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Forensic Accounting Practices and Development of Nigerian Economy: Evidence from Delta State Oil Producing Area Development Commission

APETE, Collins[1], OKORO Oghenefejiro[2]
Accounting Department,
Faculty of Management Sciences,
Delta State University, Abraka;
email: collinzo78@yahoo.co.uk
Accounting Department,
Faculty of Management Sciences,
Delta State University, Abraka;
email: okorofejiro638@gmail.com

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Abstarct
Forensic accounting has emerged as a crucial tool in addressing financial irregularities, promoting accountability, and enhancing development outcomes in Nigeria's public sector. This study investigates the effect of forensic accounting on the growth and development of the Nigerian economy with evidence from the Delta State Oil Producing Areas Development Commission. The study adopts a quantitative methodology using secondary data from 2019 - 2023. Variables such as number of forensic audits conducted, financial irregularities detected, funds recovered, projects completed, employment generated, and community satisfaction were analyzed using the Statistical Package for Social Sciences. Descriptive and inferential statistical tools were employed in analyzing the data obtained. The regression result revealed a positive relationship between forensic accounting practices and development indicators. Similarly, forensic audit was found to significantly affect funds recovered, project completion rates, employment creation, and community satisfaction levels. The study concludes that forensic accounting contributes substantially to economic transparency, financial recovery, and socio-economic development and, by extension, Nigeria. The study recommends among others, the need for institutionalizing forensic practices across other development agencies to curb corruption and enhance sustainable development.

Keywords: Forensic accounting, Development, DESOPADEC, Financial recovery, Economic growth, Economic Development; Nigeria.

Introduction

In Nigeria, forensic accounting is becoming ever more identified as a critical mechanism for promoting economic development, especially in the fight against financial crimes and government transparency. On the other hand, economic growth has been significantly undermined by massive corruption and financial mismanagement (Adebaifo, 2023). One of the largest economies in Africa, Nigeria has been struggling with corruption, leadership deficits and ineffective use of her enormous oil reserves. Over 80% of Nigeria's foreign exchange revenues come from the oil and gas industry that is marred by a history of unethical business practice, opaque transactions and lack of accountability (NNPC, 2020).

Financial impropriety and lack of transparency in government financial management have usually weakened the effectiveness of government intervention to promote economic stability. DESOPADEC has reportedly been accused of embezzlement and mismanagement of funds, which calls into question the effectiveness of the current financial control mechanisms. This has contributed to a considerable misdirection of funds meant for development projects, thus stifling the growth and development of the Nigeria economy.

Despite Nigeria's immense oil wealth, corruption and mismanagement are some of the key challenges in the oil and gas sector that has impeded the economic growth and development of the nation (Egbe, 2018). The Nigerian government, in the last few years, has implemented a number of reforms directed towards ensuring accountability, transparency and good governance in the oil and gas sector. The creation of the delta state oil producing area development (DESOPADEC), a body that oversees the state's oil proceeds, is one such reform (DESOPADEC, 2020).

Forensic accounting, a professional accounting specialty applying accounting, auditing and investigation expertise to aid financial disagreements and identify fraudulence activities (AICPA, 2020), has been viewed as a prospective way out to identify and deter inefficiencies, mismanagement in the oil and gas industry. Forensic accountants can help to deepen transparency, accountability and good governance in the oil and gas sector (Okoye & Akamobi, 2015). Thus, using DESOPADEC as a focus, this study examined how forensic accounting affects the growth and development of Nigeria economy.

Review of Literature

Forensic Accounting

Because there are several authors that have written in this area of accounting literature, there are several definitions of forensic accounting. Consequently, there is no single definition that is regarded as the best. The term "forensic" is associated with the identification of crims for the intention of improving financial investigation and preventing or mitigating financial misconduct in all its forms, science is therefore applied to provide responses to queries arising from crime or litigation and therefore introduction in the accounting disciplines (Chepngeno and Fred, 2023).

As Yasmin (2023) defined it, forensic accounting is a profession that synthesizes auditing and investigative skills of accounting to identify financial frauds, detect discrepancies. It is not only applicable in the private sector, but also in the public sector to detect and prevent frauds, as attested by Akinadewo and Akinkoye (2020), who highlighted. Forensic accounting as a variable agent to combat fraudulent activities in the government sector. Forensic accounting has been very important in the corporate agenda since the financial reporting scandals that took place in various companies across the world like Enron, Tyco and world com.

