



## Forensic accounting investigations have a significant impact on curbing financial crimes in the public sector: A case on Republic of Benin

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### Abstract

The primary objective of this study is to analyse the effects of forensic accounting investigations on financial crimes in the public sector of Republic of Benin. The Front of National Organizations against Corruption (FONAC) is used as a focal point for this investigation. The research utilizes data from both primary and secondary sources, with a focus on five years of investigation reports from the Anti-Corruption Observatory (OLC) and Front of National Organizations against Corruption (FONAC) (2017-2021), to determine the impact of forensic accounting investigations in comparison to traditional investigation methods. The study concluded that the application of forensic accounting skills has a significant impact on the investigation of public sector financial crimes in Republic of Benin. The research also identified a significant difference between the work of forensic accountants and traditional financial crime investigators. As a result, the study recommends the use of forensic accountants in Republic of Benin's public sector and the provision of proper training and adherence to forensic accounting standards for public sector staff.

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### Introduction

The field of forensic accounting is experiencing swift expansion as it is relied upon to detect and reveal fraudulent and illicit financial actions. It is a method of accounting that is investigative in nature and designed to establish whether an individual or organization has committed any unlawful financial acts. Forensic accounting is especially valuable in the context of legal disputes or litigation where it can expose financial wrongdoings and present evidence for legal action (Abdulrahman 2019) <sup>[1]</sup>.

The objective of this research is to analyse the influence of forensic accounting inquiries on financial misconduct in the public sector of Republic of Benin. The research centres on the investigative operations conducted by the Front of National Organizations against Corruption (FONAC), an organization dedicated to combating corruption and financial misconduct in Republic of Benin's public sector. The Front of National Organizations against Corruption (FONAC) is responsible for examining and prosecuting financial crimes in the country in general, and this study focuses specifically on their investigative undertakings.

After conducting research for a period of five years from 2017 to 2021, the study utilised a combination of primary and secondary sources of data, including investigation reports from the Anti-Corruption Observatory (OLC) and the Front of National Organizations against Corruption (FONAC). The purpose of this research was to assess the extent to which forensic accounting investigations impact public sector financial crimes in Republic of Benin. The X<sup>2</sup>-square statistical tool was employed to test the hypotheses. Results from the study indicated that forensic accounting investigations can lead to more efficacious outcomes than traditional methods of investigating financial crimes in the public sector.

According to the responses of the survey, 82% of respondents either strongly agreed or agreed that Forensic Accountants are more inclined towards producing results in the investigation and prosecution of public financial crimes compared to Traditional Investigators.

This result is consistent with the actual outcomes of cases investigated and prosecuted by the Front of National Organizations against Corruption (FONAC) during the same period. Only 3.88% of respondents disagreed with the impact of forensic accounting investigations on public sector financial crimes.

The comparison between forensic accountants and traditional financial crime investigators highlights a significant variance. According to the study's findings, the utilization of forensic accounting in the investigation of financial crimes proves to be more effective than traditional methods in exposing and prosecuting these crimes within the public sector (Alhassan, 2020) <sup>[3]</sup>. The study recommends that forensic accountants should take the place of traditional investigators in Republic of Benin's public sector, and that the necessary training and adherence to forensic accounting standards be provided to public sector personnel. Additionally, the study recommends that the Front of National Organizations against Corruption (FONAC) direct a greater focus on forensic accounting investigations to combat the incidence of financial crimes in the public sector.

### The Objectives of this study

The primary goal of this investigation is to assess the influence of forensic accounting on financial crimes in the public sector of Republic of Benin. The study is designed to ascertain the efficacy of forensic accounting in discovering and prosecuting financial crimes in the public sector. It also aims to compare the outcomes of forensic accounting investigations to those of conventional investigative procedures. In addition, the research seeks to differentiate the roles of forensic accountants as investigators and traditional investigators of financial crimes and to explore the function of the Front of National Organizations against Corruption (FONAC), and other anti-graft agencies in investigating and prosecuting financial crimes in the public sector.

### The problem of the research

The focus of this research is on the problem of insufficient utilisation of forensic accounting in the detection and prosecution of financial offenses committed in the Beninese public sector. Despite the effectiveness of forensic accounting in exposing fraudulent activity and other illegal acts, it is not frequently employed in the public sector in Republic of Benin. This poses an issue because financial crimes committed in this sector can cause significant harm to the economy and society (Alhassan, 2020) <sup>[3]</sup>.

