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Is Forensic Accounting a Veritable Tool for a Qualitative Financial Reporting System in the 21st Century?

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Abstract
The dishonest and fraudulent representation of financial information in recent times by firms in Nigeria and globally has been a major concern. In light of this and in order to provide a relevant and transparent financial report for stakeholders, the study examines the role of forensic accounting in providing a qualitative financial report. The study employed a descriptive-correlational survey of 200 respondents randomly selected among accountants, auditors, and academia. A questionnaire was used to collect primary data. The mean, standard deviation, and Pearson's correlation test were used to analyse the data. The results (grand mean scores = 3.29 & 3.26) revealed that the methodology and procedures of forensic accounting utilised by accounting firms have an impact on financial reporting systems. Furthermore, tests of the hypotheses ($r (198) = 0.435$, $p = 0.00 < 0.05$, and $r (198) = 0.573$, $p = 0.00 < 0.05$) indicated forensic accounting has a significant association with relevance and transparency, which are components of a qualitative financial reporting system. The study concludes that forensic accounting is a veritable tool for qualitative financial reporting in terms of relevance and transparency in financial statements in the 21st century. It was suggested that relevant accounting practice authorities in Nigeria make certain that forensic accounting is fully integrated to improve the quality of the financial reporting system.
Keywords: Accounting, Financial, Forensic, Reporting, Qualitative.

Introduction

The main goal of financial reports is to offer high-quality financial reporting information on economic entities that are financial in nature, which is essential for economic entities to making wise financial choices (Soyinka et al. 2017). Delivering high-quality financial reports is essential because they will favourably affect capital providers' and other stakeholders' investment, credit, and resource allocation decisions, boosting market efficiency as a whole (Asein et al., 2020). According to Warshavsky (2012), financial reporting quality is the capacity of a company's reported performance to best represent its actual profits. In addition, he claims that analysts, investors, and management have used hundreds of forensic indices that assist the forensic accountant in determining the possibility of manipulation of performance index by a suspicious organisation. Murphy (2022) noted that since the

need to disclose the financial information of the company's management, transactions may be designed to accomplish the intended accounting outcome by reporting essential financial transactions to the company's benefit. Although Warshavsky (2012) stated that the quality of a company's profits is an aspect of a financial forensic examination that is sometimes disregarded, this is not always the case.

With the current World Bank Nigeria Development Report, the decline in oil prices and the COVID-19 outbreak are anticipated to send the worst economic slump that Nigeria has seen since the 1980s (World Bank, 2020). Similarly, the financial sector of the Nigerian economy, which is regarded as highly volatile and delicate, has seen a number of deep-seated crises, the most recent being the sudden dismissal and trial of five CEOs and the sudden crash of their boards (Sanusi, 2010). Fraud, forgeries, and dishonest financial reporting are not limited to one economy, country, continent, or environment. Instead, they are a widespread problem (Owolabi, 2010).

Ahamadu et al. (2013) note that the Central Bank of Nigeria's 2009 independent audit of the five convicted banks demonstrated how corrupt activities and the falsification of financial records masked enormous amounts as non-performing loans. The study also discloses that 40.81% of the $2.8 trillion loan portfolio was comprised of nonperforming loans. Incorporating forensic accounting into the present trend of quality assurance for financial reports is necessary in light of the highly publicised instance of police pension fraud that was recently exposed (Ahamadu et al., 2013).

Globally, the financial crisis has shown the lack of transparency of significant facts contained in audited financial statements, raising challenges about how to improve accountability and transparency in financial information. In recent years, investors' judgements of the degree of transparency of financial reports have experienced a dramatic change (Alardi & Altass, 2021). False financial reporting has resulted in a number of financial scandals affecting the business sector around the globe. Regulatory framework weaknesses are being used by businesses to provide the public with fake financial reports. By misrepresenting facts in financial accounts, these unethical corporate practises are intended to contravene laws and standards. In this regard, the Japan Times News reported in 2015 that Toshiba Corporation overstated its operational earnings by more than $1.2 billion between 2006 and 2014 (Carpenter, 2021). In the United States, Enron, WorldCom, and Arthur Anderson have all engaged in this type of financial factual distortion to gain a competitive advantage (Segal, 2021; Bondarenko, 2022; CFI, 2022). Due to a lack of financial openness, poor procedures, and unethical behaviour in financial reporting, several accounting disasters occurred.

