

FORENSIC ACCOUNTING &

FRAUD MANAGEMENT PERSPECTIVE
An Integrated Approach



1st
Edition

DICK .O. MUKORO
SAMUEL .O. FABOYEDE
YAMUSHA OGIJO FLAVIUS

FORENSIC ACCOUNTING
AND
FRAUD MANAGEMENT PERSPECTIVE
An Integrated Approach

**DICK .O. MUKORO, Audit and Investigation
Lecturer, Covenant University, Canaanland, Ota.**

**SAMUEL .O. FABOYEDE, Forensic Accounting
Lecturer, Covenant University, Canaanland, Ota.**

**YAMUSHA OGIJO FLAVIUS, Accounting Lecturer,
Federal Polytechnic, Ilaro, Yewa South Local Govt.,
Ogun State.**

ISBN - 978-978-912-750-4

Published, Designed & Printed By:

**UNBEATABLESTAR PUBLISHER
(EDUCATIONAL PUBLISHERS)**

14, Olorunsogo Street, Mushin, Lagos.

Tel:- 08034587492, 018282243074

Dick .O. Mukoro, Auditing and Investigation Lecturer Covenant University.

His primary teaching and research area is auditing and he teaches undergraduate, M.Sc in accounting at least in Alpha and Omega annually. Dick is a member of Certified Auditors. While in London, he practiced auditing with both local ACCA firms and predecessor firm to Idowu and Mukoro & Co. in Nigeria he was with a firm of Afamike & Co. (Chartered Accountants). His current book is system Accounting and Accounting Theory- "From Evolution to Revolution".

Samuel O. Faboyede is a lecturer in the department of Accounting. Covenant University, Ota. His research and teaching interest include Forensic Accounting Auditing, Financial Reporting, Taxation, Cost Accounting and Oil and Gas Accounting. He is a fellow (FCA) of the Institute of Chartered of Accountants of Nigeria (ICAN), and an educator Associate of the Association of certified Fraud Examiners (ACFE). He has had some 21 years of industry and academic experience, working as an accountant, an internal auditor and a lecturer. He believes that the subject matter of Forensic Accounting is a matter that should matter, no matter the matter, in every aspect of life that matters for living to matter and be meaningful.

All right reserved, no part of this publication may be reproduced, transmitted, transcribed, stored in a retrieval system or translated into any language or computer language, in any form or by any means, electronic, mechanical, magnetic, chemical, thermal, manual or otherwise, without prior consent in writing of the copyright owner.

Applications for the copyright owner's permission to reproduce any part of this publication should be addressed to the publisher.

This book is sold subject to the condition that it shall not by way of trade or otherwise, be lent, re-sold, hire out, or otherwise circulated without the publisher's prior consent in writing, in any form of binding or cover other than in which it is published and without a similar condition, including this condition, being imposed on the subsequent purchaser.

PREFACE

OBJECTIVE

FORENSIC ACCOUNTING AND FRAUD MANAGEMENT PERSPECTIVE: An integrated approach is an introduction to forensic accounting and fraud effective management for students who have not have not had significant experience in providing such fraud management in their auditing programme. It is intended for one semester course for both three hundred level and four hundred level (300 & 400 level) students. This book is also appropriate for introductory professional development courses for ICAN firms, ACCA's firms, internal auditors and government auditors.

The primary emphasis in this text is on the Forensic Accounting decision making process in both detecting and management of fraud. We believe that the most fundamental concepts in forensic accounting relate to the intersection between detection/management of fraud, accounting, law, and auditing.

Although, forensic accounting is a new subject, it students of auditing and accounting understand the objectives to be accomplished in a firm: fraud management area, the circumstances of the organization, and decision to be made, they should be able to determine the appropriate

evidence to gather and how to evaluate the evidence obtained.

