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**Ajayi Oluwafemi Ezekiel**  
Department of Accounting  
Faculty of Management  
Science, Usmanu Danfodiyo  
University, Sokoto, Nigeria

## Analysis on the effect of forensic accounting on the financial performance of deposit money banks in Nigeria

**Ajayi Oluwafemi Ezekiel**

### Abstract

The study's overarching goal is to analyze how forensic accounting affects the financial performance of deposit money banks in Nigeria, specifically looking at how it affects dividends per share, how it affects net profit margin, how it affects returns on assets. Secondary data from the yearly financial statements of Nigerian deposit money banks were used in the research. The research spans a four-year period from 2017 to 2021. The research design employed in this research is the ex-post facto research design. Descriptive statistics, correlation and linear multiple regression made to analyze and interpret the data collected in the study. The study revealed that forensic accounting had a significant influence on the return of asset of deposit money banks in Nigeria at with a prob 0.0002 for Roa at the 5% level of significance and also revealed that forensic accounting does not have significant influence on the Profit After Tax of deposit money banks in Nigeria with a prob 0.9170 at the 5% level of significance, study further revealed that forensic accounting had a significant influence on the return of asset of deposit money banks in Nigeria at with a prob 0.0003 for NPM at the 5% level of significance and lastly the study revealed ROE has a probability of 0.005, indicating that forensic auditing has a substantial impact on deposit money institutions' financial performance at the 5% level of significance. The research suggests that Nigerian deposit money institutions should implement forensic auditing and fully embrace the field of forensic accounting.

**Keywords:** Forensic accounting, profit after tax, net profit margin, deposit money banks

### Introduction

Recent business failures and scandals have given professional accounting bodies a fresh perspective that extends beyond statutory audit (Owojori & Asaolu, 2022) <sup>[25]</sup>. The insurance business also uses forensic accounting to determine the extent of claim-related losses. In-depth financial and commercial issues are analyzed, interpreted, and summarized by forensic accountants. They could work for public accounting firms, banks, police departments, insurance companies, or the government. Additionally, forensic accountants gather financial proof, create computer programs to handle the information gathered, and offer their conclusions in papers or presentations (Fowoye, 2021) <sup>[16]</sup>. The study anchored its focus on triangle fraud theory and the research pinpoints the essential factors that motivate fraudsters to defraud any organization. The writings of Sutherland, who invented the phrase "white collar crime," and Cressey, a former student of Sutherland, are where the theory's roots may be found, according to Dorminey, Fleming, Kranacher, and Riley (2021) <sup>[12]</sup>. Cressey concentrated his research which eventually came to be known as the fraud triangle theory on the factors that motivate people to engage in dishonest and unethical behavior. The three components of the fraud triangle theory perceived pressure, opportunity, and rationalization are essential for theft or fraud to happen. Albrecht, Hill, and Albrecht (2016) <sup>[6]</sup> used the straightforward justification that a fire requires three ingredients in order to start: oxygen, fuel, and heat. Similar to fire, fraud is unlikely to arise without the three components listed in the fraud triangle hypothesis, and the degree of fraud relies on how powerful each component is. In other words, there must be perceived pressure, an opportunity, and a method to justify the behavior for a person to act unethically. Therefore, the assistance of a skilled and knowledgeable investigator, such as a forensic auditor, is crucial to preventing the development of this kind of fraud also allow various users such as Trade creditors, bondholders, investors, workers, and management are just a few of the many parties who make up a corporation (Damilola, 2022) <sup>[10]</sup>.

**Corresponding Author:**  
**Ajayi Oluwafemi Ezekiel**  
Department of Accounting  
Faculty of Management  
Science, Usmanu Danfodiyo  
University, Sokoto, Nigeria

Each group is interested in keeping track of a company's financial results and how successfully a firm earns income, manages its assets, obligations these financial interests of its stakeholders and investors is determined by its financial performance. For the purpose of these study the researcher will be using forensic audit which will be proxied by FUAD as the independent variable to measure forensic accounting while the dependent variable which is proxied by Dividend Per Share (DPS), Net Profit Margin (NPM), Return on asset (ROA), Return on equity (ROE) will be sufficient in representing the dependent variable financial performance. The objective is to comprehend the business model of the organization, the profitability (or loss) of its activities, and how it spends, invests, and generally uses its money. An examination of a company's financial performance looks at it at a certain point in time, often the most recent fiscal quarter or year. Three of the most important financial statements utilized in performance analysis are the statement of financial position, the income statement, and the cash flow statement.