Those scandals cost public confidence as well as a lot of money. To avoid fraud and theft, and to restore the seriously eroded public confidence, a few firms took the initiative of strengthening the infrastructure of their accounting and internal control system substantially. It was this transformation which contributed to the importance of accountants who have chosen to specialize in forensic accounting and hence are referred to as forensic accountants. Current research highlights the increased contribution of forensic accounting in addressing contemporary financial challenges.

By protecting the integrity of financial institutions from financial crimes, and offering expert testimony during court, forensic accounting is essential to the economic growth. The value of forensic accounting in the today's complex and worldwide economy cannot be overemphasized. By analyzing financial records, and detecting unusual transactions, forensic accountants help avoid financial crime like fraud, embezzlement, and money laundering forensic accountants help avoid government corporations and investors' trust in the financial system by detecting and preventing these types of crimes.

Furthermore, by assisting in the identification and deterrence of financial comes that would finder economic progress, forensic accounting also facilitates economic development depends. Economic development is based on a safe and secure setting for investment and trade which forensic accountants assist in creating through preventing financial crimes. By assisting in detaining and averting financial crimes that would destabilize economic growth, forensic accounting also promotes economic growth. Economic growth is dependent on a safe and secure investment and commerce environment, which forensic accountants assist in achieving through the avertment of financial crimes.

Challenges Facing the Use of Forensic Accounting in Nigeria

Despite the immense potential of forensic accounting, there are challenges facing its use in Nigeria some of which are,

(i) Lack of Awareness and Comprehension: There are a high number of stakeholders, from law enforcement officers to business owners who are not aware of the ides and advantages of forensic accounting.

(ii) Inadequate Funding: Nigeria frequently lacks the substantial resource needed for forensic accounting investigation

(iii) Shortageof Qualified Personnel: Nigeria is unable to provide enough forensic accountants because it lacks adequate experts.

(iv) Insufficient Legal and Regulatory Frameworks: Forensic accounting practice is insufficiently backed by existing legal and regulatory frame works in Nigeria. For instance, there might not be the application of specific guidelines on the admissibility of forensic accounting evidence in court.

(v) Resistance to Change: Acceptance of new technologies and practices may be difficult in Nigeria, as there are possibly imbedded traditions and beliefs.

Growth and Development of Nigeria Economy

Economic growth is the manner in which a country's wealth changes in the long term, according to John (2022). The term he employed, is commonly employed in discussions of short-term prosperity from an economic standpoint, but in discussions of economic theory, is more commonly used to denote an accumulation of wealth over a period of time. A society's ability to produce a greater quantity of economic goods and services of better quality is referred to as economic growth, according to Roser (2021).

Amedo (2021) observes that the increase in per-capita income is a better indicator because it is what corresponds to in terms of output good and service increase. The term development up to now has implied growing defined in terms of gross National product (GNP), Gross domestic product (GNP) or rise in per capital income, but development is not growth. Development can be considered to be growth with social justice (Bassanini, Scarpetta & Hemmings, 2021). The Nigerian economy has grown and developed considerably with time; even though it has experienced a lot of challenges, there is proof of growth and development through the early years when the Nigeria economy was agricultural with Nigeria as a major producer of products like coco, palm oil and groundnuts (Adeyinka, 2007). The discovery of oil in 1956 and the oil boom of the 1970's transformed the Nigeria economy (Iwayemi, 2017). This consequently has led to a significant contribution towards the development and growth of the Nigeria economy.

Theoretical Framework

The theory was championed by Sulterland (1949) as cited in Micheal (2004). He put forward his theory in an address to American sociological society in efforts of studying two fields, crime and high society, with no empirical connection earlier. Sutherland illustrates that in his time, fewer than 2percent of the people committed to prison within a year belong to the upper class. He defined his idea as crime that is carried out by someone of high social statuses in pursuit of his career. He intended to show a connection between money, status and chances of being imprisoned for a white-collar crime in comparison to more visible customary crimes.

White-collar crimes have been estimated to go undetected or if detected go unreported because the criminals in these crimes are of high status. A highly trained and experienced investigator or examiner like the professional forensic accountant must be able to prevent such big-name fraud. In this research study, the theory will help in excavating DESOPADEC and determining all the financial crimes committed by high profiled individuals in the company and with this criminal, he can be sanctioned. Accordingly, and it will reduce the commission of such high-profile crimes which will contribute to coming up with the development and growth of DESOPADEC and the economy as a whole.

