EFFECT OF FORENSIC AUDIT INVESTIGATION ON CORPORATE GOVERNANCE IN THE PUBLIC SECTOR IN NIGERIA: EVIDENCE FROM NATIONAL PENSION COMMISSION OF NIGERIA (PENCOM)

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Abstracts

The study examined effect of audit investigation on corporate governance in the public sector in Nigeria. The main objective of the study is to examine the activities of National Pension Commission (PenCom) and the effect of forensic audit investigation in the management of pension funds in Nigeria. The study employed three core variables of forensic audit investigation which includes Finance and Account (FA), Internal Audit (IA) and Legal Service (LS) as the explanatory variables and return on investment (ROI), as the dependent variable. The model of the study was hinged on the signalling relationship based on Modigliani and Miller (1961) and employed unit root test and Ordinary Least Square (OLS) techniques for data analyses. The result of the study indicates that the result of the study indicates that finance and account, internal audit and legal service has positive and significant relationship on Return on Investment (ROI). The study therefore concludes that forensic audit investigation has positive significant relationship on corporate governance in public sector in Nigeria within the period under study. The recommendations that Nigerian's Public Sector should formulate sound personal and recruitment policies to attract people with good moral standing as employee, authority high pay as antidote for fraud scourge; Nigeria's Public Sector need to build a continuous improvement in the internal control system and initiate effective and efficient internal check; public sector should adopt a sound accounting system in principal and effective practices.

Keywords: ***Audit, Forensic, Corporate Governance, Public Sector, PenCom***

Introduction

Forensic Audit is an examination and evaluation of firm's or individual's financial information for use as evidence in court. Forensic Audit can be conducted in order to prosecute a party for fraud, embezzlement or other financial claims (Anichebe and Manukaji 2016). The accountants believed that to fight corporate malfeasance, an investigator must adapt the technique of accounting into a forensic audit which will successfully exercise good corporate governance. The areas of investigation in forensic auditing are broad and which include fraud examination, due diligence reviews, risk assessors detection of financial statement misrepresentation, cyber-crimes, illegal money transfers, modelling risk etc. (Smith and Crumbly, 2005). Due to increasing fraudulent practice in public sector organization there is a growing demand for forensic audit investigation. The increasing complexity of fraudulent activities requires that forensic auditing be included as a successful tool for fraud investigation (Enofe, Omegbon and Ehigiator 2015). Thus forensic audit investigation can be adapted as internal audit strategy to prevent fraudulent activities (Enofe et al 2015). Studies have shown that the independence of traditional audit investigation is not a guarantee in as much as he/she remains an employee of the organization or government (Okoye and Gbegi, 2013). However owning to the fact that the failure of statutory auditing to report true and fair view of corporate entity coupled with the inability of statutory auditors to detect or identify possible symptoms of fraudulent activities in public sector organization has aggravated the need for forensic audit coupled with the fact that the financial stakeholders like the government realized that there is a great need for skilled professionals that can identify, expose and prevent weaknesses on corporate governance in public sector organization. This topic has been a subject of intensive research and discussion by accountants, auditors, professionals of all fields. Studies both locally and internationally shows that in order to basically unravel the true financial results and position of business and obscure facts that stakeholders ought to know, forensic auditing must be adopted (Uwalomwa, Daramola and Anjolaoluwa 2014). Forensic audit for now has remained one of the most important determinants in ensuring the quality of the financial reporting process and good corporate governance. In addition to lack of trust that most Nigerians have on the traditional auditing due to absence of transparency and accountability has led to forensic audit investigation in Nigeria.

Statement of the Problem

Corporate governance essentially involves balancing the interests of the many stakeholders in the sector. These include management, customers, suppliers, financiers, government and the community. The failure of the major corporate governance mechanism to reduce financial crime and the increasing number of financial fraud has posed serious threat to investors, government and general public (Eyisi and Agbaeze, 2014). Meanwhile, the stakeholders of most companies are worried over the unqualified audit report and manipulation of financial statement not been satisfied and certified by external auditors found serious financial crisis leading to bankruptcy and most times liquidation there by thrive investors lost (Aneto, 1993) as cited by Enofe et al., (2016). An instance case of corporate financial crime could be drawn from Enron and world com. Cotton (2002) attributes the collapse of Enron, world com. Tyco, Adelphia to corporate fraud where over $460 billion was said to have been lost. In Nigerian, Cadbury Nigerian police whose books were criminally manipulated by management was credited to have lost $15million (Zimbleman, Albrecht and Albrecht. 2012)

