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FORENSIC ACCOUNTING TECHNIQUES AND FRAUD PREVENTION IN LISTED MANUFACTURING FIRMS IN NIGERIA

***Osuagwu Chizoba Florence[1] & Dr Agbo Blessing[2]**
[1,2]St Luke Business School Peaceland University Enugu, Enugu State, Nigeria
****Corresponding Author:*** *chizobaf31@gmail.com*

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ABSTRACT
Fraud remains one of the most persistent threats to the financial health, going-concern status, and reputational standing of listed manufacturing firms in Nigeria. Rising cases of financial statement manipulation, inventory diversion, payroll padding, vendor collusion, and asset misappropriation have exposed the limitations of the traditional external audit, whose statistical sampling approach and reliance on historical, form-based verification make it ill-suited to uncovering deliberately concealed irregularities. Forensic accounting has therefore emerged as a specialised response, combining accounting, auditing, investigative, and legal skills to detect, investigate, prevent, and provide litigation support for fraud-related matters. This paper undertakes a conceptual review of the relationship between forensic accounting techniques, namely forensic audit, investigative accounting, litigation support services, forensic data analytics, fraud risk assessment, and asset tracing and recovery, and fraud prevention in listed manufacturing firms in Nigeria. Anchored on the Fraud Triangle Theory (Cressey, 1953) and, more extensively, the Fraud Diamond Theory (Wolfe & Hermanson, 2004), the paper synthesises conceptual and empirical literature to argue that forensic accounting techniques primarily strengthen fraud prevention by reducing the opportunity and capability elements of fraud, through tighter internal controls, deterrence signalling, and prompt detection of anomalies. The review of prior Nigerian and cross-country studies consistently reports positive and statistically significant associations between forensic accounting practice and fraud reduction, although a few studies report insignificant results for specific digital-forensic sub-techniques, suggesting that effectiveness is contingent on organisational capacity and technological infrastructure. The paper identifies a gap in empirical literature relating specifically to listed manufacturing firms, as most Nigerian studies concentrate on the banking and public sectors, and proposes a research design, conceptual model, and regression specification that can guide future empirical validation. The paper concludes that the deliberate institutionalisation of forensic accounting units, backed by adequate funding, technological investment, and professional certification, is central to fraud prevention in the Nigerian manufacturing sector, and recommends that regulators, professional bodies, and firms collaborate to embed forensic accounting practice into statutory audit and corporate governance frameworks.

Keywords: Forensic accounting, forensic audit, investigative accounting, litigation support, forensic data analytics, fraud prevention, listed manufacturing firms, Nigeria.

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Introduction

The manufacturing sector occupies a central position in Nigeria's drive toward industrialisation, economic diversification, employment generation, and non-oil export growth. Firms such as Dangote Cement Plc, Nigerian Breweries Plc, Nestlé Nigeria Plc, BUA Cement Plc, and Cadbury Nigeria Plc, among others listed on the Nigerian Exchange Group (NGX), mobilise substantial capital, employ thousands of workers, and generate significant government revenue through taxation. However, the sector operates within an environment of high production costs, foreign exchange volatility, infrastructural deficits, and intense competitive pressure, conditions that create strong incentives for financial statement manipulation, revenue and expense misstatement, inventory and procurement fraud, and outright asset misappropriation.

Traditional statutory audit, which relies on sampling, historical verification of records, and a presumption of management integrity, has repeatedly proved inadequate for uncovering deliberately concealed fraudulent schemes. High-profile corporate collapses and financial reporting scandals in Nigeria and other emerging economies have shown that conventional audit procedures can fail to detect fraud that is intentionally designed to circumvent internal controls and mislead auditors. This limitation has given rise to forensic accounting, a specialised discipline that integrates accounting, auditing, criminology, and legal knowledge to investigate financial irregularities, quantify losses, and provide evidence admissible in litigation (Okoye & Gbegi, 2013).