### Statement of the problem

The recent uptick in financial fraud has made the country seem bad, as seen by the law enforcement officials' apparent failure to find the perpetrators. Idolor (2020)<sup>[19]</sup> Therefore, there has to be a deliberate effort to guarantee that fraud in the sector is eliminated or at the very least reduced. The prevalence of corporate fraud is rising worldwide, as seen by the many incidents of bribery, corruption, embezzlement, money laundering, racketeering, false financial reporting, tax evasion, forgeries, and other forms of financial and economic dishonesty that have been recorded (Ofiafoh and Otalor, 2019)<sup>[21]</sup>. Due to the Enron, WorldCom, and other accounting crises, the accounting industry has already experienced significant changes (Cotton, 2020)<sup>[9]</sup>. Consequently, a new industry with a new breed of accountants (forensic accountants) has evolved as a result of the focus on the accounting profession. The frequency of fraud and other financial crimes has increased nowadays, and the development of computerization and the availability of internet services has only made the issue of financial crimes worse. It becomes more difficult to stop or reduce these fraudulent operations, and simpler to perpetrate these crimes. In light of this, Onodi, Okafor, and Onyali (2021)<sup>[24]</sup> are Due to its perpetual character, the prevalence of fraud and financial theft in recent years poses a danger to conventional auditing as a division of the accounting profession. As a consequence, if statutory auditing truly contributes much to achieving accountability and preventing fraud, particularly the kind that was recently seen in our commercial banks. By failing to provide the public with the necessary confidence to manage corruption and fraud, statutory audit seems to have shown a lack of care and a reflective approach toward the fight against fraud (Akhidime and Ugbale-Ekatah, 2019)<sup>[5]</sup>, as noted in (Okolie and Taiwo, 2018)<sup>[22]</sup>. The gap found by this research is the conventional auditing's inability to stop fraud and other financial crimes from occurring in the Nigerian banking sector.

### Research objectives

1. Examine the effect of forensic audit on dividend per share of Deposit Money Banks in Nigeria.
2. Determine the extent to which forensic audit affect has

on Net Profit Margin of Deposit Money Banks in Nigeria.

3. Assess the influence forensic audit has on return of asset of Deposit Money Banks in Nigeria.
4. Evaluate to which extent forensic audit affects return on equity Deposit Money Banks in Nigeria.

### Literature review

#### Concept of forensic accounting

In the fields of litigation support consulting, expert testimony, and fraud examination, forensic accounting employs the technique of meticulous data gathering and analysis (Odunayo 2021). Providing an accounting analysis fit for the court, forensic accounting serves as the foundation for discussion, debate, and eventually conflict settlement (Aburime 2018)<sup>[11]</sup>. According to Agbaje, (2019)<sup>[2]</sup>, Nigeria's recent banking reforms were primarily necessary to address the potential of a systemic market failure brought on by insufficient prudential management, fraud, and other credit-related problems. The improper use of pertinent forensic accounting services is largely accepted to be one of the main contributing causes in this case. According to Arokiasamy and Cristal (2019)<sup>[7]</sup> and Dhar and Sarkar (2007), forensic accounting is a field of study that applies accounting facts and ideas discovered via auditing methodologies, strategies, and processes to the resolution of legal issues

According to Okoye and Gbegi (2019)<sup>[23]</sup>, "forensic" implies "fit for use in a court of law," and forensic accountants often adhere to these criteria. The three main facets of forensic accounting are investigation, dispute resolution, and litigation assistance. The accounting specialty practice area known as forensic accounting is used to characterize engagements that come about as a consequence of existing or impending conflicts or litigation. Expert testimony from forensic accountants, sometimes known as forensic auditors or investigative auditors, is often required in the final trial (Nigrini 2019) claims that financial forensic engagements may involve calculating economic damages, whether they result from tort or contract violations, from post-acquisition disputes like earnouts or warranty breaches, from bankruptcy, insolvency, and reorganization, from securities fraud, from business valuation, and from computer forensics/e-discovery. Forensic accounting was defined by Degboro and Olofinsola (2017)<sup>[11]</sup> as the use of criminalist techniques and the fusion of accounting investigation and legal processes (Agbaje & Adeniran, 2017)<sup>[2]</sup>.

