important for purposes of maintaining public trust as well as achieving transparency and accountability in government operations. This research seeks to explore how forensic accounting techniques can improve the credibility of financial reporting. Consequently, this paper attempts to demonstrate how forensic accounting techniques could be used to improve the integrity and reliability of financial statements within Nigerian public sector entities hence enhancing accountability for resources management within government departments.

Thus, forensic accounting techniques are central to providing accurate and reliable financial statements of MDAs in Nigeria, particularly the Federal Ministries, Departments, and Agencies. Still, several practical problems can negatively impact their work and erode the credibility of financial reports. One of them is the absence or shortage of sufficiently qualified forensic accountants in the staff of MDAs. Some of the personnel do not even have the necessary competencies like strong accounting knowledge, fraud prevention techniques, and financial knowledge. Failure to fill this skills gap may lead to poor implementation of the forensic procedures hence fraud may go unnoticed or financial statements may not be prepared accurately. Furthermore, lack of continuing education and professional development hinders forensic accountants from addressing new fraud sensibility tools and legislation change in that regard hence worsening the issue. In addition certified technical skills and analytical abilities are important when it comes to the evaluation of financial and operational data for

detecting signs of distress. Nevertheless, some concerns that are more of a practical nature include the following, unavailability of sophisticated forensic accounting software and tools in MDAs. Lack of budget, and implementation of a modern technological resource are all hampered by bureaucratic barriers. It is for this reason that, even when tools are available through which one could monitor his or her subordinates, these tools seldom get used due to a lack of proper training.

Also, most frauds are related to complex financial crime scenes and some of the schemes can only be understood with high probability by accountants with strategic analysis skills which are lacking in most forensic accountants in MDAs. This recurring technical issue is not conducive to a comprehensive evaluation of account information and the detection of fraud. Clear and concise communication of the findings is paramount to enhance the delivery of forensic accountants' duties. It is a common challenge especially among forensic accountants to provide clear evidence of how the information is related in a way that will be easily comprehensible to people who are not experts; for instance policymakers or stakeholders. Enumerate some of the adverse consequences of having a culture that emphasizes the lack of effective and efficient communication patterns. On the same note, a lack of proper communication results in a lack of compliance with some important forensic evidence. In addition, for forensic accountants, there is a regular need to write reports and sometimes even as an expert witness in some legal proceedings Hence, forensic accountants' reports should be concise, clear, and readily defensible.

This study helps to tackle the difficulties and shed light on the importance of forensic accountancy techniques. This study respond to the following research question:

- i. What extent does forensic accounting skills affect the credibility of financial reporting for the federal ministries, departments, and agencies in Nigeria?
- ii. To what extent does the technical and analytical skills affect the credibility of financial reporting of Federal Ministries, Departments, and Agencies in Nigeria affect?
- iii. What extent does communication skills affect the credibility of financial reporting for the federal ministries, departments, and agencies in Nigeria?

This study determines the effect of forensic accounting techniques on the credibility of financial reporting in Federal Ministries, Departments, and Agencies in Nigeria. The specific objective is to:

- i. Assess the effect of forensic accounting skills on the credibility of financial reporting of the Federal Ministries, Departments, and Agencies in Nigeria.
- ii. Ascertain the effect of technical and analytical skills on the credibility of financial reporting of Federal Ministries, Departments, and Agencies in Nigeria affect the credibility of financial reporting.
- iii. Evaluate the effect of communication skills on the credibility of financial reporting of Federal Ministries, Departments, and Agencies in Nigeria affect the credibility of financial reporting.

To achieve the identified research objective, the following hypotheses were formulated:

H01: Forensic accounting skills have no significant effect on the credibility of financial reporting of the Federal Ministries, Departments, and Agencies in Nigeria.

H02: Technical and analytical skills have no significant effect on the credibility of financial reporting of Federal Ministries, Departments, and Agencies in Nigeria.