Forensic accounting techniques commonly identified in the literature include forensic audit, investigative accounting, litigation support services, forensic data analytics or digital forensics, fraud risk assessment, and asset tracing and recovery. Each of these techniques addresses a different stage of the fraud life cycle, from prevention and deterrence, through detection and investigation, to prosecution and asset recovery. Fraud prevention, as distinct from fraud detection, is concerned with the proactive measures, structures, and deterrent signals that reduce the likelihood that fraud will be attempted or successfully executed in the first instance (Ogundana, Okere, Ogunleye & Oladapo, 2018).

Empirical studies conducted within the Nigerian context have generally found a positive and statistically significant relationship between the adoption of forensic accounting practices and improved fraud control outcomes in banks, public sector ministries, and, to a lesser extent, manufacturing firms (Bassey & Ahonkhai, 2017; Adu, Uchehara & Oke-Potefa, 2023). Nevertheless, the specific application of forensic accounting techniques to fraud prevention in listed manufacturing firms remains comparatively under-researched relative to the financial services sector, creating both a practical and an academic need for a focused review. This paper responds to that need by systematically reviewing the conceptual, theoretical, and empirical literature on forensic accounting techniques and fraud prevention, with specific reference to Nigeria's listed manufacturing firms, and by proposing a conceptual model and methodology capable of guiding future empirical investigation.

Despite considerable regulatory attention from the Securities and Exchange Commission (SEC), the Financial Reporting Council of Nigeria (FRCN), and the Economic and Financial Crimes Commission (EFCC), cases of financial statement fraud, inventory diversion, vendor collusion, and payroll manipulation continue to be reported within Nigeria's manufacturing sector. Manufacturing firms are particularly exposed because of the volume and complexity of their inventory, procurement, and production-cost transactions, which create numerous opportunities for concealment relative to firms in less transaction-intensive sectors.

The persistence of fraud despite the existence of statutory audit and internal control systems suggests that conventional audit and control mechanisms are, on their own, insufficient. Statutory audit is primarily designed to express an opinion on the truth and fairness of financial statements based on sampling and materiality thresholds; it is not specifically designed to detect fraud, and auditors are frequently constrained by time, cost, and scope limitations that fraudsters can exploit. Forensic accounting techniques, being investigative, technology-enabled, and litigation-oriented, are theorised to close this gap by increasing the perceived and actual probability of detection, thereby altering the pressure, opportunity, rationalisation, and capability calculus that underlies the decision to commit fraud (Wolfe & Hermanson, 2004).

However, the extent to which Nigerian listed manufacturing firms have institutionalised forensic accounting techniques, and the extent to which such techniques are associated with measurable fraud prevention outcomes, remains unclear and inconsistently documented in the literature. Existing Nigerian studies on forensic accounting have concentrated disproportionately on the banking industry and the public sector (Okoye & Gbegi, 2013; Agbaje & Adeniran, 2017; Bassey & Ahonkhai, 2017), leaving a comparative gap in manufacturing-sector-specific evidence. This paper addresses this problem by reviewing available conceptual and empirical evidence and by clarifying, through a proposed conceptual model, how specific forensic accounting techniques are theorised to relate to fraud prevention outcomes in listed manufacturing firms in Nigeria.

Objectives of the Study

The broad objective of this paper is to review and synthesise the conceptual, theoretical, and empirical literature on forensic accounting techniques and fraud prevention in listed manufacturing firms in Nigeria, and to propose a conceptual framework and methodology for future empirical validation.

The specific objectives are to:

i. examine the relationship between forensic audit and fraud prevention in listed manufacturing firms in Nigeria;
ii. assess the relationship between investigative accounting and fraud prevention in listed manufacturing firms in Nigeria;
iii. evaluate the relationship between litigation support services and fraud prevention in listed manufacturing firms in Nigeria;
iv. determine the relationship between forensic data analytics and fraud prevention in listed manufacturing firms in Nigeria;
v. propose a conceptual model and methodology for the empirical validation of the reviewed relationships.