These dishonest practices have ushered in a new era that demands full disclosure of information, allowing financial statements to play a crucial role in educating and informing potential and current stakeholders about the true financial position of any organization. As a result, forensic accounting has grown in importance. In this context, Ezeagba (2014) argues that forensic accounting may examine and substantiate potential financial reporting fraud that is appropriate for court presentation. It is impossible to overstate the prominence of forensic accounting in the establishment of financial report quality assurance. The issue of quality is crucial to the value that financial reports can provide, and forensic accounting, which goes beyond simply ensuring that financial reports adhere to policies and principles and instead verifies the underlying facts that can be used as evidence even in court, has significantly improved the calibre of reports that accountants issue (Ezeagba, 2014).

Giving stakeholders high-quality information to support their choices on loans, investments, and other resource distribution is the major objective of good financial reporting, and this objective is reflected favourably in the extent of financial market efficiency (Alardi & Altass, 2021). Every corporate governance system's goal is to provide outstanding financial reporting, which requires adherence to rigorous accounting standards as well as other duties under international law (Fung, 2014). In order to assure the success of their investments, Alardi and Altass (2021) emphasised that investors need accurate information when constructing an investment portfolio, which is strongly tied to the information presented in financial reports. The performance of the financial market depends on investors' faith in the authenticity of financial reports, and studies show that transparent reporting is a vital instrument for reducing the amount of information irregularity (Zhiwei et al., 2014; Calzon, 2022; Ali, 2022).

Several scholars have examined the eminence of financial information indirectly by

concentrating on factors like earnings management, financial restatements, and timeliness while keeping in mind the numerous fraudulent activities that have occurred in our financial sector and around the world (Javier & Lourdes, 2021). While there is a lot of interest in how accounting rules affect the quality of financial reporting, empirical research has produced conflicting results on the subject of how much financial reporting information is beneficial for making decisions.

According to Ahamadu et al.(2013), research shows that completing an independent audit and including it in routine audits is unlikely to improve the investigation of financial crimes, particularly in terms of spotting and confirming fraud early on. Although forensic accounting is founded on the idea of searching for signs of anomalous happenings in the financial reports systems, its implementation into orthodox accounting practises may actually facilitate the quick identification and ascertaining financial report manipulations. Franklin et al. (2022) was expedient because researchers have differing opinions on the value of forensic accounting in ensuring the accuracy of financial statements, many of whom base their arguments on the concept of earning quality. In particular, this research aims to determine how effective forensic accounting is in establishing qualitative reporting of finance in Nigeria. The gap between dishonest financial reporting and the required level of quality financial reporting by investors and other stakeholders is anticipated to be closed by forensic accountants. Forensic accounting is anticipated to improve the quality assurance of financial reporting by guaranteeing that the papers and other supporting facts, as presented in financial reports, are admissible in court.

Given the above, the research aims to ascertain if forensic accounting is still relevant as a real instrument for a qualitative financial reporting system in the twenty-first century. So, the particular goals would be to ascertain how effectively forensic accounting improves the relevance of financial reports and how well it enhances the transparency of their reporting. Thus, the 0.05 threshold of statistical significance was used to evaluate the following hypotheses:

H01: Forensic accounting does not significantly improve transparency in qualitative financial reporting in the 21st century.

H02: Forensic accounting does not significantly improve the relevance of qualitative financial reporting in the 21st century.