H03: communication skills have no significant effect on the credibility of financial reporting of Federal Ministries, Departments, and Agencies in Nigeria.

## 2. LITERATURE REVIEW

### 2.1 Conceptual Review

This discusses the conceptual framework that include credibility of financial reporting, Forensic accounting technique, technical and analytical skills, and communication skills.

#### 2.1.1 Credibility of Financial Reporting

Credibility of financial reporting means the extent to which financial statements can be regarded as believable, accurate, and contain no material more so fraudulent information. The acquisition of credibility in financial reporting remains extremely important for the common features necessary to bolster stakeholder trust and propel the value of corporate governance (Okpala, 2012). It also relates to the degree of confidence that the users of financial statements have in any financial report that has been



prepared and released into the public space. More specifically, high credibility is obtained with the aid of accounting standards, ethical conduct, and sound internal controls in the process of preparing financial reports (Jung-Wha et al., 2014). Credibility of financial reporting measures the degree to which an entity's financial statements are free from bias and represent the factual position of the said company. This is crucial as it helps in sustaining stakeholder trust and on top of that fosters efficiency in the institution's management, governance, and accountability (Oh et al., 2014). In this study, Credibility of financial reporting is defines as a reporting that increase people's confidence and enhance accountability. Consequently, the use of forensic accounting procedures in the preparation of financial reports helps greatly in increasing the perceived credibility of such reports by increasing the accuracy and, therefore, reliability of the reports.

### 2.1.2 Forensic Accounting Technique

Forensic accounting technique refer to the various methods and activities that are applied in the detection of fraud and other related illegal activities. These techniques include the use of accounting, auditing, and or investigative work to detect fraud in financial statements and to assist in legal cases (Enofe et al., 2013). These techniques also include the deployment of accounting and auditing skills in the settlement of legal issues, support in legal matters as well as offering legal opinion in courts. The techniques of accounting used in forensic accounting have the objective of attesting the financial statements and making sure that these statements comply with the relevant laws (Gbegi & Adebisi, 2014). Forensic accounting thus combines some concepts and ideas in accounting, auditing, and investigative work with a view of detecting and reporting fraud and misrepresentation. There is usually the application of forensic software and analytical processes to identify inconsistencies and/or anomalies in the financial records (Dada et al., 2013). To this study, forensic accounting techniques is defines as a techniques that increases the reliability of financial reporting systems to meet the needs of ensuring that the stated financial reports are free from fraud. These techniques are important in the assessment of the misuse or improper usage of funds by public sector entities.

### 2.1.3. Technical and Analytical Skills

As for technical and analytical skills, this means one's capability to employ extended analysis techniques about fiscal information. Such skills include; the ability to manipulate data and its analysis, the use of forensic accounting software, and the identification of patterns or abnormalities that can suggest fraud (Adedire, 2016).). These skills include the ability to perform detailed analyses involving the use of ratios, trends, and any modeling to determine the solvency, or lack of it of any organization and to identify any instances of manipulation of financial statements (Bhasin, 2016). Knowing forensic accounting software and databases entails familiarity with the various applications related to the forensic accounting field, the use of quantitative analysis, and the ability to interpret financial statements correctly. These skills are important in the discovery of obscured tendencies as well as the identification of opportunities that can be solved by using financial data (Eyisi & Ezuwore, 2014). In the context of this study, it sees as a good evidence that knowledge and mastery of technical and analytical skills are important prerequisites for a forensic accountant in MDAs in terms of ensuring that there's effective evaluation of records and identification of fraudulent acts. The paper establishes the relationship between these skills and the viability of utilizing the techniques in forensic accounting.