Research Questions

i. What is the relationship between forensic audit and fraud prevention in listed manufacturing firms in Nigeria?
ii. What is the relationship between investigative accounting and fraud prevention in listed manufacturing firms in Nigeria?
iii. What is the relationship between litigation support services and fraud prevention in listed manufacturing firms in Nigeria?
iv. What is the relationship between forensic data analytics and fraud prevention in listed manufacturing firms in Nigeria?

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Review of Related Literature

1 Conceptual Review

Concept of Fraud

Fraud is generally defined as an intentional act involving deception, carried out for the purpose of obtaining an unjust or illegal advantage, typically at the expense of another party. In the corporate context, fraud manifests as asset misappropriation, corruption, and fraudulent financial statement manipulation, the three broad categories identified by the Association of Certified Fraud Examiners (ACFE). Within Nigerian manufacturing firms, common fraud schemes include inventory diversion, fictitious vendor and procurement schemes, payroll padding, revenue and expense misstatement, and collusion between employees and external parties (Owolabi, 2021). Fraud is distinguished from error by the presence of intent, which is precisely what makes it difficult to detect using ordinary audit procedures that are designed to identify unintentional misstatement.

Concept of Forensic Accounting

Forensic accounting is the application of accounting, auditing, and investigative skills to matters that may result in, or have resulted in, litigation or dispute resolution. Bhasin (2007) describes forensic accounting as a specialised niche of accounting practice that integrates accounting knowledge with investigative skills to develop information suitable for use as evidence in courts of law. Okoye and Gbegi (2013) similarly conceive forensic accounting as the use of accounting skills to investigate fraud, embezzlement, and other financial crimes, and to present findings in a manner that can withstand legal scrutiny. Unlike statutory audit, which is periodic, sample-based, and oriented toward an opinion on the fairness of financial statements as a whole, forensic accounting is investigative, evidence-oriented, and typically triggered by suspicion or allegation of specific wrongdoing.

Forensic Accounting Techniques

The literature identifies several distinct, though overlapping, forensic accounting techniques, each contributing differently to the fraud prevention and detection continuum. These are discussed below.

Forensic Audit: Forensic audit involves a detailed, often transaction-level, examination of financial records specifically designed to identify indicators of fraud, and to gather evidence that can support legal proceedings. It differs from statutory audit in scope, depth, and objective, focusing on specific accounts, transactions, or periods flagged as high-risk rather than on the financial statements as a whole (Bassey & Ahonkhai, 2017).

Investigative Accounting: Investigative accounting entails the systematic tracing of financial transactions to establish patterns of concealment, misappropriation, or manipulation. It typically involves reconstructing financial events, reconciling discrepancies, and identifying the individuals or units responsible for irregularities (Enofe, Okpako & Atube, 2013).

Litigation Support Services: Litigation support involves the provision of accounting expertise to legal counsel during fraud-related litigation, including the quantification of financial losses, preparation of expert witness reports, and expert testimony in court. This technique bridges the gap between financial investigation and judicial prosecution (Dada, Enyi & Owolabi, 2013).

Forensic Data Analytics and Digital Forensics: This technique applies data mining, computer-assisted audit tools, and digital evidence recovery methods, such as IDEA and ACL software, to analyse large volumes of financial data, detect anomalies, and identify fraudulent transaction patterns that would be difficult to uncover manually. Its effectiveness, however,

depends heavily on the technological infrastructure and digital skills available within the organisation (Okoye & Gbegi, 2013).

Fraud Risk Assessment and Internal Control Evaluation: This technique involves the systematic identification and evaluation of fraud risk exposures across business processes, and the assessment of the adequacy of existing internal controls in mitigating those risks. It is primarily preventive, aiming to close control gaps before fraud occurs (Akani & Oladutire, 2013).