Literature Review

Conceptual Review

Forensic Accounting

The process of resolving crimes is referred to as "forensic." It involves the use of science to resolve disputes resulting from crimes or legal proceedings. Because of this, it was brought into the accounting field to act as a more trustworthy and demonstrative tool for boosting financial investigations and avoiding or eliminating financial misconduct in all its forms (Anyaduba & Modugu, 2013). The main goals of forensic accounting are to look into, avoid, and spot fraudulent activity in financial reporting (Frankline, Beatrice, Tina, & Nkechi, 2022). It is an auditing procedure that is carried out with the goal of identifying any possible criminal conduct that may be covered up in financial records. This phrase describes the combination of abilities in accounting, auditing, and inquiry. It is the process of analysing complex financial difficulties, condensing those issues, and presenting them in a clear, succinct, and factual manner, often as an expert witness in court. This concept emphasises the importance of a forensic accountant's work in an organisation since they have a thorough awareness of both the legal system and the internal control system of the business (the material statutory and customary law, the law of confirmation, and the law of method).

The requirement for quality assurance of financial statements has grown over the last ten years as a consequence of an increasing trend of power shifting from ownership to management. There has never been a demand as strong as this one. Any inaccuracies or false claims should not be included in a high-calibre financial statement as a consequence of the increasing trend of power shifting from ownership to management. There has never been a demand as strong as this one. Any inaccuracies or false claims should not be included in a high-calibre financial statement. According et al. (2020), users of financial statements and the general accounting public should base their decisions on data that accurately represents an enterprise's financial and revenue status. One of the primary arguments made by the writers in their essay is this. Overvaluing inventory, incorrectly capitalising

expenses and falsifying earnings are just a few examples of fraudulent misrepresentation.

Forensic accounting is currently developing in Nigeria, and most people appear to believe there is no discernible dissimilarity between auditing services and forensic accounting, according to an empirical study by Kaoje et al (2020) on how forensic accounting is becoming more important as a tool for fighting fraud and corruption. According to Emeh and Obi (2013), forensic accounting is often practised and developed at a much lesser level in emerging nations like Nigeria. Ezeagba (2014) asserts that forensic accounting has the capacity or requirements to enhance financial statements' quality noticeably generated in Nigeria, even though the field is still relatively young and does not have formal recognition in that country. Notwithstanding the fact that forensic accounting is still relatively young and lacks formal recognition in Nigeria, this assumption was made.

Financial Reporting

Businesses share financial data with internal and external stakeholders via financial reporting. External stakeholders, such as regulatory bodies, existing and prospective shareholders and investors, and lenders, make judgements regarding a company's overall financial health based on financial information (Oliver, 2022). The accounting procedure for disseminating financial information is called financial reporting. Every business engages in some form of financial reporting, whether internal, external, or both. Although internal and external financial reports should both adhere to the same accounting and reporting rules, the two kinds of reports may seem different since they have distinct functions (Russo, 2022). Gnanaweera and Kunori (2018) contend that combining the two forms of reporting into a single document will provide a document that is both highly informative and beneficial since financial reporting is intended to communicate financial facts. Due to the disclosure of information, management responsibility takes several forms. As the International Integrated Reporting Council has created six types of capital, information disclosure (International Relations) is thus largely focused on generating value for the organisation and its stakeholders (Odelabu, 2016). The cornerstone of every organization's operations, these include financial, manufactured, human, natural, social, and relational capitals. Organisations use models to manage this capital to reach the desired level. According to IR, it is their job to gather all the data, financial and otherwise, necessary for public disclosure (Onyekwelu, Ugwu, & Nnamani, 2016). The IASB (2008) makes it clear that it is desirable to provide a thorough measuring instrument to evaluate the quality of financial reporting, taking into account all aspects of decision usefulness. So, all qualitative features are taken into cognisance by this measuring method since they affect how relevant financial reporting information is for making decisions. Onyekwelu et al. (2016) say that the basic features of financial reporting (relevance and truthfulness) and the improving qualitative features (understandability, comparability, verifiability, and timeliness) can be separated.