As stated by Beenish (2013), that undocumented economy discourages promotion of transparency and accountability in the organization. Stressing that overall management structure is also not conducive to establishing the norms of good governance. Forensic audit investigation on corporate governance is a vital and important issue since the last financial distress scandals around the world, like the recent collapse of major corporate institution in the USA, south East Asia, Europe and Nigeria public sector organization (Momoh and Ukpang, 3013). The inefficiency of existing corporate governing practices in promoting transparency and accountability has made corporate governance increasingly a social strand for corporate success toward its initial objectives (Kajola, 2008). Recently in Nigeria, there is much evidence that corporate culture has increasingly shifted inversely as lack of corporate governance has sunk all the corporate performance indices like return on investment, profit maximization and net worth. High incidence of corporate failures and bad performance records in the public service indicates that auditors and members of audit committees established to checkmate the activities of boards have failed to effectively discharge their functions despite the desired roles of audit committee members in corporate structure and control (Sulaiman, 2002). Williams (2001) observes that members of this committee have often compromised their position for monetary rewards with the board and management. Owojori and Asaolu (2009), state that the failure of the statutory audit and the sophisticated financial fraud in recent times had led to the need for forensic audit. These practices and ineffectiveness on the part of boards of directors' auditors, regulators and other stakeholders constitute impediments to appropriate framework for corporate governance. This study is in line with the ongoing research in Nigeria on the evaluation of the relationship that exists between forensic auditing and corporate objectives. Adenikinju and Ayorinde (2001), Kajola (2008), Adeniyi, (2016), Tochukwu, Onwuchekwa and Okonkwo (2012). Olukowade and Balogun (2015), Enofe et al (2015), conducted researches on the forensic audit and corporate fraud, detection and prevention. The failure of statutory audit to prevent, detect and reduce misappropriation of corporate financial and non-financial assets, and the increase in corporate crime necessitated the need for professional accountants and legal practitioners to jointly fashion out alternative means of dealing with this menace called fraud (Enife et al 2015) No research has been carries out on forensic audit investigation on corporate governance in Nigeria's public sector. The gap which this study intends to fill emanates from the fact that the previous studies used the traditional method of auditing. Thus, the study aimed to see whether the results of appropriate procedure adopted by PenCom will differ if forensic audit investigation are used as explanatory variables of corporate governance.

Objectives of the Study

The main objective of this study is to examine the activities of PenCom and the effect of forensic audit investigation in the management of pension funds in Nigeria. The specific objectives are:

i. Ascertain the effect of finance and account on return on investment of pension funds in the Nigerian Public sector

ii. Evaluate the effect of internal audit on return on investment of pension fund administration in Nigeria

iii. Examine the effect of legal service on return on investment of pension fund administration in Nigeria

Research Question

i. To what extent has finance and account affected return on investment of pension funds in Nigeria?

ii. How has internal audit on return on investment of pension funds in Nigeria?

iv. To what extent has legal service affect return on investment of pension fund administration in Nigeria

Research Hypotheses

In order to address the issues raised above the following research hypotheses were formulated

H_{o1}: There is no significant relationship between finance and account and return on investment of pension funds in Nigeria

H_{o2}: There is no significant relationship between internal audit and return on investment of pension fund administration in Nigeria

H_{o3}: There is no significant relationship between legal service and return on investment of pension funds in Nigeria

Review of Related Literature

Forensic Accounting

Joshi (2003) opined that forensic accounting as the application of specialized knowledge and specified skill to stumble up on the evidence of economic translations. Howard and Sheetz (2006) observed that forensic accounting is the process of interpreting, summarizing and presenting complex financial issues clearly, succinctly and factually particularly in the law court as an expert. It is concerned with the use of accounting discipline to help in determining issues of facts in business litigation (Okunbor & Obaretin, 2010). Degboro and Olofinsola (2007) viewed forensic investigation as the determination and establishment of fact in support of legal case. This implies that forensic accounting techniques can be used to detect and investigate a crime in order to expose all the attending features and identify the culprits.