Due to their role in reducing financial irregularities, forensic investigation and litigation were statistically important in explaining variations in the financial performance of commercial banks in Nigeria (Odelabu, 2014)<sup>[20]</sup>. Accounting greatly aids in preventing and reducing fraud in the Nigerian banking sector and improves banks' performance (Oladejo & Oluwaseun, 2015). The degree of fraud committed by banks is impacted by the use of forensic accounting services, and as a result, forensic accounting services provide banks the tools they need to prevent fraud (Onuorah & Appah, 2012). In the Nigerian banks, forensic accounting demonstrated a favorable link with fraud prevention and a fair assessment of the audited financial statement (Enofe, Olorunnuho, & Okporua, 2016)<sup>[14]</sup>.

### The value of forensic accounting services to DMBs in Nigeria

Carrying out an investigation: According to Owojori and Asaolu (2019) <sup>[25]</sup>, the current sophisticated financial crime and failure of the statutory audit had necessitated the use of forensic audit. Therefore, it may be claimed that the forensic accountant has unique instruments for conducting investigations so as to identify and stop fraudulent acts, therefore countering financial fraud. According to Zimbleman (1997), a forensic accountant who is also a fraud investigator is very much like a doctor who must do a large amount of diagnostic and explanatory work to figure out what is really going on. Given the above, it can be claimed that a forensic accountant goes above and beyond the typical audit in order to uncover fraudulent activity by performing and looking into transactions and events utilizing forensic software tools.

According to Cabole (2019), forensic accountant performs the following task:

#### **Fraud detection**

Documentation, and presentation in criminal trails and claims; calculation of economic damages; tracking of income and assets, frequently in an effort to uncover hidden assets or income; reconstruction of financial statements that may have been altered or destroyed; and expert witness.

#### **Financial transaction analysis**

A forensic accountant is expected to have specialized skills in examining papers for validity, modification, forgery, or counterfeiting, according to Cole (2019). Therefore, by having these abilities, the forensic accountant may readily identify mistakes, fraudulent activity, and omissions while doing his tasks, preventing and minimizing fraudulent activity. According to Zimbleman, Albrecht, Albrecht, and Albrecht (2021) <sup>[6]</sup>, a forensic accountant is in charge of studying and recognizing potential fraud types as well as their signs and symptoms.

Recreating Missing Accounting Records: In the course of his work, a forensic accountant reconstructs inadequate accounting records to resolve issues such as insurance claims, inventory value, and the demonstration of money laundering operations via the reconstruction of cash transactions (Owojori & Asaolu, 2019) <sup>[25]</sup>.

The duties stated above by Cabole (2019) demonstrate that a forensic accountant must be an authority on financial issues and possess extensive knowledge in other fields so that he can notice fraudulent acts as soon as they occur.

#### **Current challenges of forensic accounting to DMBS rational mind**

Essentially, analytical skills include being adept at dissecting issues into its component elements in order to identify a solution. Analytical thinking needs concentration and brainpower. Although practice can help you become more analytical, you still need a certain amount of innate talent to be successful in this line of work. Because of the attempts made by those who commit financial crimes to conceal their existence and thwart their detection, issues you meet while working in this subject are likely to be significant and intricate.

#### **Observation of details**

When faced with challenging problems, a skilled forensic accountant must have the motivation to learn more. When just the tip of the iceberg is visible, people approach them

asking for help in locating it. Being detail-oriented is incredibly difficult to master unless you already have the motivation to do so; it is more of an attitude than a talent that can be quickly acquired. In essence, this implies that in order to find the problems, you must be able to sniff beyond the apparent cues. A forensic accountant has to be effective, well organized, and unwilling to settle for anything less than a flawless outcome. As is obvious, this is not a vocation for someone who is disorganized or does not employ procedures to guarantee that crucial bits of information do not fall through the cracks owing to the amount of information and many data sources that must be examined while working on forensic engagements.

#### **Have a solid work ethic**

In general, society expects law enforcement to act morally, and those who work in the forensic accounting field are no different. You clearly need a stringent code of morality and ethics when your major responsibility is gathering information to identify people who have committed crimes. You probably don't take this one thing for granted. And if you gain a reputation as a forensic accountant who cannot be relied upon to act morally, you will not be hired.