Fundamental qualitative qualities are the most significant and influence the substance of financial reporting information, claim Onyekwelu et al. (2016), citing IASB (2008). These include accuracy in portrayal and relevancy.

Relevance entails with the potential to influence a user's choice in their function as a capital provider is referred to as "relevance." By taking into account a wider view on predictive value that includes both finance and non-finance related data, this idea will be explored in order to increase the thoroughness of the quality evaluation measuring instrument. The capacity of previous profits to forecast future earnings is known as predictive value. The firm's predictive value reveals the firm's capacity to produce future cash flows.

Faithful Representation illustrates or evaluates financial reporting data by determining if the data accurately depicts the economic phenomena it is intended to depict. As a result, yearly reports need to be comprehensive, impartial, and error-free (IASB, 2008). Five criteria are used to determine if a representation is faithful, including impartiality, completeness, lack of substantial inaccuracy, and verifiability. As a result, the research uses various substitute terms, including "free from bias," "valid and well-grounded arguments," "neutrality," "an unqualified report," and "a corporate governance declaration." The decision-making process may be made more helpful after the core qualitative qualities have been identified. Nonetheless, they are unable to evaluate the financial reporting's level of quality on their own. IASB (2008) is cited by the authors, Onyekwelu et al. (2016). These characteristics include dependability, comparability, and understandability.

Understanding as a quality will improve when data is organised, described, and presented in a clear, succinct manner (Beest et al., 2009). When the quality of information allows people to understand its meaning, it is said to be stable (IASB, 2008). Five criteria that emphasise the openness and clarity of the information offered in annual reports are used to assess the standard (Jonas and Blanchet, 2000; Courtis, 2005; IASB, 2006). According to Jonas and Blanket (2000), a well-organised annual report makes it simpler to understand where to go for certain information. Disclosure information, especially the notes to the income statement and balance sheet, may be helpful in clarifying and giving further context for the profit number (Beretta and Bozzolan, 2004).

Comparability as a feature assesses how well users can draw parallels and distinctions among two groups of economic occurrences using the data available to them (IASB, 2008). This suggests that although distinct circumstances should be presented differently, comparable ones should be presented similarly. In this sense, six consistency-focused proxies are utilised to gauge comparability.

Timeliness as a qualitative characteristic refers to the length of time it takes to reveal the information and is connected to the general usefulness of decisions. It defines the capacity of information to be made available to decision-makers before it loses its capacity to influence decisions (IASB, 2008). The natural logarithm of the number of days between the end of the year and when the auditor signs the report after the end of the year is used to figure out how accurate the information in an annual report is.

Theoretical Review

The article uses the agency theory of corporate governance as its foundation. Alchian and Demsetz presented the agency theory of corporate governance in 1972, and Jensen and Meckling expanded it in 1976. (Yong, 2014). It is a philosophy that is employed to explain and resolve conflicts between company owners and their agents (Kopp, 2021). This kind of interaction between shareholders acting as principals and executives acting as agents occurs regularly. The theory explores the circumstances in which different forms of incentive instruments and monitoring systems may be employed to decrease welfare losses, as well as hidden characteristics and information irregularities (Stefan & Nicolai, 2015). In the present day, company managers get capital from investors who have faith in their ability to spend the money effectively and efficiently in order to generate profits for the firms. Such trust and confidence are based on evidence from the company's easily accessible financial reports (Stefan & Nicolai, 2015).

According to Yong (2014), it is evident that a company's operations must consider how its activities may affect different stakeholder groups. A corporation that is transparent and accountable to its shareholders may attract and retain equity investment, but the interests of other groups of stakeholders must also be appropriately considered. In order to reduce agency loss, individuals acting as agents for a firm and its stakeholders must exhibit stewardship and financial transparency in their reporting (Stefan & Nicolai, 2015; Kopp, 2021).