Gray (2008) believed that those qualified to handle forensic investigation are forensic accountants which are combined effort of an auditor and private investigators. Knowledge and skills include investigative skills, research, law, quantitative methods, finance, auditing, accounting and law enforcement officer insights. A forensic accountant's primary duty is to analyse, interpret, summarize and present complex financial and business-related issues in an understandable manner to the layman. Internal control systems have been described as the basic means of preventing and detecting fraud (Wells, 2008).

Dhar and Sarkar (2010) defined forensic accounting as the employment of accounting conceptions and techniques in addressing legal issues. Where fraud is established, it demands reporting and the report is considered as evidence in the law court or in administrative proceedings. According to the Association of Certified Fraud Examiners (ACFE) forensic accounting is the use of skills in potential, real civil or criminal disputes, including generally accepted accounting and auditing principles; establishing losses or profit, income, property or damage, estimations of internal controls, frauds and others that involve inclusion of accounting skill into the legal system (www.forensicaccounting.com/there.htm.)

Okoye and Gbegi (2013) agreed that forensic accounting also called investigative accounting or fraud audit which is a combination of forensic science and accounting. Forensic science is an act of applying the laws of nature to the laws of man. Forensic scientists are referred to as examiners and interpreters of evidence and facts in legal cases that also requires expert opinions regarding their findings in the law court. The science in question here is accounting science, meaning that the examination and interpretation will be based on economic information.

Forensic Auditing and Investigation

Forensic auditor involves someone or person with expertise and skill that can be called out for investigation on financial matter which may be used in law court. Eyisi and Ezuwore (2014) asserted that forensic auditing and investigation are fact finding process that allow the examination of knowing whether an event has actual take place, the place, amount involve, collection of evidence, computation of the asset involve and above all initiate a court proceeding. Chattopadhyay (2014) was of the opinion that forensic accountant titbits of evidence was inadequately framed leaving gaps with respect to the numerous accounting standards which the counsel may not prepared to accommodate in the brief that he seeks to prepare. The forensic accountant and forensic auditor may bring together several areas of expertise to satisfy the counsels and the judge. The two professions serve as a compliment to one another and they are teaming up for better result.

Corporate Governance

Hussey (1999) defined corporate governance as the manner in which organizations are managed and the nature of accountability. It consist of the process, customs, policies, laws and institutions affecting the way people direct, administer or control a corporation. Oyejide and Soyibo (2001) cited by Akeem, Tever, and Temitope (2014) view corporate governance as the relationship of the enterprise to shareholders. Metrick and Ishii (2002) also described corporate governance from the perspective of the investor as both the promise to repay a fair return on capital invested and commitment to operate a firm efficiently with a given investment. The organization for economic co-operation and development also defines corporate governance as a set of relationship between a company's management, its board, its shareholders and stakeholders. Corporate governance provides the structure through which the objectives of the public sectors are set and the means of attaining those objectives and monitoring performance are determined (OECD, 2004) as cited by Abubakar, Ndagi and Adamu (2016). Corporate governance as the term implies is a mechanism that is employed to reduce the agency cost that arises as a result of the conflict of interest between managers and shareholders (Uwalomwa, Daramola and Anjolaluwa, 2014). Corporate governance is concerned with accountability of persons entrusted with duties and responsibilities in relation to the direction of the corporation's affairs (Momoh, and Ukpong 2013). Lai and Bello 2012 as cited in (Momoh and Ukpong 2013) stated that the concept of corporate governance has a long history which dated back to the ancient times where tribal communes supervised the activities of the tribes as well as individual members of the tribe to ensure conformity with tribal norms. Crawford (2007) observed that since the late 1970s corporate governance has been the subject of significant debate in the United

States and around the globe. However when the corporate challenges around the world brought the issue of corporate governance to limelight Nigeria joined its counterparts in issuing corporate governance codes to address issues. The general applicability of the code is that:

- The national code of corporate governance shall be applicable to the following:
- All public companies (whether listed or not)
- All private companies that are holding companies
- All public interest entities as defined by section 77 of the financial reporting council of Nigeria act 2011. The term returns as used in section 77 of the financial reporting council of Nigeria act 2011.