#### **Being observant**

The capacity for some individuals to wander through life without ever engaging in any kind of reflective inquiry about the things they come across over the course of their daily lives is a fact of human nature. A guy like that would not make a competent forensic accountant. On the other side, if you find yourself constantly asking why something is the way it is or how something came to be, you would make a fantastic forensic accountant.

#### **Being perceptive**

It would be ideal if the preceding four qualities were all you required to succeed in this industry, but that is not the case. We are unable to overlook intuition, a crucial quality that separates top-notch consultants from less competent workers. Without using conscious thought, intuition enables one to draw connections between seemingly unrelated bits of information.

#### **Fraud diamond theory**

Wolf and Hermanson first proposed this hypothesis (2004). The model introduced "capabilities" as a fourth variable to the three-factor fraud triangle hypothesis (pressure, opportunity and rationalization). Wolf and Hermanson argued that many scams would not have happened if the correct individual with the proper skills had not implemented the fraud's specifics. Due to the extra aspect introduced by the fraud diamond hypothesis that influences people's decisions to commit fraud, the company and auditors must have a deeper understanding of workers' unique characteristics and skills in order to estimate the risk of fraudulent behavior. In addition, stronger systems of checks and balances should be created and managed to proactively reduce the risks and costs associated with workplace fraud. Due to the capabilities of people who commit fraud and other forms of atrocities, it is necessary to use the services of a qualified and experienced investigator, such as a forensic auditor, to prevent the occurrence of fraud.

### White collar crime theory

According to Michael (2004), Sutherland (1949) was the first to propose the hypothesis. Sutherland first proposed his idea in a speech to the American Sociological Society in an effort to analyze two domains, crime and high society, for which no actual association existed. He characterized his concept as a crime perpetrated by a respected, high-status individual in the course of his employment. In his day, fewer than two percent of those sentenced to jail each year were from the upper class, he said. His objective was to demonstrate a correlation between wealth, social standing, and the risk of going to prison for a white-collar crime, as contrasted to more obvious, conventional crimes, albeit the proportion is larger now. Due to the stature of people who committed these crimes, the services of a qualified and experienced investigator, such as the forensic auditor, were necessary to prevent future instances of fraud.

### Agency theory

The Agency problem is addressed by Agency theory, in which one party (the principal) assigns work to another (the agent), who carries out that job (Jensen & Meckling, 1976). There is an agency connection when one person's activities impact both his own well-being and the well-being of another in an explicit or implicit contractual relationship. The agent is the person who takes action, whereas the principal is the person whose wellbeing (utility), measured in monetary terms, is influenced by the agent's activities (Akaranga, 2021). Employer (the main) and employee constitute the conventional agency relationship (the agent). In an agency relationship, the principal desires that the agent operate in his or her best interests. However, the agent is supposed to have his own interests, thus he may not behave in the best interests of the principal. A contract in which one or more parties (the primary) employ another party (the agent) to provide a service on their behalf and delegate authority to make decisions to the agent constitutes an agency relationship. If both sides to a relationship are utility maximizers, there is reason to suppose the agent will not always behave in the principal's best interests (Jensen & Meckling, 1976).

### Empirical Review

Zachariah *et al.* (2019) studied forensic auditing in Nigerian bank fraud control. The study indicated that Nigerian banks have been plagued by frauds in recent decades, resulting in distresses and liquidations that hinder the banks' economic duties. External auditors failed to detect the frauds in the course of their employment. ATM fraud, fraudulent transfers/withdrawals, internet banking, forged checks, and customer deposit suppression are the most common frauds and forgeries, according to the study. The study evaluated fraud instances from 2001 to 2012, including amounts, frequent types, and bank losses. The research's descriptive analysis showed fraud fluctuation.