Asset Tracing and Recovery: This technique focuses on tracking the movement and location of misappropriated assets, often across multiple accounts or jurisdictions, with a view to recovery through civil or criminal proceedings. It is particularly relevant where fraud has already occurred and the objective shifts from prevention to remediation.

Concept of Fraud Prevention

Fraud prevention refers to the proactive policies, structures, and control mechanisms that reduce the likelihood that fraud will be attempted or successfully perpetrated within an organisation. It is distinguished from fraud detection, which is concerned with identifying fraud that has already occurred, although in practice the two are closely linked because effective detection mechanisms also serve a deterrent function. Indicators of fraud prevention commonly used in the literature include the strength of internal control systems, the frequency and severity of reported fraud incidents, the effectiveness of whistleblowing mechanisms, and the quality of financial reporting (Ogundana, Okere, Ogunleye & Oladapo, 2018).

Theoretical Framework

This paper is anchored on the Fraud Triangle Theory, propounded by Cressey (1953), and its extension, the Fraud Diamond Theory, propounded by Wolfe and Hermanson (2004).

Cressey (1953), in his classic study of convicted embezzlers, proposed that fraud occurs when three conditions converge: perceived financial pressure, perceived opportunity to commit the fraud without detection, and the ability to rationalise the fraudulent act as consistent with one's self-image as a trustworthy person. The Fraud Triangle has since become the foundational framework for understanding why individuals commit financial crimes, and it directly informs the design of forensic accounting techniques, which are largely oriented toward eliminating the opportunity element through stronger controls and increased likelihood of detection.

Wolfe and Hermanson (2004) extended the Fraud Triangle by introducing a fourth element, capability, arguing that even where pressure, opportunity, and rationalisation coexist, fraud is unlikely to occur unless the potential perpetrator also possesses the personal traits, position, intelligence, ego, and skill required to recognise the fraud opportunity and to execute and conceal it successfully. This paper adopts the Fraud Diamond Theory as its principal anchor because forensic accounting techniques are theorised to act specifically on the opportunity and capability elements: forensic audit, fraud risk assessment, and internal control evaluation reduce opportunity by closing control gaps, while forensic data analytics, investigative accounting, and litigation support reduce the practical capability of would-be fraudsters to execute and conceal fraud without detection, and increase the probability that concealment attempts will be uncovered and prosecuted. In relation to listed manufacturing firms in Nigeria, the Fraud Diamond Theory suggests that the presence of complex inventory, procurement, and production-cost transactions may create abundant opportunity, while weak digital infrastructure or inadequately staffed forensic units may leave the requisite capability gap unaddressed on the organisation's side, favouring capable fraudsters. The theory therefore provides a coherent basis for linking specific forensic accounting techniques to specific elements of fraud risk, and ultimately to fraud prevention outcomes.

Empirical Review

Okoye and Gbegi (2013) examined forensic accounting as a tool for fraud detection and prevention in the public sector, using a study of selected ministries in Kogi State, Nigeria. The study administered 370 questionnaires to staff of five ministries, of which 350 were returned, and applied Analysis of Variance (ANOVA) to test the hypotheses. The findings revealed that the use of forensic accounting significantly reduced the occurrence of fraud cases, and that professional forensic accountants performed significantly better than traditional external auditors in detecting and preventing fraud. The study recommended greater deployment of forensic accountants in place of, or alongside, conventional external auditors in public institutions.

Agbaje and Adeniran (2017) investigated the effect of forensic accounting services on fraud reduction in the Nigerian banking industry. Using survey data analysed with regression techniques, the study found that forensic accounting services, including forensic investigation and litigation support, had a significant positive effect on fraud reduction, and recommended that banks strengthen their forensic accounting departments.