  The code also stated that every public sector should carry out annual corporate governance audit which should be facilitated is purpose (section 15.7)

Principles of Corporate Governance

Organizations for economic co-operation and development (OECD 2014) as cited in Abubakar et al 2016) stated that the principles of corporate governance gives a high degree of priority to the interest of shareholders, who place their trust in corporations to use their investment funds wisely and effectively. The establishment of these principles reviewed that

1. The corporate government framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the divisions of responsibilities among different supervisors, regulatory and enforcement authorities.
2. The corporate governance framework should protect shareholders rights
3. The corporate governance framework should ensure the equitable treatment of all shareholders
4. The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, financial situation, performance evaluation through audit exercise.
5. The corporate governance framework should ensure the strategic guidance of the public sector organization, effective monitoring of management and the boards accountability to stakeholders.

Fundamentally these principles are useful in guiding a nation in designing its own corporate governance rules. Barca (1995) also agreed that they serve as reference points for the conduct and behaviour of all parties involved in corporate governance, and are useful to policy makers in examining and developing legal and regulatory framework for corporate governance in line with their own economic, social, legal and cultural circumstances. However, the need for good corporate governance is predicated on the expectation that organization should add economic value to all stakeholders and conduct their activities in a manner that is socially responsible to the communities in which they operate. To accomplish these goals, Gathinji (2003) urges that organizations must be governed in a manner that ensures effectiveness, efficiency, probity, farness, transparency, discipline, accountability, independence and social responsibility. However, Onodi, Okafor and Onyali (2015) are of the view that forensic investigative skills are required to uncover and establish the occurrence of fraudulent activities. (Centre for forensic studies 2010) states that if well applied, forensic auditing could be utilized to reverse the leakages that cause corporate failures. This can be attributed to the fact that proactive forensic auditing practice seeks out errors, operational vagaries and deviant transactions before they crystallize into fraud (Adeniyi 2016). In the previous work of (Oluyem, 2006), the occurrence of the high profile corporate governance scandal involving Cadbury Nigeria Limited also reiterated the need for stringent measures as regards compliance to corporate governance policies and codes. In June 2006, the Security and Exchange Commission (SEC) expressed concern on issues arising from Cadbury's annual reports and accounts for 2005 particularly in the areas of inadequate disclosure , noncompliance with corporate governance code and obtaining loans for the payments of dividends to shareholders, contrary to SEC regulation. The apex regulatory body in the capital market (SEC) also penalized and reprimanded Akintola Williams, Deloitte (AWD), the external auditor of the company and the union registrars for violating the provisions of the investments and securities act of 1999. Ever since corporate governance practices in Nigeria has been a major discuss, owning to the unique nature of public sector organization with their lesser affairs attitude to work and the believe that government money and assets is to be shared as national cake. The study wants to examine the effect of forensic audit investigation in order to promoting good corporate governance in the public sector organization

Pension and Pension Act 2004

Pension is defined as an amount of money paid regularly by the government or a private company to a person who does not work anymore because they are too old or have become ill. It is a fund into which a sum of money is added during an employee's employment years, and from which payments are drawn to support the person's retirement from work in the form of periodic payments. A pension may be a "defined benefit plan" where a fixed sum is paid regularly to a person, or a "defined contribution plan" under which a fixed sum is invested and then becomes available at retirement age *(Thomas and Gerald 2010).*

Pension is an annual budgetary provision made by every government to cater for public service workers who have served meritoriously either as a result of age or length of service. Adebayo (2006) and Robelo (2002) asserted that pension is also the method whereby a person pays into pension scheme a proportion of his/her earnings during his working life. The contributions provide an income (or pension) on retirement that is treated as earned income. Most African countries like Nigeria that gained independence in the fifties and sixties are grappling with a lot of ageing workers and hence increasing financial need for pension and gratuity Alo (2004). Lack of adequate statistics and the unavailability of current updated record of pensioners have made pension administration in Nigeria to be bedevilled by a lot corrupt tendencies. Consequently annual budgetary allocation for pension was often one of the most vulnerable items in budget implementation in the light of resource constraints. In many cases, even where budgetary provisions were made, inadequate and untimely release of funds resulted in delays and accumulation of arrears of payment of pension rights.