Methodology

This study used an *ex-post facto* design because it employed secondary data. Secondary data were collected from DESOPADEC annual reports and budget documents and other relevant reports and statistical bulletin of the Central Bank of Nigeria (CBN). Data were obtained on forensic accounting and economic growth.

Variables such as number of forensic audits conducted, financial irregularities detected, funds recovered, projects completed, employment generated, and community satisfaction were analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive and inferential statistical tools were employed in analyzing the data obtained.

Results

Table 1: Descriptive Statistics

Variable	Mean	Std. Dev	Min	Max
Forensic Audits	5.00	1.58	3	7
Irregularities Detected (₦)	1,240.00	386.61	850	1,750
Funds Recovered (₦)	560.00	244.13	300	900
Projects Completed	22.00	5.83	15	30
Community Satisfaction (%)	57.20	11.42	42	73
Employment Generated	324.00	112.89	200	470

Source: Researchers' Computation via SPSS

The average number of forensic audits performed annually was 5.00, which equates to an average uncovering of ₦1.24 billion in financial irregularities. funds recovered annually averaged ₦560 million. Steady improvement in the completion of projects, employment creation and satisfaction among the community were observed alongside audit activity.

Table 2: Pearson Correlation coefficients

Variables	Audits	Irregularities	Funds Recovered	Satisfaction	Project completed	Employment
Forensic Audits	1	0.98**	0.99**	0.99**	0.98**	0.98**
Irregularities Detected		1	0.99**	0.98**	0.97**	0.96**
Funds Recovered			1	0.99**	0.97**	0.97**
Community Satisfaction				1	0.98**	0.98**

Projects Completed	1	0.98**
Employment Generated		1

Source: Researchers' Computation via SPSS
Note: $p < 0.01$, therefore correlation is significant at 0.01 level (2-tails)

There is a strong, positive, and statistically significant relationship between forensic audits and Funds recovered (r = 0.99); Community satisfaction (r = 0.99); Projects completed (r = 0.98); Employment generated (r = 0.98). This implies that increased forensic audit activity is strongly associated with higher financial recovery, development delivery, andbetter socio-economic outcomes.

Table 3: Model Summary

Model	*R*	*R²*	Adjusted *R²*	Std. Error
1	0.990	0.980	0.973	1.928

Source: Researchers' Computation via SPSS

The R^2 value $R^2 = 0.98$ indicates that 98% of the variation in community satisfaction is explained by forensic audits activities carried out. The high adjusted R^2 confirms that the model's robustness despite the simple sample size.

Table 4: ANOVA Summary

Model	SS	df	MS	F	Sig.
Regression	580.05	1	580.05	155.86	.001
Residual	11.15	3	3.72		
Total	591.20	4			

Source: Researchers' Computation via SPSS

The *F*- value (155.86) and significance level (.001), indicates that the regression model is statistically significant.

Table 5: Regression Coefficients

Variable	Unstandardized coefficient *B*	Std. Error	Beta	t	Sig.
Constant	27.80	3.26		8.52	.003
Forensic Audits	5.90	0.47	0.990	12.48	.001

Source: Researchers' Computation via SPSS

The coefficient (B = 5.90) implies that for each additional forensic audit conducted by DESOPADEC leads to an approximate 59% increase in community satisfaction, holding all else constant. The regression is statistically significant at p<.0, suggesting that forensic accounting is a governance perception and development outcomes. These findings confirm prior research (Okoye & Gbegi 2013; Modugu & Anyaduba, 2013) and affirmed the value of forensic accounting in promoting public accountability and sustainable development.

Conclusion and Recommendations

In this research, the effect of forensic accounting on the growth and development of Nigeria economy was examined. The study's aim was to investigate the link between the activities of forensic accounting and economic development indicators such as fund recovered, execution of community projects, creation of jobs and satisfaction of the people in the community. However, secondary data was used and analyzed with SPSS.. The key variables investigated are amount of forensic audits conducted, financial malpractices uncovered, monies recovered, projects implemented, audit effectiveness, jobs created, and satisfaction levels in host communities. Based on the analysis of data, the following findings emerged:

(i) That forensic audits were positively correlated with the amount of recovered funds.

(ii) The forensic audits had a strong correlation with indicators of development such as project completion and creation of jobs.

(iii) Social satisfaction grew in tandem with increased financial transparency and audit efficiency.

(iv) Regression analysis revealed that forensic audits highly predicted fund recovery and indirectly influenced other indicators of development.

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