Bassey and Ahonkhai (2017) examined the effect of forensic accounting and litigation support on fraud detection in Nigerian banks. Employing survey methodology and regression analysis, the study found that both forensic accounting practice and litigation support services had a statistically significant positive relationship with fraud detection, reinforcing the complementary role that litigation support plays alongside investigative forensic techniques.

Dada, Enyi and Owolabi (2013) examined forensic accounting as a relevant tool for the effective investigation of bribery cases in Nigeria, concluding that forensic investigative techniques, particularly investigative accounting, significantly enhanced the ability of investigators to establish evidence of bribery and corrupt practices suitable for prosecution.

Akani and Oladutire (2013) studied fraud prevention, mitigation, and management practices in Nigerian firms, and found that proactive fraud risk assessment, strong internal control systems, and staff fraud-awareness training were significantly associated with lower incidence of fraud, underscoring the preventive value of fraud risk assessment as a forensic accounting technique.

Ogundana, Okere, Ogunleye and Oladapo (2018) examined forensic accounting and fraud prevention and detection in the Nigerian banking industry. The study found a significant positive relationship between forensic accounting practice and both fraud prevention and detection outcomes, and recommended the institutionalisation of forensic accounting departments within financial institutions.

Okafor and Agbiogwo (2016) examined the effects of forensic accounting skills on the management of bank fraud in Nigeria, finding that forensic accounting skills, particularly investigative and litigation support skills, were significantly associated with improved fraud management outcomes, and recommended enhanced forensic accounting training for bank staff.

Alao and Akande (2021) investigated the impact of forensic accounting on fraud detection and financial reporting quality in Nigeria, reporting that forensic accounting practice was positively and significantly associated with both improved fraud detection and enhanced financial reporting quality, suggesting that forensic accounting techniques serve a dual role in fraud control and reporting credibility.

Adu, Uchehara and Oke-Potefa (2023) specifically examined forensic accounting and fraud control in manufacturing companies in Nigeria, one of the few studies to focus directly on the manufacturing sector. The study found a significant positive relationship between forensic accounting practices and fraud control, with forensic investigation reported to have a coefficient

of approximately 0.303 and a p-value below 0.05, indicating that increased forensic investigative activity was associated with improved fraud control outcomes in manufacturing firms.

A study on forensic accounting and fraud detection in the manufacturing industry in Nigeria, drawing on a sample of auditors in listed companies, found that forensic accounting knowledge and the complexity of forensic techniques applied were both significantly related to fraud prevention, and recommended that manufacturing firms intensify the application of sophisticated forensic auditing techniques (as cited in related literature on forensic accounting and fraud mitigation in Nigeria's manufacturing industry).

By contrast, a study examining forensic accounting and fraud mitigation in Nigeria's manufacturing and banking industries found that while investigative accounting was statistically significant in reducing electronic fraud, digital forensics and data analytics did not achieve statistical significance in the sampled deposit money banks, although data analytics approached significance at the 10 percent level. This finding suggests that the effectiveness of technology-driven forensic techniques may be conditional on the scope, sophistication, and resourcing of the digital forensic function, rather than being uniformly significant across all organisational contexts.

Similarly, a study on the impact of forensic skills on fraud detection in Nigerian federal government agencies, using Ordinary Least Squares regression, found no statistically significant relationship between forensic skills and fraud detection, contrary to the majority of reviewed studies. This divergent result highlights that organisational, institutional, and capacity factors, rather than the mere presence of forensic accounting knowledge, may moderate the strength of the relationship between forensic accounting techniques and fraud outcomes.

Conceptual Framework

Drawing on the reviewed conceptual and theoretical literature, this paper proposes a conceptual model in which forensic audit, investigative accounting, litigation support services, and forensic data analytics constitute the independent (explanatory) constructs, and fraud prevention, proxied by indicators such as reduction in reported fraud incidents, strength of internal control systems, and improvement in financial reporting quality, constitutes the dependent construct. Fraud risk assessment and internal control evaluation are conceptualised as an intervening mechanism through which the four explanatory techniques translate into fraud prevention outcomes, while organisational factors such as management commitment, technological infrastructure, and the availability of certified forensic accounting personnel are conceptualised as moderating factors that may strengthen or weaken the relationships. This conceptual model is summarised in the table below.