Empirical Review

Using forensic accounting as an example, Frankline et al.(2022) investigate how financial reporting is affected. The Nigerian stock market factbook was used to extract panel data for 10 of the country's best-performing banks, and the Central Bank's annual bulletin record from 2004 to 2020 was also employed. The research was conducted using panel data, and the Hausman test dictates that the fixed-effect regression model should be used. In light of the fixed-effect regression model's statistical significance, forensic accounting and financial reporting are likely to be significantly correlated. It also demonstrates that forensic accounting significantly and favourably affects financial reporting. As per the correlation research, certain forensic accounting tools have a good relationship with financial reporting, while others have a negative relationship. All Nigerian banks should, however, use forensic accounting to its fullest extent in order to identify and stop fraud. To decrease fraud cases, the EFCC and the public sector in Nigeria should collaborate via the CBN. All banks must have proper, independent forensic accounting as well as financial reporting to identify and stop fraud.

In Nigeria, Asein et al. (2020) conducted a study of the literature to determine how stakeholders' information demands are met by entities' annual reports, technical pronouncements from standard-setters, laws, and regulations. It also examined other pertinent publications, such as journal

and magazine pieces. This research validates earlier studies that claimed that, as all capital produces value in an interdependent business environment, all capital suppliers should fairly participate in the losses and benefits. It does this by using resource dependency and stakeholders' theories. The analysis confirmed earlier studies' conclusions that the current GPFS is no longer sufficient to address stakeholders' demands for both finance and non-finance related data. As per the research, altering the corporate reporting system would fulfil the informational requirements of Nigerian stakeholders and improve the entity's credibility, reputation, and sustainability. It consequently urges the obligatory adoption of integrated reporting that includes both finance and non-finance related data, as this would positively affect stakeholders' choices about capital allocation and investment in Nigerian listed businesses.

In their 2017 study, Soyinka et al. looked at how the accuracy of financial reporting influences how the general public uses accounting information to make judgments. Currently employed personnel and Higher National Diploma students from the Accounting Department at Rufus Giwa Polytechnic Owo in Ondo State, Nigeria, served as our responders to attain this purpose. The questionnaire was used to collect information. The respondents were given a total of 75 sets of a questionnaire, and 57 of those sets were later recovered, providing a 76% response rate. The acquired data were examined using the ordinary least squares (OLS) regression method. As per the empirical findings, the general public's capacity to decide about financial reports' dependability, understandability, comparability, timeliness, and verifiability is not significantly impacted by their t-statistic values of (1.309), (-0.792), (-0.357), and (-0.681), respectively. Although transparent and relevance in representation were shown to be positively and statistically significant for the general public's decision-making, with t-statistic values of (2.398) and (2.004), respectively, since they don't satisfy their information demands as stakeholders, the paper's conclusion is that the majority of respondents do not depend on financial reports supplied by businesses. As a result, it was advised that in order for financial reports to be more significant and immensely helpful to the general public, their content needed to be made more trustworthy, intelligible, comparable, timely, and verifiable.

Onyekwelu et al.(2016) use the banking industry as a case study to assess the efficacy of forensic accounting in fostering qualitative financial reporting in Nigeria. The study used an empirical, survey-based, and descriptive methodology. The annual reports of the selected banks served as the source of secondary data for this research. The secondary data (quality of financial reporting) from the chosen institutions was analysed using straightforward five-scale binomials with a range of 0 to 4. A systematic questionnaire with fifteen items was used to collect primary data from accountants. The Likert 5-Scale was used to create this questionnaire. The basic data were analysed using the statistical technique known as Pearson's correlation coefficient. As per the findings, forensic accounting can significantly improve financial reporting's enhancing qualitative features (understandability) and its basic qualitative components (relevance and faithful depiction). The foregoing disclosures were further supported by analysis of the original data. To that end, the researcher advises that pertinent accounting practice authorities in Nigeria, such as the Financial Reporting Council of Nigeria and other relevant accounting organisations, guarantee that forensic accounting is thoroughly integrated in order to enhance the quality of financial statements and, ultimately, the Nigerian financial reporting system.