Thus, as the rule of this book reflects, our purpose is to integrate the most important concepts of forensic accounting, including key provisions of CAMA 1990 and the related accounting standards SASs in a logical manner to assist students in understanding forensic decision making and evidence accumulation in today's complex fraud detection environment. For example, internal control is integrated into each of the chapters dealing with particular functional area and is related to tests of controls and substantive test of transactions that are performed in both fraud detection and management and use of investigation, tests of control and substantive test of transactions are in turn related to the test of details and of financial statement balances for the areas; and audit sampling is applied (Nigerian Auditing Standard 19 (ED)) to the accumulation from the perspective of Legal framework and internal control issues are integrated throughout the chapters.

Chapter Eight:

The Application of Internal Control Systems,
Mission And Values to Enhance Fraud Prevention,
Detection and Control 149

Chapter Nine:

Fraud Investigation from the Perspective of
Legal Framework 169

Chapter Ten:

Sociological Analysis of Fraud, Causes, Prevention
and Control 189

Chapter Eleven:

What is the role of the System Auditor? 209

Chapter Twelve:

Your computer Know-How 217

Chapter Thirteen:

Integrate Marketing Communications (IMC) and
Anti-Corruption Crusade 233

Chapter Fourteen:

Conceptual Framework of Forensic Accounting 245

Chapter Fifteen:

System Auditing

Chapter Sixteen:

An Audit Approach System. Auditing:
The International Auditor's Perspective.

Chapter Seventeen:

System Audit Assets

Chapter Eighteen:

Asset Control: Security Checklist

Chapter Nineteen:

Segregation of Duties

Chapter Twenty:

System Application Towards Fraud Prevention.
Fire Walls and Control System

Chapter Twenty-One:

Key Element to A System Environment

Chapter Twenty-Two:

Financial Statement Analysis and Investigation

Chapter Twenty-Three

System Auditing II

Chapter Twenty- Four:

The Forensic Accounting Legal Environment.

Chapter Twenty-Five:

Internal System Auditing: Call Yourself An Auditor.

ABOUT THE AUTHORS

Dick .O. Mukoro, Auditing and Investigation Lecturer Covenant University.

His primary teaching and research area is auditing and he teaches undergraduate, M.Sc in accounting at least in Alpha and Omega annually. Dick is a member of Certified Auditors. While in London, he practiced auditing with both local ACCA firms and predecessor firm to Idowu and Mukoro & Co. in Nigeria he was with a firm of Afamike & Co. (Chartered Accountants). His current book is system Accounting and Accounting Theory- "From Evolution to Revolution".

Samuel O. Faboyede is a lecturer in the department of Accounting. Covenant University, Ota. His research and teaching interest include Forensic Accounting Auditing, Financial Reporting, Taxation, Cost Accounting and Oil and Gas Accounting. He is a fellow (FCA) of the Institute of Chartered of Accountants of Nigeria (ICAN), and an educator Associate of the Association of certified Fraud Examiners (ACFE). He has had some 21 years of industry and academic experience, working as an accountant, an internal auditor and a lecturer. He believes that the subject matter of Forensic Accounting is a matter that should matter, no matter the matter, in every aspect of life that matters for living to matter and be meaningful.

Yamusha Ogijo Flaviu, FCA, was born in 1964 in Emere, Ankpa and attended RCM/LGEA Primary School, Emere (1970 1971) and St. Charles' College, Ankpa, Kogi State (1976 1981) He has National and Higher National Diploma in Accountancy, (1985 1990) from The Federal Polytechnic, Ilaro and Bachelors of Science in Accounting (2011) from Olabisi Onabanjo University, Ago-Iwoye in Ogun State. He qualified as a Chartered Accountants of Nigeria (ICAN) 1993; Chartered Institute of Taxation of Nigeria (CITN) in 1994 and Nigerian Institute of Management in 1996. He was appointed a Lecturer at The Federal Polytechnic, Ilaro. He was conferred with fellowship of the Institute of Chartered Accountant of Nigeria in 2004 (FCA). He hold a master degree in Accounting (M.Sc) of Covenant University, Ota. He teaches and specializes in Financial Management, Auditing, Accounting for Small Scale Businesses and Taxation Matter. He has written many books and made contributions to learning journal and conference papers. He is a Christian, he is married with children.

ISBN 978-978-912-750-4