Construct Type	Construct	Illustrative Indicators
Independent	Forensic Audit	Depth of transaction-level examination; frequency of forensic audit engagements
Independent	Investigative Accounting	Extent of transaction tracing and reconstruction activity
Independent	Litigation Support Services	Availability of expert witness / loss quantification capacity
Independent	Forensic Data Analytics	Use of computer-assisted audit tools (e.g., IDEA, ACL); analytics coverage
Intervening	Fraud Risk Assessment / Internal Control Evaluation	Frequency of risk assessments; control-gap closure rate
Moderating	Organisational Capacity	Management commitment; technology infrastructure; certified forensic staff

Dependent	Fraud Prevention	Reduction in reported fraud incidents; internal control strength; financial reporting quality

The empirical review reveals that the majority of Nigerian studies on forensic accounting and fraud prevention have concentrated on the banking industry (Agbaje & Adeniran, 2017; Bassey & Ahonkhai, 2017; Okafor & Agbiogwo, 2016; Ogundana et al., 2018) and the public sector (Okoye & Gbegi, 2013), with comparatively few studies focusing specifically on listed manufacturing firms (Adu, Uchehara & Oke-Potefa, 2023). Moreover, the existing manufacturing-sector studies tend to examine forensic accounting practice in aggregate rather than disaggregating the specific techniques, forensic audit, investigative accounting, litigation support, and forensic data analytics, that this paper reviews, making it difficult to determine which specific techniques matter most for fraud prevention in this sector. Furthermore, some studies report divergent or insignificant findings for specific sub-techniques, particularly digital forensics and data analytics, indicating that the moderating role of organisational capacity has not been sufficiently explored. This paper fills this gap by disaggregating forensic accounting into its constituent techniques, proposing a conceptual model that incorporates organisational capacity as a moderating factor, and specifying a methodology through which the proposed relationships can be empirically tested specifically within Nigeria's listed manufacturing sector.

Methodology

As indicated in the introduction, this paper is conceptual and does not itself collect or analyse primary or secondary data. This section therefore sets out a research design and model specification recommended for the empirical validation of the propositions advanced in Section 1, and is intended as a template for future researchers rather than a report of data collected and analysed for this paper.

Research Design

A cross-sectional survey research design is recommended for the empirical validation of the propositions advanced in this paper. This design is appropriate because forensic accounting practice and fraud prevention outcomes are most reliably captured through the perceptions and experiences of accounting, audit, and internal control personnel who directly observe and administer forensic accounting techniques within their firms, rather than solely through published financial statement data, which does not typically disclose forensic accounting activity.

Population and Sampling Technique

The recommended population comprises accountants, internal auditors, and internal control or forensic unit staff of manufacturing firms listed on the Nigerian Exchange Group (NGX). A purposive sampling technique is recommended, targeting respondents with direct involvement in, or oversight of, internal control, audit, or forensic accounting functions, since these respondents are best positioned to assess the extent and effectiveness of forensic accounting techniques applied within their firms.

Sources and Method of Data Collection

Primary data collection through a structured questionnaire, employing a five-point Likert scale ranging from strongly disagree to strongly agree, is recommended for measuring perceptions of forensic audit, investigative accounting, litigation support services, forensic data analytics, and fraud prevention outcomes. Where feasible, this may be complemented by secondary data extracted from the annual reports, audit committee reports, and whistleblowing disclosures of the sampled firms, to provide an objective cross-check on self-reported fraud incidence.