Since auditors and regulatory agencies have failed to stop bank fraud, the report recommends developing other techniques. The report advocates adopting forensic auditing in Nigerian banks by changing the present regulations to include forensic auditors on the audit team, giving auditors more tools to spot fraud. Njanike, Thulani, and Mashayanye (2019) studied forensic auditing's effectiveness in detecting and preventing bank fraud. The study aimed to establish how well forensic auditors had fulfilled their role and to

identify difficulties in emerging countries. The investigation also established forensic auditing's role in banking. Questionnaires, interviews, and document analysis were used to gather data. Thirty forensic auditors from 13 commercial banks, 4 building societies, and 4 audit businesses were sampled. forensic auditing departments confront a shortage of resources, technical knowledge, management involvement, and ambiguous recognition. According to studies, forensic auditors must be physically and technically prepared to be effective. As with any profession, forensic auditors should organize a group to represent their interests and govern their activities. Henry and Ganiyu (2017) studied forensic accounting's influence on bank fraud in Nigeria. Specific targets included forensic accounting's influence on treasury, foreign currency, loan processing, and cash management. Using a questionnaire, survey research obtained the study's core data. Correlation and regression were utilized to analyze the data.

The study found that forensic accounting reduces fraud in the banking industry, implying that pragmatic policy decisions must be made regarding the internal control system and the effective management of core banking operations such as cash management, treasury operation loan processing, and FOREX transactions.

Maximizing client interest without breaking CBN laws was offered. According to Nigerian public sector research (Igweonyia, 2016; Ozuomba, Ofor, & Okoye, 2016) <sup>[23]</sup>, forensic accountants are needed to reduce economic crimes and corruption (Okolie, 2014) <sup>[22]</sup>. Providing accountability measures and decreasing undiscovered abuses, forensic accountants help fight crime and corruption in the public sector (Mukoro, Yamusa, & Aboyede, 2013). Government should use forensic accounting to investigate fraud (Kamal & Tanim, 2016) <sup>[17]</sup>. Previous study has revealed a positive association between fraud reduction and forensic accounting (Dada, Owolabi, & Okwu, 2013; Madumere & Onumah, 2016) <sup>[18]</sup>. Forensic accounting affects fraud detection and control, say Ehioghien and Atu (2016) <sup>[13]</sup>. forensic accountants have stronger fraud prevention, detection, and response knowledge, skills, and task performance fraud risk assessment than auditors (Popoola, Ahmad, & Samsudin, 2016) <sup>[3]</sup>. The study shows a strong positive association between task performance competence and fraud risk assessment expertise. Forensic accounting and financial reporting correlate positively (Madumere & Onumah, 2016) <sup>[18]</sup>. In Nigeria, forensic accounting affects fraud investigations and audits (Saidu, 2015) <sup>[26]</sup>. Stakeholders agree forensic accounting helps prevent fraud and investigate financial crimes. Bassey and Ahonkhai (2017) <sup>[8]</sup> found forensic accounting and litigation support had little influence on Nigerian fraud detection (banks). Eyisi and Ezuwore (2014) <sup>[15]</sup> found that forensic auditors boosted management responsibility, strengthened the independence of external auditors, and helped audit committee members by boosting internal audit report credibility. These have improved corporate governance, reducing firm failure and investor impoverishment. forensic accounting may improve corporate governance, according to Enofe, Ekpulu, and Ajala (2015) <sup>[14]</sup>. They advised incorporating forensic accounting into corporate governance.

### Research Gap

Enofe, Omagbon, and Ehigiator (2018) <sup>[14]</sup> performed



studies on the effect of forensic audit on corporate fraud in Nigeria. Alabdullah, Alfadhl, Yahya, and Rabi (2013) conducted more research that looked at the effect of forensic accounting on financial misconduct utilizing factors like corruption and forensic accounting. But this research looked specifically at what makes forensic accounting work. The research also looked at how asset theft in Nigerian deposit money institutions, which is a significant vacuum in the literature, is affected by forensic accounting. For the first time, ordered logit regression was used in this research to analyze the data. Such a bank will be able to decrease asset theft via the successful execution of key forensic accounting-determining variables, including information technology, auditor independence, auditor training and development, and good policies. This study further utilized the approach of analysis used in the study by Ekechukwu, Ugwu, and Mbah (2018), which assessed the impact of forensic accounting on the performance of the Nigerian banking industry using just two proxies for measuring financial performance, namely ROE and ROA. In order to adequately capture the actual relationship between forensic accounting and financial performance of deposit money banks in Nigeria, this research went to the extent of examined the following four proxies as a measure of financial performance: return on asset (ROA), return on equity (ROE), Profit after Tax (PAT), and net profit margin (NPM).