Series of pension schemes have emerged in Nigeria before and after independence. In the words of Sule and Ezugwu (2009), the exact origin of pension scheme in Nigeria is debatable. However the history of pension in Nigeria could be traced to the prolonged battle between workers and employers of labour affirming that the victory of employees' over employer marked the privilege of receiving gratuity and pension in Nigeria. The Country's pension scheme had started in 1951 when the colonial British administration established a scheme through an instrument called Pension Ordinance. It, however, had a retroactive effective from 1946 and applied only to United Kingdom officials posted to Nigeria.

In Nigeria such enabling legislations include the pension increase Decree No. 42, 1975: The whole of the ordinance acts and Decree is capped up in the Decree No. 102 of 1979, which took effect from April 1, 1974. It consolidated all enactments on pensions and in corporate pension and gratuities seals devised for public officers by the Udorji Public Service Review Concision in 1974 **(**Odia and Okoye, 2012).

Before the enactment of the Pension Reform Act 2004, which establishes a contributory pension scheme for all employees in Nigeria, the country had operated a Defined Benefit (DB) pension scheme, which was largely unfunded and non-contributory. The Scheme led to a massive accumulation of pension debt and became unsustainable largely due to a lack of adequate and timely budgetary provisions, as well as increases in salaries and pensions. The administration of the scheme was very weak, inefficient, less transparent and cumbersome, leading to bureaucracy and highly liable to corrupt practices. The 2004 Pension Reform Act in Nigeria introduced the contributory pension scheme and established PENCOM which simply means Pension Commission. This is a supervisory body which serves as a watchdog to ensure that the approved pension Act are properly implemented by the institutions concerned. Under the Act PenCom shall receive and investigate any complain of impropriety levelled against any Pension Fund Administrator (PFA), and Pension Fund Custodian (PFC), or employer or any of their staff or agents. The Commission stands as a watchdog, with the overriding objective of ensuring that all pension matters are administered with minimum exposure to fraud and risk. The guidelines issued by the Commission, requires the use of approved risk rating agencies to determine the viability of an investment instrument. The Act also establishes a uniform contributory pension system for both the public and privates sectors. It requires that each employee covered by the scheme must open a Retirement Savings Account (RSA) in which his/her monthly pension contributions would be credited. Each employee will contribute 7.5 percent of his/her monthly emoluments (here defined as basic salary, housing and transport allowances) and the employer will contribute an equivalent amount.

Theoretical Framework (Stakeholders Theory)

This theory postulates that managers in organizations have a network of relationships to serve; this include employees, shareholders, suppliers, business partners and contractors. The theory was developed by Freeman (1984). This theory is set to protect the interest of stakeholders. Stakeholder theory proposes the representation of various interest groups on the organization's board to ensure consensus building, avoid conflicts, and harmonize efforts to achieve organizational objectives (Donaldson and Preston, 1995).

The shareholder model of corporate governance relies on the assumption that shareholders are morally and legally entitled to direct the corporation since their ownership investment is an extension of their natural right to own private property.

Berle and Means (1932) point out that the notion that shareholders govern the corporation is largely a fiction: "Typically, executives have the greatest power." Etzioni (1998) questions whether "executives can and should be made more accountable and responsive to some groups other than themselves, and which groups this should include."

Etzioni (1982) supports the stakeholder view. He accepts the moral legitimacy of the claim that shareholders have certain rights and entitlements because of their investment, but he maintains that "the same basic claim should be extended to all those who invest in the corporation." This includes: employees (especially those who worked for a corporation for many years and loyally); the community (to the extent special investments are made that specifically International Journal of Economics, Commerce and Management, United Kingdom Licensed under Creative Common Page 9 benefit that corporation); creditors (especially large, long-term ones); and, under some conditions, clients.

A prominent critic of stakeholder theory is Goodpaster (1991) who argues that a multi-fiduciary stakeholder approach fails to recognize that the "relationship between management and stockholders is ethically different in kind from the relationship between management and other parties (like employees, suppliers, customers, etc.)" Goodpaster contends that managers have many non-fiduciary duties to various stakeholders but their fiduciary duties are only to shareholders.