Ezeagba (2014) uses the commercial banking industry as a case study to investigate the efficiency of forensic accounting in increasing qualitative financial reporting in Nigeria. The research strategy of the study makes use of both survey and descriptive methodologies. The annual reports of the selected commercial banks served as the source of secondary data for this research. Secondary data (quality of financial reporting) from the selected institutions was analysed using simple five-scale binomials ranging from 0.4 to 1. Using a five-scale Likert-structured questionnaire with a sample size of 250 respondents, primary data were also gathered to get information from accountants. Responses were selected using straightforward stratification. The basic data were analysed using the statistical technique known as Pearson's correlation coefficient. The research shows, among other things, that forensic accounting may considerably improve the underlying qualitative qualities of financial reporting and accounting (relevance and faithful representation) as well as the boosting qualitative features (understandability). In order to maximise the advantages that working capital providers and

other stakeholders get from financial reporting in Nigeria, it is suggested that commercial banks and financial regulators in Nigeria additionally teach and retrain their members in the nuances of forensic accounting.

Enofe et al. (2013) distributed 50 questionnaires based on a 5-Scale Likert Scale, developed three research hypotheses, and then used SPSS to analyse the data. They used the descriptive survey from Forensic Accounting: A Tool for Detecting Fraud in the Nigerian Business Environment. The results indicate that Nigeria needs forensic accounting services. In the Nigerian corporate climate, forensic accounting is a useful technique for uncovering fraud. An empirical evaluation of the function of forensic audit in boosting financial investigations in Nigeria was the focus of Ahmadu et al (2013) research. They used primary data gathered through a questionnaire based on a 5-likert scale and distributed it to 240 accountants. For the data analysis, they used multiple regressions and the statistical tool known as the Pearson correlation coefficient. They came to the conclusion that forensic auditing helps find and confirm fraud earlier, which makes financial crime investigations better across the country. However, adding independent audit skills to periodic audits is not likely to have the same positive effect on those investigations, especially when it comes to finding and confirming fraud early.

Warshavsky (2012) promoted the Beneish Model and claimed that it may be used to identify corporations that falsify their profits in his paper titled "Analysing Earnings Quality as a Financial Forensic Tool." The model uses an eight-part strategy that is shown as financial indices. Several companies, including Enron, had their financial performance rates evaluated as a result of the investigation. So, the analysis came to the conclusion that profits at businesses like Enron and WorldCom were altered to help management attain certain financial reporting characteristics.

The study has been able to demonstrate through the aforementioned conceptual, theoretical, and empirical studies that several researchers, both in Nigeria and outside the country, have investigated the utilization of forensic accounting to identify fraud. However, according to our assessment, no study has been done explicitly to assess the efficacy of forensic accounting in establishing qualitative financial reports in the banking sector, both in Nigeria and abroad. Our study aims to address that gap.

Methodology

This research used a descriptive-correlational approach. This study's population included accountants at audit companies, academic accountants, and public accountants. Two hundred (200) respondents from the target group were chosen using purposeful sampling procedures. The selection criteria consisted of four major categories: (50) accountants in the public sector, (50) accountants in the private sector, (50) accountants in audit companies, and (50) academics. This selection of criteria is based mostly on their auditing, accounting and forensic accounting expertise and experience. The research used primary data collected through questionnaires administered to respondents in the sampled population. The tool used a 4-point Likert scale. The mean and standard deviation were used to answer the study questions, while Pearson's correlation coefficient was employed to test the relevant hypotheses at a significance level of 0.05.