Model Specification

For future empirical testing, the following model is proposed to examine the effect of forensic accounting techniques on fraud prevention in listed manufacturing firms in Nigeria:

$$FPit = f(FAit, IAit, LSit, FDAit) \quad \text{---------- (1)}$$

$$FPit = \beta0 + \beta1FAit + \beta2IAit + \beta3LSit + \beta4FDAit + \varepsilon it \quad \text{---------- (2)}$$

Where:

- FP = Fraud Prevention (proxy: composite index of reported fraud incidence, internal control strength, and financial reporting quality)
- FA = Forensic Audit
- IA = Investigative Accounting
- LS = Litigation Support Services
- FDA = Forensic Data Analytics
- ε = Stochastic disturbance term (error term)
- β0 = Constant term
- β1 – β4 = Coefficients of the explanatory variables
- i = Firm (cross-sectional unit); t = Time period

Method of Data Analysis

Multiple regression analysis, estimated via Ordinary Least Squares (OLS) or, where panel data across several firms and years is available, panel least squares regression, is recommended for testing the specified model. Descriptive statistics should be used to characterise the sample, while reliability of the Likert-scale instrument should be assessed using Cronbach's Alpha prior to hypothesis testing. Diagnostic tests, including tests for multicollinearity (variance inflation factor), heteroscedasticity, and autocorrelation (Durbin-Watson statistic), are recommended to ensure the robustness of the regression estimates.

Decision Rule

For future hypothesis testing based on the propositions in Section 1, the decision rule should be to reject the null hypothesis of no significant relationship where the probability value (p-value) associated with a coefficient is less than 0.05, and to accept the null hypothesis where the probability value exceeds 0.05, consistent with a five percent level of significance conventionally applied in accounting and finance research in Nigeria.

Discussion

In the absence of primary data collected for this paper, this section synthesises the reviewed theoretical and empirical literature to assess the plausibility of each research proposition advanced in Section 1, and to identify the conditions under which each proposition is more or less likely to hold in future empirical testing.

Proposition One: Forensic Audit and Fraud Prevention

The reviewed literature consistently supports a positive relationship between forensic audit and fraud prevention. Bassey and Ahonkhai (2017) and the broader body of Nigerian banking-sector studies report significant positive coefficients linking forensic audit practice to fraud detection and, by extension, prevention through deterrence. Theoretically, forensic audit acts primarily on the opportunity element of the Fraud Diamond by closing control gaps that would otherwise remain undetected under conventional statutory audit sampling. On this basis, Proposition One is well supported by existing literature, although its strength is likely to vary with the frequency and depth of forensic audit engagements within individual manufacturing firms.

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Proposition Two: Investigative Accounting and Fraud Prevention

Investigative accounting is theorised, and empirically supported by Dada, Enyi and Owolabi (2013) and related studies, to enhance the tracing and reconstruction of fraudulent transactions, thereby increasing the practical capability of the organisation, rather than the fraudster, to detect and unwind concealment schemes. This shifts the capability advantage in the Fraud Diamond framework away from the perpetrator, supporting a positive relationship between investigative accounting and fraud prevention. However, the study on forensic skills and fraud detection in Nigerian federal government agencies, which found no significant relationship, suggests that this proposition may not hold uniformly where investigative capacity is nominal rather than substantively resourced.

Proposition Three: Litigation Support Services and Fraud Prevention

Litigation support services are theorised to contribute to fraud prevention primarily through deterrence, since the credible prospect of successful prosecution, supported by admissible expert evidence, raises the perceived cost of fraud and thereby weakens the rationalisation element of the Fraud Diamond. Bassey and Ahonkhai (2017) provide direct empirical support for a significant positive relationship between litigation support and fraud detection outcomes in Nigerian banks. Extending this finding to manufacturing firms is plausible, although manufacturing firms may pursue fewer fraud-related prosecutions than banks, which could moderate the observable strength of this relationship in practice.