Boatright (1994) suggests that the shareholder-management relation is not "ethically different" and there is no reason in principle to adopt the distinction between fiduciary and non-fiduciary duties and the distinction between shareholders and other constituencies. He states that: "Many of the fiduciary duties of officers and directors are owed not to shareholders but to the corporation as an entity with interests of its own, which can benefit that corporation); creditors (especially large, long-term ones); and, under some conditions, clients.

Linking Theory to the Study

The theory that best support this research work is the stakeholder's theory. The researcher chose this study in order to support and explain the assumption that shareholders are morally and legally entitled to direct the corporation since their ownership investment is an extension of their natural right to own private property. However stakeholder theory proposes the representation of various interest groups on the organization board to ensure consensus building, avoid conflicts and harmonize efforts to achieve organizational objectives (Donaldson and Peston 1995). The logic being implied by the stakeholders approach is that the levels of inefficiency of existing corporate governance practices in promoting

Empirical Review

Adeiyi (2016) investigated the effect of forensic auditing on financial fraud in Nigeria deposit money banks (DMBS). The study adopted cross sectional survey design while logistic regression analysis was used for data analysis. The study revealed that forensic audit has significant effect on financial fraud control in DUBs. The study concluded that the application of forensic audit to tackle financial fraud in Nigeria (DMBs) is still at the infant stage. Recommended that organizations should have a strong internal control system in place to reduce the occurrence of fraud.

Anichebe and Manukaji (2016) examined the relevance of forensic auditing as an investigative tool in curbing financial crimes in public sector organizations. The survey design was adopted and hypothesis was tested using (ANOVA). The study revealed that there is a significant relationship between stated objectives. The study recommended that government and regulatory authorities showed ensure the provision of standards and guideline to regulate forensic activities in Nigeria.

Olukowade and Balogun (2015) investigate the relevance of forensic accounting in the detection and prevention of fraud in Nigeria. The study was a theoretical research which considered the roles of forensic accountants in combating fraudulent activities and recommended the cost of hiring the services of forensic accountants and to treat culprit's equality without any favourtism.

Madan, (2013) in his study corporate governance and forensic accountant's role is an explanatory research without any analytical measures. He recommended that accountants can make significant contributions in creating work environment, establishing effective lines of communications and vigilant oversight.

Enofe, Omagbon, and Ehigiator, (2015), examined forensic audit and corporate fraud. The survey method was adopted and data was analysed using SPSS and ordinary least square (OLS). The finding shows that forensic audit was adjudged to be effective and efficient tool against corporate fraud. They however recommended that forensic audit should be made statutory for businesses and organizations

In summary, from all these studies carried out, it has shown that extensive work has been done in this area. The area of diligence is that the present study used government establishment rather than banks. The researcher intends to use secondary data for the study.

Methodology

Research Design

The study focuses on the empirical and explanatory analysis of the effect of forensic audit investigation on corporate governance in public sector in Nigeria. In the processes of carrying out the research, secondary data will be used which will be derived from the audited financial statement of six selected federal airport authorities of Nigeria

Description of Variable and Measurement

Dependent and independent variable are identified in the study. Dependent variable which is corporate governance is measured by return on investment (ROI). This is one of the profitability indicators that contribute to internal growth, raise foreign capital and as well shape the image of FAAN in the international market. ROI is equal to profit after tax in divided by total investment.

ROI = Return on Investment (dependent variable)

This is the financial ratio that measure the return generated which is equal to asset minus liability. Whereas independent variable is forensic audit investigation which is identified by finance and account, internal audit, legal series and human resources.

Population and Sample

The federal airport authority of Nigeria is saddled with the responsibility of the management of the twenty three (23) airports in Nigeria at the moment. For the purpose of clarity, the airport locations are divided into regions (not according to the widely recognized geo- political regions) for administrative convenience

These include:

South-West Region:

- Mortal Mohammed Airport Lagos (Regional Headquarters)
- Benin Airport
- Horin Airport
- Akure Airport
- Ibadan Airport

South-East Region:

- Port-Harcourt International Airport, Omagwa (Regional Headquarters)
- MargeretEkpo Airport, Calabar
- Akenuibiam International Airport, Enugu
- Sam Mbakwe International Cargo Airport, Owerri
- Akwa-Ibom International Airport, Uyo
- Osubi Airport, Warri