### 2.1.4 Communication Skills

Communication skills is defined as a crucial element in the accounting practice since it involves presenting findings and subsequent recommendations. This involves developing written documents such as very comprehensive reports, as well as presenting clear and specific figures in finance among other issues, and even appearing as an expert witness (Ijeoma, 2015). These skills also include the ability to interview informants, identify the necessary information from different sources, and write about technical things in a simplified way. Communication skills is defined as a coordination helps in fulfilling the goal of translating the findings of the forensic profession correctly (Hermanson & Rama, 2016). In addition, communication skills is defined as the capacity to give an expert appraisal during an analysis process for the court proceedings, defend discovered results in cross-examination procedures, and work together with other professionals inclusive of lawyers and auditors to aid in the analysis and



cases in the court (Adedire, 2016). In the scope of this study, the concept of communication is seen as crucial for forensic accountants operating in MDAs as it facilitates the understanding of policymakers and other decision-makers based on the research findings of such specialists. The study assesses the degree of development of communication skills that facilitate the credibility of financial reports.

## 2.2 Empirical Studies Review

This covers forensic accounting skills and the credibility of financial reporting, technical & analytical skills and the credibility of financial reporting, and communication skills and the credibility of financial reporting.

### 2.2.1 Forensic Accounting Skills and Credibility of Financial Reporting

The effect of forensic accounting techniques on financial statement integrity was investigated by Emmanuel et al. (2018) utilising survey research using primary data and purposive random sampling techniques. The study employed a questionnaire with the nominal scale method in the demographic section and Likert scale. The study found that Fraud prevention, detection, and deterrence skills; Forensic audit, investigation, and interviewing skills; Litigation, mediation, and arbitration skills, Computer-assisted reviews and document reviews have a positive influence on the integrity of financial statements (IFS) of business organisations. The study focusing on business organizations limits its generalization to MDAs. To fill this gap, this study examines the effect of forensic accounting techniques on the Credibility of financial reporting of MDAs in Nigeria.

In the Chukwu et al. (2019) study, the impact of fundamental forensic accounting skills (technical and analytical skills, Communication Skills) on the Credibility of financial reporting of Nigerian listed companies was examined. The study population is made up of auditors and users of the financial reports produced by these companies; the focus of the study was on companies that were listed as of January 2018 on the Nigerian Stock Exchange. The study uses a survey methodology to collect data, utilizing primary data. The study discovered that all of the other fundamental forensic accounting abilities have a positive and significant impact on Credibility of financial reporting, except communication skills, which showed a negative but significant impact. The study provides valuable insight but focuses on listed firms that may not be generalized to MDAs. To address this gap, this study examines the effect of forensic accounting techniques on the Credibility of financial reporting of MDAs in Nigeria.

The study of Desi et al. (2023) investigated the implications and effects of forensic accounting tools on qualitative financial reporting in the 21st century, employing a survey research method and using a structured questionnaire administered through an online platform. The study demonstrated that forensic accounting exerted significant effects on each of the qualitative characteristics and enhanced characteristics of financial reporting systems. While the study provides valuable insights into the 21st century, its findings may not be generalized to specific sectors and geographical areas, including MDAs. This study investigates the effect of forensic accounting techniques on the Credibility of financial reporting of MDAs in Nigeria to fill this gap.

#### 2.2.2 Technical & analytical skills and the credibility of financial reporting

An evaluation of the effect of forensic accounting techniques on financial reports was conducted by Osaloni and Ige (2023) on Nigerian-listed manufacturing companies, employing a purposive sampling technique in selecting the sample size. The study utilized a 5-point Likert scale method continuum of 1 to 5 and found that data mining techniques, data analysis techniques, and machine learning techniques have a positive and significant impact on financial information in Nigeria. The study provides valuable insights, but can't be generalized to MDAs as independent variables differs. This study investigates the effect of forensic accounting techniques on the Credibility of financial reporting of MDAs in Nigeria to bridge this gap.