Investigating and prosecuting financial crimes in the public sector poses significant challenges, one of which is the lack of specialised skills and knowledge among traditional investigators. These traditional investigators may not be equipped with the necessary training or expertise to uncover and comprehend intricate financial schemes and fraud, making it challenging to effectively investigate and prosecute financial crimes (Olowookere *et al.*, 2020). This shortcoming can also result in a high rate of acquittals in cases that do go to trial. Furthermore, anti-graft agencies such as the Front of National Organizations against Corruption (FONAC), which is responsible for investigating and prosecuting financial crimes in the country and even the public sector, face a lack of resources and support. The Front of National Organizations against Corruption (FONAC) may not have sufficient funding, personnel, or technology to effectively investigate and prosecute financial crimes, which can hinder

uncovering and prosecuting financial crimes in the public sector. Finally, the legal framework for investigating and prosecuting financial crimes in the public sector may not be adequate. It may not be specific enough to deal with complex financial crimes effectively and may not provide sufficient penalties for convicted offenders.

The Beninese public sector has a reputation for corruption and opaqueness, which can result in financial crimes going unnoticed and not investigated. This poses a challenge in detecting and prosecuting those responsible for financial crimes (Oluwole, 2018). In the Republic of Benin's public sector, the absence of forensic accounting in the investigation and trial of financial crimes is an issue of great concern that requires immediate attention. The employment of forensic accounting can furnish the necessary expertise and proficiency to expose financial fraud and other unlawful acts, consequently ensuring that those liable for financial crimes are held responsible for their actions.

### Literature review

The study of literature is a complex and multifaceted endeavour, encompassing a vast array of genres and themes (Van Lange Paul *et al.*, 2015) <sup>[9]</sup>.

The field of forensic accounting is expanding rapidly and has proven to be an effective tool for investigating and exposing financial fraud and other illicit financial practices. This type of accounting is investigative in nature and aims to determine whether an individual or organization has engaged in illegal activities. Forensic accounting is especially valuable in the context of legal disputes, as it can uncover financial transgressions and provide evidence for legal proceedings (Adebayo *et al.*, 2020).

In previous years, numerous investigations have been carried out examining the influence of forensic accounting on the detection and prevention of financial misconduct in the public sector.

In a study conducted by Ahmad Farha *et al.*, (2023) <sup>[2]</sup>, the efficacy of forensic accounting in combating financial crimes in Nigeria's public sector was explored. The study revealed that forensic accounting is a potent instrument in detecting financial fraud and other forms of unlawful conduct, ultimately leading to higher rates of convictions in financial crime cases.

A recent study conducted by Okoye *et al.*, (2020) delves into the efficacy of forensic accounting in addressing financial crimes within Nigeria's public sector. The study shows that implementing forensic accounting can enhance the thoroughness of inquiries and amplify the rate of convictions in cases involving financial misconduct.

Abdulrahman (2019) <sup>[1]</sup> conducted a study that investigated the efficacy of forensic accounting in the detection and prosecution of financial crimes. Their research revealed that utilizing forensic accounting can enhance the efficiency of investigations and augment the number of convictions in financial crime cases.

In a study conducted by Adebayo *et al.*, (2019), delved into the influence of forensic accounting on the handling of financial crimes in Nigeria's public sector. Their research discovered that the implementation of forensic accounting techniques can amplify the efficacy of investigations and heighten the success rate of prosecution in financial crime cases.

All these studies accentuate the significance of forensic accounting in uncovering and pursuing financial crimes.

Nonetheless, it is important to acknowledge that these findings are only applicable to Republic of Benin and may not be extrapolated to other nations.

Based on the literature review, it can be concluded that forensic accounting serves as a valuable instrument for the scrutiny and litigation of financial crimes in the public sector. It not only enhances the efficacy of investigations but also elevates the conviction rate of financial crime cases. Nonetheless, additional research is necessary to determine the applicability of the results and to identify the unique hurdles and prospects for forensic accounting in other global areas.

### Research Methodology

The research methodology employed for this study encompasses both qualitative and quantitative methods. Primary and secondary sources of data were utilized (Saunders *et al.*, 2019). Structured questionnaires were distributed to both the Front of National Organizations against Corruption (FONAC) staff and the Anti-Corruption Observatory (OLC) to obtain primary data. The aim of these questionnaires was to obtain information regarding the effects of forensic accounting investigations on financial crimes within the public sector in Republic of Benin. Furthermore, they were designed to examine the effectiveness of forensic accounting in the investigation and prosecution of financial crimes.

By analysing the Front of National Organizations against Corruption (FONAC)'s Investigation Reports and the reports of the Anti-Corruption Observatory (OLC) from 2017 to 2021, we obtained secondary data that allowed us to evaluate the effectiveness of forensic accounting investigation versus traditional investigation methods in addressing public sector financial crimes in Republic of Benin. The five-year period was chosen to determine the impact of these methods on a long-term basis.

The X<sup>2</sup>-square statistical tool was utilized to evaluate hypotheses and examine the correlation between the independent and dependent variables in the study. Descriptive statistics, which include frequency counts, percentages, and mean scores, were employed to analyse the data obtained from the questionnaires.