Northern Region:

- MalkuAminu Kano International Airport, Kano (Regional Headquarters)
- Maiduguri Airport, Maiduguri

- Yola Airport, Yola
- Sultan Abubaka 111 Airport, Sokoto
- Umar Mussa VarAdus Airport, Kastina

North Central Region:

- Nnamdi Azikiwe International Airport, Abuja (regional headquarters)
- Yakube Gowon Airport, Jos
- Kaduna Airport
- Mina Airport
- Gombe Airport
- Makurdi Airport
- Zaria Airport

The study would have covered all the federal Airports in Nigeria. But since the data would be too voluminous to handle, the study will concentrate on six (6) airports in the South East region.

Model Specification

The relationship of variable and their measurements listed above are structurally established as follows:

Y= F (x) ------------- (1)

Where Y is the dependent variable: Corporate governance is measure with ROI.

X is the independent variable: Forensic audit investigation which is indicated by finance and account, internal Audit, legal, service is expressed as.

$Y= b_0 + b_1 + U$------ (2)

Where Y = independent variable

b_o constant

b= is the coefficient of the explanatory variable (forensic audit investigation indicators)

b_1 - b_3 = the explanatory variable

U= the stochastic variable or error term.

To match the hypothesis stated above with the model specification, the following equation emerges:

$ROI= b_0+b_1, FA+b_2\ IA+b_3\ LS$

Method of Data Analysis

The ordinary least square (OLS) method will be applied to estimate the parameter of the equation specified in the research. Panel data will be generated for cross FAAN study. OLS will be applied on the three multiple regression model in equation 3, 4 and 5 above.

Data Presentation and Analysis

Unit Root Test

The unit root test is conducted using the Augmented Dickey Fuller (ADF) test proposed by Dickey and Fuller (1979). The result of ADF statistics is presented below.

Augmented Dickey Fuller Test

Variables	ADF Statistic	Order Of Integration	Level Of Significance
ROI	-6.190751	1(1)	5%
FA	-5.494642	1(0)	5%
IA	-8.023468	1(1)	5%
LS	-4.554952	1(1)	5%

Source: Authors Computation from E-View Version 8.0

The result confirmed that ordinary share attained stationary at levels. Finance and account, internal Audit and legal service were stationary after first difference. All the variables are significant at 5% level of significance.

The Ordinary Least Square Regressions

In this section, we provide the benchmark test of the significance of the independent variables in explaining the Forensic audit investigation. In this section, the three hypotheses formulated were tested to determine its statistical significance.

Regression Result for the Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	10.19959	0.473190	2.535498	0.0000
FA	5.379378	0.031406	2.527495	0.0042
IA	7.023766	0.063750	2.372804	0.0024
LS	3.053499	0.058387	2.416286	0.0036
R-squared	0.657334			
Adjusted R-squared	0.675801			
F-statistic	4.788675	Durbin-Watson stat		2.487265
5Prob(F-statistic)	0.00021			

Sources: Computation from the E-view 8.0

From the regression result obtained the regression equation can be presented thus:

ROI = 10.19959 + FA =5.379378 + IA = 07.023766 + LS =3.053499 + U

From the results of the OLS, it is obvious that the constant parameter (Bo) is positive at 10.19959. This means that if all the independent variables are held constant, ROI as a dependent variable will grow by 10.19959 units in annual-wide basis.

Finance and Account: the coefficient of finance and account (FA) is positive at 5.379378 with t-Statistic of 2.527495 and probability value of 0.0042 which means that finance and account (FA) has positive and significant effect on return on investment (ROI), a unit increase in finance and account (FA) will cause (ROI) to increase by 5.379378 units.

Internal Audit: The coefficient of internal audit (IA) is positive at 7.023766 with t-Statistic of 2.372804 and probability value of 0.0024 which means that, internal audit (IA) has positive and significant effect on (ROI). A unit increase in internal audit (IA) will lead to a unit increase in (ROI) by 7.023766

Legal service: the coefficient of legal service (LS) is positive at 3.053499 with t-Statistic of 2.267337 and probability value of 0.0036 which means that, legal service (LS) has positive and significant effect on return on investment (ROI). A unit increase in legal service will cause return on investment (ROI) to increase by 3.053499 units.