**Methodology**

Secondary data from the yearly financial statements of Nigerian deposit money banks were used in the research. The research spans a four-year period from 2017 to 2021. The era was picked because the researcher wanted to investigate and get a clear image of how forensic accounting affected financial performance. Out of the entire number of deposit money banks in Nigeria, 14 were chosen for the study. Return on Asset (ROA), Return on Equity (ROE), Profit after Tax (PAT), and Net Profit Margin (NPM) of chosen banks were also used to represent financial performance. The research design employed in this research is the ex-post facto research design. Descriptive statistics,

correlation and linear multiple regression made to analyze and interpret the data collected in the study. The data collect will be presented in a tabular form. This is because, the researcher does not aim to control any of the variables under investigation and our pre-disposition is to observe occurrence over a period of time, were used in the study to describe the variables. Regression analysis was also used to determine whether there was a correlation between the dependent financial performance variable and the independent fraud risk management practices. Contrary to studies (Asusu, 2019; Odelabu, 2014; Aigienohuwa, Okoye, & Uniamikogbo, 2017) [4, 20, 23] that use questionnaires distributed to target respondents as a way of gathering data on fraud risk management practices, this research method was adopted from the work of (Ekechukwu, Ugwu, & Mbah, 2018) and will be used as a guide for the research investigation.

The model specification for this study will be as follows;  

$$FAUD = \beta_0 + \beta_1NPM_{t-1} + \beta_2PAT_{t-1} + \beta_3ROE_{t-1} + \beta_4ROA_{t-1} + et \dots$$

Where

FINPEF = Financial Performance

FAUD = Forensic Audit

ROE = Return On Equity

NPM = Net Profit Margin

ROA = Return On Asset

PAT = Profit After tax

$\beta_0$  = Constant (Coefficient) to be estimated

t = Current Period/Time

et = Error term

$\beta_1$ - $\beta_5$  = Parameter of the independent variables to be estimated.

**Result**

Dependent Variable: FAUD Method: Panel Least Squares

Date: 08/13/21 Time: 12:04 Sample: 2017- 2021

Periods included: 04

Cross-sections included: 14

Total panel (balanced) observations: 424

**Table 1:** Regression results of the analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROE	1.799560	0.488927	4.5930588	0.0005
NPM	1.807591	0.448281	4.443065	0.0003
PAT	9.97E-56	9.67E-10	0.131256	0.9170
ROA	1.489004	0.271889	1.976624	0.0002
C	0.489931	0.200738	1.432175	0.3195
R-squared	0.494254	Mean dependent var		0.82545
Adjusted R-squared	0.481630	S.D. dependent var		0.598427
S.E. of regression	0.269639	Akaike info criterion		1.000785
Sum squared resid	2.998939	Schwarz criterion		1.208756
Log likelihood	-7.1142310	Hannan-Quinn criter.		1.756430
F-statistic	7.655964	Durbin-Watson stat		1.033611
Prob(F-statistic)	0.005			

ROE is used, specifically for evaluating the performance of companies in the same industry. Similar to return on capital, a ROE measures management's ability to generate income from the equity at its disposal. According to the research finding, Roe has a coefficient of 1.799560, a Standard Error of 0.488927, and t-Statistic of 4.5930588, and a probability of 0.005, indicating that forensic auditing has a substantial

impact on deposit money institutions' financial performance at the 5% level of significance. Convergence Coefficient The outcome showed that increasing Nigerian banks' dividend per share, net profit margin, return on asset, return on equity will reduce forensic audit by 0.269639. The profitability of a business may be determined by calculating its return on assets (ROA) ratio.

The study revealed that forensic accounting had a significant influence on the return of asset of deposit money banks in Nigeria at with a PROB 0.0002 for ROA at the 5% level of significance (coefficient of 0.269639, standard error of 0.271889, t-statistic of 1.976624).

The term "Profit after Tax" is used to describe a company's remaining cash flow after federal, state, and local income taxes have been taken out. It's the last bit of money a business makes and its greatest chance at making a profit. A company's PAT includes both its operational profit and any extra profits it generates, such as interest. The study revealed that forensic accounting does not have significant influence on the Profit after Tax of deposit money banks in Nigeria with a prob 0.9170 at the 5% level of significance which is statistically not significant. A company's or division's profit margin is the proportion of net earnings to total sales. The net profit margin is the amount of money left over after deducting all of the costs associated with making a transaction, expressed as a percentage the study revealed that forensic accounting had a significant influence on the return of asset of deposit money banks in Nigeria at with a prob 0.0003 for NPM at the 5% level of significance.