Proposition Four: Forensic Data Analytics and Fraud Prevention

This proposition receives the most mixed support in the reviewed literature. While Okoye and Gbegi (2013) highlight the value of computer-assisted audit tools such as IDEA and ACL in enabling forensic accountants to analyse large volumes of data and detect anomalies with precision, other studies report that digital forensics and data analytics did not achieve statistical significance in reducing electronic fraud within the sampled banks, approaching significance only at the ten percent level. This divergence suggests that the relationship between forensic data analytics and fraud prevention is conditional on the technological infrastructure, data quality, and digital skills available within the firm, consistent with the moderating role assigned to organisational capacity in the conceptual model proposed in Section 2.4. Manufacturing firms with limited investment in enterprise resource planning systems and digital forensic tools may therefore experience a weaker relationship between forensic data analytics and fraud prevention than firms with more developed digital infrastructure.

Synthesis

Taken together, the reviewed literature suggests that forensic accounting techniques are positively associated with fraud prevention outcomes, but that the strength of this association is not uniform across techniques or organisational contexts. Techniques that directly close internal control gaps, forensic audit and fraud risk assessment, appear to enjoy the most consistent empirical support, while technology-dependent techniques, particularly forensic data analytics, appear more sensitive to organisational capacity constraints. This has direct implications for listed manufacturing firms in Nigeria, many of which operate with varying levels of digital maturity across their production, inventory, and finance functions, and suggests that fraud prevention strategy should not rely on any single forensic accounting technique in isolation, but should combine audit-based, investigative, litigation-oriented, and analytics-based techniques within a coherent, adequately resourced forensic accounting function.

5. CONCLUSION AND RECOMMENDATIONS

Conclusion

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This paper has undertaken a conceptual review of the relationship between forensic accounting techniques and fraud prevention in listed manufacturing firms in Nigeria. The review shows that forensic audit, investigative accounting, litigation support services, and forensic data analytics are each theorised, and substantially supported by prior Nigerian and cross-country empirical studies, to contribute to fraud prevention by addressing the opportunity, capability, and rationalisation elements identified in the Fraud Diamond Theory. However, the review also reveals that most existing Nigerian empirical evidence is drawn from the banking and public sectors, that findings for technology-dependent techniques such as forensic data analytics are more mixed than for audit-based and investigative techniques, and that organisational capacity, including technological infrastructure and the availability of trained forensic personnel, plausibly moderates the strength of these relationships. The paper concludes that forensic accounting, treated as a coherent bundle of complementary techniques rather than a single undifferentiated practice, holds strong conceptual and empirical promise for fraud prevention in Nigeria's listed manufacturing sector, but that this promise is contingent on deliberate institutional investment rather than nominal adoption.

Recommendations

Based on the conceptual and empirical review, the following recommendations are made:

i. Listed manufacturing firms should institutionalise dedicated forensic accounting units, staffed with personnel holding relevant certifications, and should ensure such units are adequately funded and positioned with sufficient independence within the corporate governance structure.
ii. Firms should invest in forensic data analytics infrastructure, including computer-assisted audit tools, and should build corresponding digital skills among finance, audit, and internal control staff, given the evidence that the effectiveness of analytics-based techniques is conditional on organisational technological capacity.
iii. Regulatory bodies, including the Securities and Exchange Commission and the Financial Reporting Council of Nigeria, should consider incorporating forensic accounting capacity as an explicit component of corporate governance codes applicable to listed manufacturing firms.
iv. Professional accountancy bodies, including the Institute of Chartered Accountants of Nigeria and the Association of National Accountants of Nigeria, should strengthen forensic accounting certification and continuing professional education to expand the pool of qualified forensic accountants available to the manufacturing sector.
v. Future researchers should empirically validate the propositions and conceptual model advanced in this paper using the survey-based methodology proposed in Section 3, with particular attention to disaggregating forensic accounting techniques and testing organisational capacity as a moderating variable, in order to generate manufacturing-sector-specific evidence that is currently scarce in the Nigerian literature.

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