Results

Research Questions / Hypotheses

Research Question One: Does forensic accounting aid in enhancing the relevance of qualitative financial reporting in the 21st century?

Table 4.1: Mean response on how forensic accounting enhances relevance in financial reporting

RQ1	Items	N	X	SD	Remark
1	The yearly reports generated by forensic accounting will offer information on company possibilities and hazards.	200	3.30	.789	Agree
2	Forensic accounting will boost forward-looking information sharing.	200	3.45	.917	Agree

3	Using fair value as a measuring foundation will be facilitated by forensic expertise.	200	3.10	.845	Agree
4	Forensic accounting will help in the development of yearly reports that are industry-specific.	200	3.04	.861	Agree
5	Forensic accounting will aid in the production of yearly reports detailing the impact of major market events and key transactions on the organisation.	200	3.56	.639	Strongly agree
	Grand Mean	200	3.29		Agree

Table 4.1 relates to how forensic accounting enhances the relevance of qualitative financial reporting. The five items raised to answer the research question have item means above the criterion mean of 2.5. Items 1, 2, 3, 4, and 5 have item means of 3.30, 3.45, 3.10, 3.04, and 3.56, respectively. This implies that reports generated by forensic accounting, using fair value as a measuring foundation, developing industry-specific reports, and even the provision of detailed market information would help to enhance the capacity to improve the relevance of financial reporting in the 21st century. Similarly, the grand mean of 3.29 also reveals respondents agreed forensic accounting can be used as an instrument for achieving relevance in financial reporting in the 21st century.

Hypothesis One: Forensic Accounting does not significantly improve the relevance of qualitative financial reporting in the 21st century.

Table 4.2: Pearson test of significant relationship between forensic accounting and relevance of financial reporting

Variables	**N**	**X**	**SD**	**Df**	**r**	**P-val**	**Alpha**	**Remark**
Forensic Accounting	200	16.76	2.09	198	.435**	0.000	0.05	Sig.
Relevance in financial Reporting	200	16.45	2.60					

Table 4.2 shows the significance test of the Pearson product moment correlation analysis of the relationship between forensic accounting and the relevance of qualitative financial reporting. The observed P-value, or sig, is 0.000, which is less than the chosen alpha level of 0.05 ($r (198) = 0.435$, $p < 0.05$). The decision is that the null hypothesis, which states that forensic accounting has no substantially enhance relevance in qualitative financial reporting in the 21st century, is rejected. This implies that forensic accounting has a strong relationship with relevance in qualitative corporate financial reporting in the twenty-first century.

Research Question Two: Does forensic accounting aid in improving the transparency of qualitative financial reporting in the 21st century?

RQ2	**Items**	**N**	**X**	**SD**	**Remark**
1	Forensic accounting will guarantee that yearly reports provide an explanation of the accounting principles used.	200	3.39	.917	Agree
2	While reporting yearly results, forensic accounting will emphasise both good and bad occurrences in a balanced manner.	200	2.84	1.158	Agree
3	The discipline of Forensic Accounting will provide substantial information on corporate governance challenges.	200	3.32	.837	Agree

4	Forensic Accounting is likely to reveal whether or not an auditor's report is qualified.	200	3.54	.671	Strongly agree
5	Forensic accounting will make it possible to provide yearly reports that clearly explain the assumptions and estimations.	200	3.19	.986	Agree
	Grand mean	200	3.26		Agree

Table 4.3 relates to how forensic accounting improves transparency in qualitative financial reporting. The five items raised to answer the research question have item means above the criterion mean of 2.5. Specifically, items 1, 2, 3, 4, and 5 have item means of 3.39, 2.84, 3.32, 3.54, and 3.19, respectively. This implies that by guaranteeing the accounting principles used, emphasising both good and bad occurrences in a balanced manner, providing substantial information on corporate governance challenges, revealing whether or not an auditor's report is qualified, and ensuring yearly reports that clearly explain the assumptions and estimations, the transparency of financial reports would be enhanced. In the same regard, the grand mean of 3.26 also reveals respondents agreed forensic accounting can be used as an instrument for achieving transparency in financial reporting in the 21st century.