**Correlation matrix of variables in deposit money banks**

Correlate ROA, ROE, PAT, NPM, FAUD (OBS= 424)

**Table 2:** Correlation matrix of variables in deposit money banks

	ROE	NPM	PAT	ROA	FRUAD
ROE	1.0000				
NPM	0.1814	1.0000			
PAT	0.0766	0.2799	1.0000		
ROA	0.0937	0.2453	0.1673	1.0000	
FRAUD	0.0667	0.414279	0.628620	0.026343	1.0000

Source: Researcher’s computation using STATA 20, 2022

It is indicated in table 2 that FAUD associates positively with Roa, Roe, Pat, Npm. The accompanying table depicts the results of a correlation study of the variables, which elucidates the nature of the connection between them. Results from the table show that all of the independent variables (ROA, ROE, PAT, and NPM) have a moderate correlation with the dependent variable (Profit) (Forensic audit).

**Conclusion**

The study relied on secondary data gleaned from the annual financial statements of deposit money banks in Nigeria. Timeframe for this study is from 2017 to 2021. Only 14 out of the total number of deposit money banks in Nigeria were included in the analysis. Financial performance was also represented by selected banks' Return on Asset (ROA), Return on Equity (ROE), Profit after Tax (PAT), and Net Profit Margin (NPM). This investigation made use of an ex-post facto research strategy. The information gathered was analyzed and interpreted using descriptive statistics, correlation, and linear multiple regression. We'll use tables to lay out all the information we get.

This is due to the fact that the researcher does not intend to exert any control on the variables being studied, and that our natural inclination is to utilize the study's descriptive variables to track changes over time. Financial performance was employed as a dependent variable, while fraud risk management strategies were used as independent variables in a regression study to test for a link between the two. The

findings demonstrated that ROE is used mostly to comparing the success of businesses operating in the same market.

Management's capacity to make a profit with the available equity is evaluated using return on equity (ROE), which is similar to the more familiar return on capital (ROC). Roe's coefficient is 1.799560, the Standard Error is 0.488927, the t-Statistic is 4.5930588, and the likelihood is 0.005, all of which point to the conclusion that forensic auditing has a significant effect on the financial performance of deposit money institutions at the 5% level of significance. Gradient Coefficient of Convergence Results indicated that a reduction in forensic audit of 0.269639 percentage points may be achieved by boosting profit after tax, net profit margin, return on assets, and return on equity at Nigerian banks. The return on assets (ROA) ratio is a useful metric for estimating a company's profitability. At the 5% level of significance, the research found that forensic accounting had a prob 0.0002 effect on ROA for Nigerian deposit money institutions (coefficient of 0.269639, standard error of 0.271889, t-statistic of 1.976624). A company's "Profit after Tax" is its net earnings after federal, state, and local income taxes have been deducted.

It's the company's final opportunity to make a profit before it shuts down. The PAT measures a company's overall profitability by adding up its operating profit and any other earnings it makes, including interest. The research found that the prob 0.9170 at the 5% level of significance indicates that forensic accounting has no meaningful impact on the Profit after Tax of deposit money institutions in Nigeria. The profit margin is the percentage of net profits relative to total sales for a business or business unit after subtracting all transaction expenses, the net profit margin is the remaining amount of money. At the 5% level of significance, the research found that forensic accounting had a prob 0.0003 effect on the return of asset of deposit money institutions in Nigeria.

**Recommendation**

Recommendations to forensic accountant: According to the results of the research, forensic accountants should make it a priority to get extensive training in the field. Working in accounting provides you with the necessary experience. More narrowly, the field of public accounting. Expertise in detecting and evaluating fraudulent financial transactions depends on the accountant's familiarity with a wide range of accounting software and ideas.

Recommendations to deposit money banks in Nigeria: The research suggests that Nigerian deposit money institutions should implement forensic auditing and fully embrace the field of forensic accounting; this advice should be followed by streamlining the standard-setting process to make it easier to adapt regulations to new circumstances.

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