The Adjusted R-squared is 0.675801 which means that 68% of total variation in return on investment (ROI) can be explained by the variables, namely FA, IA and LS while the remaining 32% is due to other stochastic variables. The Durbin-Watson statistics at (2.487265) which means the model is free from autocorrelation. The F-statistic is 4.788675 which imply that all the explanatory variables in the study have significant effect in return on investment (ROI) within the period under study.

Test of Hypotheses

To test the hypotheses, the statistical significance of the individual parameters was used to test the hypotheses. These test were conducted at 5% level of significance

Test of Hypothesis One

Restatement of hypothesis in null and alternate form:

Ho_1: There is no significant relationship between forensic audit investigation and the safety and security of pension funds in Nigeria

Hi: There is significant relationship between forensic audit investigation and the safety and security of pension funds in Nigeria

Analysis of the regression results, OLS on the relationship between forensic audit investigation and the safety and security of pension funds in Nigeria

Variable	Coefficient	t-Statistic	Probability	Conclusion
Constant	10.19959	2.535498	0.0000	Statistically Positive and Significance
FA	5.379378	2.372804	0.0042	Statistically Positive and Significance
IA	7.023766	2.372804	0.0024	Statistically Positive and Significance
LS	3.053499	2.416286	0.0036	Statistically Positive and Significance

Source: Computed from E- view 9.0

Decision

From table above, since the probability value is less than 5% (0.0051<0.05) with coefficient value of 5.379378 and t-Statistic of 2.372804, the study rejects the null hypothesis and accepts the alternative hypothesis: which imply that finance and account has positive and significant relationship on return on investment which implies that there is significant relationship between forensic audit investigation and the safety and security of pension funds in Nigeria.

Hypothesis Two

Restatement of Hypothesis in Null and Alternate Form:

Ho_2: There is no significant relationship between forensic audit investigation and transparency of pension fund administration in Nigeria

Hi: There is significant relationship between forensic audit investigation and transparency of pension fund administration in Nigeria

Decision

Table above reveals that the probability value is less than 5% (0.0051<0.05) with coefficient value of 7.023766 and t-Statistic of 2.372804, the study accept the null hypothesis and reject the alternative hypothesis and summit that internal audit has significant relationship on in return on investment. That is to say that there is significant relationship between forensic audit investigation and transparency of pension fund administration in Nigeria.

Hypothesis Three

Restatement of Hypothesis in Null and Alternate Form

Ho_3. There is no significant relationship between forensic audit investigation and accountability in the administration of pension funds in Nigeria

Hi. There is significant relationship between forensic audit investigation and accountability in the administration of pension funds in Nigeria

Decision

From table above, since the probability value is less than 5% (0.0036<0.05) with coefficient value of 3.053499 and t-Statistic of 2.416286 the study rejects the null hypothesis and accepts the alternative hypothesis: which means that legal service has significant relationship on return on investment. That is to say that there is significant relationship between forensic audit investigation and accountability in the administration of pension funds in Nigeria.

Summary, Conclusion and Recommendation

Summary

The result of the study indicates that finance and account, internal audit and legal service has positive and significant effect on return on investment (ROI)

The Adjusted R-squared is 0.675801 which means that 68% of total variation in return on investment (ROI) can be explained by the variables, namely FA, IA and LS while the remaining 32% is due to other stochastic variables. The Durbin-Watson statistics at (2.487265) which means the model is free from autocorrelation. The F-statistic is 4.788675 which imply that all the explanatory variables in the study have significant relationship with return on investment (ROI) within the period under study.

Conclusion

The result of the study indicates that finance and account, internal audit and legal service has positive and significant relationship on return on investment (ROI)

The study therefore concludes that forensic audit investigation has positive significant relationship on corporate governance in public sector in Nigeria within the period under study.

Recommendations

Based on the findings of the study, it is therefore recommended that Nigerian's Public Sector should formulate sound personal and recruitment policies to attract people with good moral standing as employee, authority high pay as antidote for fraud scourge; Nigeria's Public Sector need to build a continuous improvement in the internal control system and initiate effective and efficient internal check; public sector should adopt a sound accounting system in principal and effective practices

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