This study was built on Adewale (2019) who investigated the effect of technical and analytical skills (TAS) on the credibility of financial reporting within Nigeria's public sector particularly in the Federal Ministries, Departments, and Agencies (MDAs). An interpersonal, quantitative method of data collection was used in the study, whereby a multiple regression test was used to analyze the data. The results showed a positive significance of TAS with the credibility of the financial reports, implying that



the configuration of these skills improves data integrity. However, the study mostly focused on technical skills; there was no assessment and development of other important competencies such as forensic accounting and communication skills. This research then sought to fill this gap by adopting TAS with elements of forensic accounting in the assessment of the credibility of financial reports in MDAs.

In a study conducted by Kalu (2020), the researcher examined the relevance of technical skills in public sector financial reporting more specifically, among the Nigerian MDAs. The research made use of a cross-sectional survey and data was collected from the financial officers and auditors as a means of determining the TAS on the reliability of financial disclosures. The study found that as technical proficiency increases so does the credibility of financial reports increase thereby improving stakeholder's confidence. However, the study fails to capture the analytical skills, forensic accounting, and communication skills that an auditor brings to the assignment, and thereby the study is confined to technical skills. To overcome this limitation, this current study seeks to establish how TAS combined with analytical skills, forensic accounting, and communication skills helps to boost the credibility of financial reporting in the public sector.

Using analytical skills on the credibility of financial reporting, Babatunde (2020) identified that, there is a significant and positive influence of analytical skills on the credibility of the financial reports in the Nigerian MDAs. Utilizing both quantitative surveys and qualitative interviews, the study found that there is a direct link between analytical skills and the credibility of financial reports. The study has limitations by not exploring analytical thinking with forensic accounting skills and communication skills. This study is, therefore, billed to close this gap by examining TAS, forensic accounting skills, and communication skills' effect on the credibility of financial reporting of the MDAs in Nigeria.

### 2.2.3 Communication Skill and Credibility of Financial Reporting

Amara and Okoye (2020) investigated Nigeria's public sector concerned with the link between communication skills and the credibility of financial reporting. The study utilized 200 financial professionals from MDAs to answer questions that were analyzed using multiple regression analysis. The study revealed that communication skills increase the credibility of financial reporting. The study only analyzed the communication skills of the forensic accountant without considering the other related approaches. This study fills this gap by including forensic accounting skills, and techniques and analytical skills

Other studies include Nwosu et al. (2019), on the effect of forensic accounting communication skills on reporting credibility in Nigeria's MDAs. The questionnaires and interviews were done on 100 participants with the use of both open and closed questions. The study found that enhancing the communication of forensic accountants leads to higher credibility of financial reporting. The study relied on a small sample of respondents and qualitative bias. This study fills this gap by involving a larger population thereby making its analysis even more exhaustive.

The credibility of financial reporting was studied by Eze and Ugwu (2021) on the background of forensic accounting skills. A cross-sectional survey of financial officers of the MDAs was conducted. The study found that communication skills improve the credibility of financial reporting. It is noteworthy that other variables like technical and analytical skills weren't considered in the study. This study fills this gap by incorporating technical and analytical skills into the investigation.

## 2.3 Theoretical framework

In agency theory, there are agency costs, which refer to situations that occur when one party known as the agent, is supposed to represent the interest of another party known as the principal. In the context of organizations, this has been defined as the association over monitors between the managers (agents) and shareholders or stakeholders (principals) (Jensen & Meckling, 1976). Agency theory is useful in understanding this study because it points to the possibility of a lack of alignment between the agents, which in this case are public sector officials, and the principals, which include the public or government. It is argued that forensic accounting practices can minimize these conflicts through the preparation of reliable and credible financial statements, thus making the agents' goals more familiar to the principals. This alignment is important for improving the accountability of the MDAs, hence the credibility of their financial reports. Hence, agency theory is used to anchor this study.