To conduct the study, a total of 129 participants were selected as the sample size. The participants were chosen from both the Front of National Organizations against Corruption (FONAC) and Anti-Corruption Observatory (OLC) staff using a purposive sampling method.

The research design chosen for this study was descriptive, as it is the most suitable for describing the features of a specific population or phenomenon through the collection and analysis of data. The research methodology for this study aims to offer a comprehensive comprehension of the effect that forensic accounting investigations have on financial crimes within the public sector in Republic of Benin, as well as the effectiveness of utilising forensic accounting techniques in investigating and prosecuting such crimes (Saunders, Lewis, & Thornhill, 2007). By utilising both primary and secondary data, as well as combining qualitative and quantitative methods, this study is intended to provide a detailed and precise look into the subject matter.

### Data Analysis and Presentation

Data presentation and analysis is a crucial aspect of any data-driven project. The way in which data is presented can greatly affect the interpretation of the results by the intended

audience. It is important to use appropriate visual aids such as graphs, charts, and tables to effectively convey the information (Bryman 2013).

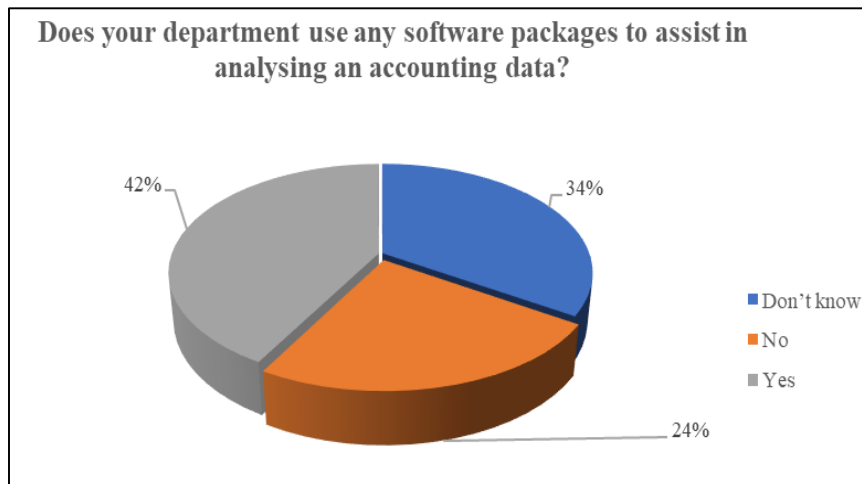
**Table 1:** Demographic Data of Respondents

S/n	Parameter	Categories	Count	Percentage
1	Age group	18-29 years	22	17%
		30-39 years	46	36%
		40-49 years	31	24%
		50-64 years	19	15%
		65 years and more	7	5%
		Prefer not to say	4	3%
2	Gender	Female	82	63%
		Male	47	37%
		Non-Binary	0	0%
		Prefer not to say	0	0%
3	Level of education	High School	1	1%
		Postgraduate	37	29%
		Prefer not to say	12	9%
		Undergraduate	79	61%
4	Work experience	10 – 15 years	24	19%
		15 - 20 years	7	5%
		5 – 10 years	52	40%
		Above 20 years	2	2%
		Less than 5 years	44	34%
5	Years of experience in financial crimes Investigation	1 – 5 years	71	55%
		5 – 10 years	35	27%
		Above 10 years	18	14%
		Less than one year	5	4%
6	Number of years in the division/unit	1 – 5 years	65	51%
		5 – 10 years	26	20%
		Above ten years	3	2%
		Less than one year	35	27%

Based on the data presented in Table 1, it is evident that the largest proportion of respondents fall within the age range of 30 to 39 years, accounting for approximately 36% of the total. Conversely, the age group of 65 years and above is the least represented. Even though 97% of those surveyed identified as adults, this information indicates that a significant and meaningful number of respondents fall within age brackets that are typically associated with greater mental acuity.

In this study, the table provides information on the gender of the participants. Upon analysis, it was found that most respondents identified as either male or female, making up approximately 37% and 63% of the total responses, respectively. It is revealed that most of the respondents, approximately 61%, have attained an undergraduate degree. Additionally, around 29% of the respondents have completed postgraduate studies. This indicates that a significant portion of the respondents possess a considerable level of formal education and thus are capable of comprehending and responding suitably to the research questions formulated.

The years of work experience of the participants are displayed. Roughly 40% of the participants have accumulated 6 to 10 years of experience, while 19% of respondents have 11 to 15 years of experience. 5% of participants have 16 to 20 years of experience, and a small 2% have over 20 years of experience. In addition, 34% of respondents have more than 5 years of work experience in financial crimes investigation. It is apparent that a significant number of participants have gained valuable experience in the sector, making their responses particularly valuable for this study.