Hypothesis Two: Forensic Accounting does not significantly improve transparency in qualitative financial reporting in the 21st century.

Variables	**N**	**X**	**SD**	**df.**	**r**	**P-val**	**Alpha**	**Remark**
Forensic Accounting	200	16.76	2.09	198	.573**	0.000	0.05	Sig.
Transparency in Financial Reporting	200	16.28	2.52					

Table 4.4 provides the results of the PPMC study of the link among forensic accounting and financial reporting transparency. The observed P-value, or sig, is 0.000, which is less than the chosen alpha level of 0.05 ($r(198) = 0.573$, $p < 0.05$). The decision is that the null hypothesis, which states that forensic accounting has no substantially enhance transparency in qualitative financial reporting in the 21st century, is rejected. This implies that forensic accounting has a strong relationship with transparency in qualitative financial reporting in the twenty-first century.

Discussion of Findings

Research question one and hypothesis one were directed at ascertaining how forensic accounting aids the enhancement of relevance in corporate financial reporting as well as determining the impact forensic accounting has on financial reporting in the 21st century. Table 4.1 revealed that the methodology employed in forensic accounting enhances the relevance of corporate reporting (grand mean = 3.29). Similarly, correlation output ($r(198) = 0.435$, $p = 0.00 < 0.05$) confirmed the above, indicating that forensic accounting has a significant relationship with improved relevance corporate reporting in the twenty-first century. This result is comprised of Frankline, Beatrice, Tina, and Nkechi (2022), whose findings indicated forensic accounting significantly and favourably affects financial reporting. Also, Onyekwelu et al., (2016) affirmed that forensic accounting is associated with the relevance of financial reporting. Similarly, Ezeagba (2014) acknowledged that forensic accounting may considerably improve the underlying qualitative qualities of financial reporting (relevant representation) and boost the qualitative features of understandability.

Research question two and hypothesis two were directed at establishing how forensic accounting improves the transparency of corporate financial reporting as well as determining the connection among forensic accounting and transparent financial reporting in the 21st century. Table 4.3 revealed that the procedures utilized in forensic accounting improve the transparency of corporate reporting (grand mean = 3.26). Similarly, table 4.4 confirmed the above with correlation output (r

(198) = 0.573, p = 0.00 < 0.05), which indicates that forensic accounting has a significant association with enhanced transparency in corporate reporting in the 21st century. This result is comprised of Frankline, Beatrice, Tina, and Nkechi (2022), whose findings indicated forensic accounting significantly and favourably affects financial reporting. Ezeagba (2014) acknowledged that forensic accounting may considerably improve the underlying qualitative qualities of financial reporting, namely transparency in the representation of reports. Also, Onyekwelu et al., (2016) found that forensic accounting is associated with transparency in financial reporting.

Conclusion and Recommendations

The study examined the role of forensic accounting as a veritable tool for qualitative financial reporting systems. The results from the research questions revealed that the methodology and procedures of forensic accounting utilized by accounting firms have an impact on financial reporting systems. Further tests from the hypotheses revealed that forensic accounting has a significant association with relevance and transparency, which are components of a qualitative financial reporting system. From these results, the study concludes that forensic accounting is a veritable tool for qualitative financial reporting in terms of relevance and transparency in financial statements.

In light of the above conclusion, the study makes the following suggestions:

The relevant accounting practice authorities in Nigeria should make sure that forensic accounting is fully integrated to improve the quality of financial reporting systems in terms of relevance and transparency.

To cut down on fraud, the ICPC, EFCC, CBN, and other financial regulators should work together to make sure that every publicly traded company has an independent forensic accounting firm and that it should be a requirement when preparing financial reports to find and stop fraud.

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