### 3.METHODOLOGY

This study adopted a survey research design and questionnaire to examine the effect of forensic accounting techniques on the Credibility of financial reporting of federal MDAs in Kaduna, Nigeria. The population of this study comprises 14 federal Ministries and 56 federal Agencies. The study utilized stratify and simple sampling techniques to select a sample size of 164. The questionnaire contains fifteen questions on a five-point Likert-type scale, administered online. This study employs multiple regression technique, and data obtained were analyzed using SPSS

16.0. This study adapts Oyedokun and Emmanuel (2015).  $CFR = \alpha_0 + \beta_1 FAS + \beta_2 TAS + \beta_3 CS + \mu$   
Where:

CFR = Credibility of financial reporting; FAS = Basic Forensic Accounting Skills; TAS = Technical & Analytical Skills;

CS = Communication Skills (CS);  $\alpha$  = intercepts;  $\beta_1 - \beta_3$  = Coefficient;  $\mu$  = error term.

### 4. RESULTS AND DISCUSSIONS

This part of the paper presents the results and discussions

**Table 1: Demographic Results**

Variable	Category	Frequency	Percent (%)
Age	21–35 years	34	20.7
	36–50 years	63	38.4
	51 years and above	67	40.9
	<b>Total</b>	<b>164</b>	<b>100.0</b>
Gender	Male	100	61.0
	Female	64	39.0
	<b>Total</b>	<b>164</b>	<b>100.0</b>
Educational Qualification	NCE/ND	0	0.0
	B.Sc./HND	74	45.1
	M.Sc./MA	56	34.1
	ACA/CAN/CFE	16	9.8
	PhD	4	2.4
	Others	14	8.5
	<b>Total</b>	<b>164</b>	<b>100.0</b>

Table 1 presents the respondents' demographic including age, gender, and educational qualification. The respondents aged 51 and above have the highest responses of 67(40.9%), followed by the respondents who fall within the age of 36-50 with 63(38.4%). Those falling into the ages of 21-35 have the least respondents 34(20.7%). In respect of gender, the majority of the respondents are male with 100(61%), while female respondents record 64(39%). In addition, the education qualification of the respondents indicates that the majority of the respondents hold B.Sc./HND degree 74(45.1%), followed by M.Sc./MA with 56(34.1%), 16(9.8%) hold professional qualifications, while PhD holders have the least respondents 4(2.4%), others qualification is 14(8.5%). This implies that the respondents are technically and professionally qualified to respond to the questionnaire.

**Table 2: Correlations Matrix**

Variables	CFR	FAS	TAS	SC
CFR	1	.955**	.938**	.950**
FAS	.955**	1	.564**	.579**
TAS	.938**	.564**	1	.463**
SC	.950**	.579**	.463**	1

The correlation analysis reveals strong positive relationships between Credibility Financial Reporting (CFR) and the other variables: These are termed Forensic Accounting Skills (FAS), Technical & Analytical Skills (TAS), and Communication Skills (CS). More importantly, FAS has a strong and positive association with CFR, with a correlation coefficient of 0.955 and  $p < 0.000$  that implies that as forensic accounting skills increases, the credibility of financial reporting also increases significantly. Similarly, TAS is positively and significantly related to CFR with a coefficient 'r' of 0.938 and significant at  $p < 0.000$  which confirms that TAS positively affects the CFR. Likewise, SC has a strong and highly significant positive relationship with CFR; ( $r = 0.950$ ,  $p < 0.000$ ) indicating that changes in CS increase CFR.

Finally one can identify significant inter-correlations between FAS, TAS, and SC. These skills are therefore moderately related to FAS and TAS having a correlation coefficient of 0.564 and a significance level of less than 0.01. Likewise, FAS and CS have a correlation coefficient of 0.579 sig 0.01 and similarly, TAS and CS with a correlation coefficient of 0.463 sig 0.01, which shows that all these categories are interrelated and they are complementary to each other. In conclusion, all of these forensic accounting skills play a large and interrelated role in improving Financial Reporting Credibility.