**Fig 1:** The Use of fraud detection software

After conducting a survey on software programs that assist with accounting data analysis in detecting fraud, the respondents were asked about their departmental usage of such software. Out of the participants, only 42% replied positively, stating that their department does use software programs for accounting data analysis. On the other hand,

24% responded negatively, indicating that their department does not use such software programs. Meanwhile, 34% of the respondents stated that they were unsure about the usage of software programs for accounting data analysis in their department for detecting fraud, considering their current positions.

**Table 2:** Comparison of convictions in cases of financial crime between two groups: forensic accountants and traditional investigators

The type of financial crime investigator	Number of cases solved	Number of cases convicted	Percentage %
Traditional financial crime investigators	60	45	75%
Forensic accountants	70	65	92.85

The data presented in the table compares the number of convictions in financial crime cases between forensic accountants and traditional investigators. According to the table, 65 out of 70 cases investigated by forensic accountants resulted in convictions, resulting in a conviction rate of 92.85%. The Traditional financial crime investigator, only 40 out of 60 cases investigated by traditional investigators resulted in convictions, resulting in a conviction rate of 75%. This indicates that forensic accountants are more successful at investigating and prosecuting financial crimes than their traditional counterparts.

**Table 3:** The level of agreement among respondents regarding the efficacy of forensic accounting in the investigation of financial crimes

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	35	28.0	28.0
	Agree	77	52.0	52.0
	Indifferent	17	20.0	20.0
	Total	129	100.0	100.0

The data presented in the table displays the replies of participants to a particular question regarding whether forensic accounting is a productive method for probing financial crimes. Out of all the respondents, 28% strongly agree that forensic accounting is a valuable technique, 52% agree, 20% are indifferent. Based on these statistics, it appears that most of the participants are of the opinion that forensic accounting is an effective measure for scrutinizing financial crimes.

**Table 4:** Respondents' level of agreement on the effect of forensic accounting when it comes to financial crimes in the public sector

		Frequency	Percent	Valid Percent
Valid	Strongly Agree	80	62.02	62.02%
	Agree	28	21.7	21.7%
	indifferent	16	12.4	12.4%
	Disagree	5	3.88	3.88%
	Total	129	100.0	100.0

The responses of the surveyed participants to the inquiry on whether forensic accounting has a significant impact on public sector financial crimes are presented in the table below. According to the table, 62% of participants strongly agree that forensic accounting has a significant impact, 21% agree, 12.4% remain indifferent, 3.88% disagree. This indicates that a majority of those surveyed are of the opinion that forensic accounting plays a significant role in curbing public sector financial crimes.

The data that was collected in the study is presented in these tables, which offer an overview of the information. These tables can be utilized to endorse the suggestions and findings of the investigation. One table compares the convictions of financial crime cases between forensic accountants and conventional investigators. The other table presents the responses of the participants to the question of whether they concur or differ with the idea that forensic accounting is an effective tool for investigating financial crimes, and whether forensic accounting has a notable influence on public sector financial crimes.

### Recommendations

After a thorough examination of the research results, the ensuing advice is proposed:

To enhance the investigation and prosecution of financial crimes in the Beninese public sector, it is recommended that forensic accounting be utilized more frequently. Forensic accountants have demonstrated greater efficiency in investigating and prosecuting financial crimes than traditional investigators. Consequently, the use of forensic accounting techniques can potentially boost the number of convictions in financial crime cases. To combat the prevalence of financial crimes in the public sector, Front of National Organizations against Corruption (FONAC) and other anti-graft agencies in Republic of Benin should prioritize forensic accounting investigations. To enhance their ability to investigate and prosecute financial crimes, staff members of public sector organisations and anti-corruption agencies should receive adequate training and retraining in forensic accounting. To ensure the efficient investigation and prosecution of financial crimes, it is crucial that appropriate resources and support are allocated to anti-graft agencies like the Front of National Organizations against Corruption (FONAC).

To effectively address intricate financial crimes and impose appropriate punishment on those found guilty, it is imperative that the legal system responsible for investigating and prosecuting such crimes within the public sector be scrutinized and fortified. This includes ensuring that the legal framework in place is comprehensive enough to address the nuances of such crimes, and that the repercussions for those convicted are sufficient. To prevent financial crimes, it is imperative that the public sector in Republic of Benin is subjected to increased transparency. By doing so, it will become more challenging for these illicit activities to occur. To be committed and unreported or not investigated is the imperative goal.

To fully comprehend the extent to which the findings can be applied to a wider population, additional research is critical. This research should also tackle the unique obstacles and possibilities within the realm of forensic investigation.

Accounting practices vary widely across different countries and regions.

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