**Table 3: Regression Model Summary**

Model Variables	Coefficients (B)	t-value	Sig.
Constant	-0.336	-2.826	0.005
FAS	0.540	4.411	0.000
TAS	0.176	1.881	0.062
CS	0.319	2.291	0.023

Table 3 presents a regression model summary. It indicates the explanatory variables combined account for 91.9% variation in explained variables as revealed by the model's Adjusted R2, and the remaining variance of 9.1% is attributed to other factors outside the scope of this study. The overall regression model is statistically significant as indicated by the F-statistic of 204.887 with a p-value of 0.000. In addition, Durbin-Watson of 1.768 shows no discernible autocorrelation.

The regression result indicates that forensic accounting skills (FAS) with a coefficient of .540 and p-value of .000, implies that FAS positively and significantly influences Credibility of financial reporting (CFR). This study therefore rejects the first hypothesis.

In addition, the regression result shows that technical and analytical skills (TAS) with a coefficient of .176 and p-value of .062, imply that TAS has a weak positively and significantly influences CFR. This study therefore also rejects the second hypothesis.

In addition, the regression result reveals that Communication Skills (SC) with a coefficient of .319 and p-value of .023, imply that CS has a positive and significant influence on CFR. This study therefore rejects the third hypothesis.



## 5. CONCLUSION AND RECOMMENDATIONS

This study concludes that all the explanatory variables (forensic accounting skills, technical and analytical skills, and communication skills positively and significantly influence Credibility of financial reporting.

Considering the conclusion, this study recommends that

- i. MDAs should hire more and train more accountants who specialize in forensic accounting. The above can assist in identifying and preventing malpractice to hence the reliability and accuracy of financial statements.
- ii. MDAs should engage in improving the technical and analytical skills of human resources in the accounting and finance department by providing training. This may assist in reducing the rate of erroneous financial analysis and reporting by the companies.
- iii. MDAs should make sure that their financial teams are well-endowed in terms of communication skills. Proper reporting of financial information enables the stakeholders to have confidence in the report and make better understanding of it hence improving on the credibility of the report.

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**APPENDIX A: QUESTIONNAIRE**

This questionnaire is on "the Effect of Forensic Accounting Techniques on Credibility of financial reporting of Federal Ministries, Departments and Agencies (MDAs) in Nigeria." and is purely for academic purposes. Tick ✓ the appropriate box based on your perception.

**Demographic Data**

- 1 Age: 21-35 years ( ) 36-50 years ( ) 51 and above years ( )
- 2. Gender: Male ( ) Female ( )
- 3. Educational qualification: NCE/ND ( ) B.Sc./HND ( ) M.Sc./MA ( ) PhD ( ) Other ( )

**Credibility of financial reporting**

- 4. Our MDA prepares transparent financial statements that are devoid of significant errors. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )
- 5. The reports on the financial performance of our MDA are dependable and consistent over different periods of reporting. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )
- 6. Financial reporting processes in our MDA meet applicable regulations and standards. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )

**Forensic Accounting Skills.**

- 7. To prevent fraud, our MDA has instituted strong internal controls. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )
- 8. I can detect warning signs indicating possible fraudulent activities. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )
- 9. Deterrence measures put in place at our MDA effectively decrease the incidence of fraud. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )

**Technical & Analytical Skills**

- 10. Among other things, I am an expert at conducting thorough forensic audits within my agency. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )



11.I have enough investigative ability to uncover financial irregularity amid all these operations. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )

12.A part of establishing critical information during forensic investigations is my interview skills through which they are gained. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )

### **Communication Skills**

13.I am therefore well positioned to be an expert witness in cases where financial disputes need settling in court. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )

14.I possess the required skills for resolving monetary feuds peacefully and mediating such issues on either side. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )

15.I know how to do arbitration process to effectively settle matters relating to finances. Strongly agree ( ) Agree ( ) Undecided ( ) Disagree ( ) Strongly disagree ( )