

Forensic Accounting and Tax Evasion in South-West Nigeria

AKINTAYO Oluwatoyin Oluola

A doctoral researcher in accounting and an associate lecturer.

Department of Accounting,
Faculty of Management Sciences,
Ekiti State University, Ado-Ekiti, Nigeria.

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Abstract: This study focused on the impact of forensic accounting on tax evasion in South-West Nigeria. A survey research design was used to gather data for the study through the distribution of questionnaire to 125 respondents purposively selected for the study in the State Internal Board of Revenue Service and audit firms specializing in forensic investigation in Ekiti, Ondo, Oyo, Lagos, and Ogun State that made up the South-West of Nigeria. Moreover, from the 125 copies of questionnaire distributed to the respondents only 120 copies of questionnaire were returned and used for the study. Both descriptive and Ordinary Least test were used to investigate the objective of the study. The result of the study indicated that forensic accounting of cross drive analysis, live analysis and deleted files investigation had significant negative effect on tax evasion in South-West Nigeria. The Study concluded that forensic accounting could reduce the incidence of tax evasion in South-West Nigeria.

Keywords: Forensic Accounting, Tax Evasion, Cross-Drive Analysis, Live Analysis, Deleted Files.

1. INTRODUCTION

Forensic accounting has become very important issue by researchers and scholars in recent years in several countries in the world today. The need for forensic accountants arose because of the failure of audit system in the organizations and government as the institutional internal and external audit fail to discover certain errors in the managerial system. More and more forensic accountants are been called up to meticulously search through documents, discover new information and help in putting together the irregular pieces of government financial puzzle to solve the vexing problems of tax evasion in Nigeria.

In the words of Aderibigbe (2000), the growth in forensic accounting can be attributed to the following: internal audit and audit committee as part of the management function could not throw light on the different fact and other hidden aspects of corporate tax evasion; rotation of statutory auditor touches aspect of the problem, while it reduces emphasis but it adversely needs longer duration, the method of appointing the statutory auditor used is not fool-proof as it broods collusion and lobbying, the certificates of the auditors are hardly scrutinized carefully, especially when the reports are unclean and qualified and the internal auditors can surely detect what was happening but they are hardly in a position to initiate proper action in proper time.

Auditors can no longer choose to ignore the use of new technology, because they simply cannot perform their function without understanding how their clients particularly government is using such new technology to run the business of taxes. The financial audit therefore will change significantly as tax administration changes. This is because the use of modern technologies such as networking, client/server, forensic science and real-time systems in tax revenue investigation call for a new education and specialization to deepen the skills of auditors and a strengthening of the audit department or

firm with relevant tools of the trade (Umeh, 2005) cited in Ojo (2018). Moreover, independent professional accountants have been entrusted with the tasks of evaluating tax revenue collectible in government system, comparing actual tax revenue collection with the expected in government system designs and reporting on potential weaknesses in order to detect the incidence of tax evasion and how it is perpetrated by companies and individuals (Omonijo, 2020).

Also for forensic accounting to be effective in detecting the incidence of tax evasion, increasingly, information technology deployments are needed. Substantial numbers of States in the South-West Nigeria have adopted the use of forensic accountants to audit the tax revenue collectible over the years in order to minimize the incidence of fraudulent practices observe in tax revenue collection and curtail tax evasion that has continued to deprive the government of these States substantial amount of revenues from various taxes levies on individuals and corporate companies (Alawode, 2018). Government of the South-West States in their attempt to improve their tax revenue generation have resorted to appreciating the services rendered by forensic investigator, at the wake of the latest global financial crisis that led to the collapse of multi-national corporations such as WorldCom and failure of some banks in Nigeria in 2009, coupled with high level of allegations and actual cases of corporate fraud. Therefore, the controversy bothering on whether or not forensic accounting helps in eliminating the incidence of tax evasion is the gap the study intends to fulfill in the context of South-West Nigeria. In doing this, the objective of the study is to examine the impact of forensic accounting on reduction in incidence of tax evasion in South-West Nigeria. To critically evaluate the objective the paper is divided into five section, namely, introduction, literature review, methodology, empirical results and conclusion and recommendation.

2. LITERATURE REVIEW

This section is divided into three parts. These are, conceptual, theoretical and empirical review of literature.

Conceptual Review

Meaning and Definition of Foreign Accounting

Forensic Accounting is the specialty practice area of accountancy that describes engagements that result from actual or anticipated disputes or litigation. "Forensic" means "suitable for use in a court of law", and it is to that standard and potential outcome that forensic Accountants, generally have to work. Forensic Accountants, also refer to as forensic auditors or investigative auditors, often have to give expert evidence at the eventual trial. Zysman (2004), defined forensic accounting as the process to integrate accounting, auditing and investigative skills, while Dhar and Sarkar (2010), define forensic accounting as the application of accounting concepts and techniques to legal problems. They are of the opinion that forensic accounting, also called investigative accounting or fraud audit, is a merger of forensic science and accounting. Forensic investigative accounting demands reporting, where accountability of the fraud is established and the report is considered as evidence in the court of law or in administrative proceedings (Chi-Chi and Ebimobowei, 2012) cited in Okolie and Taiwo (2014). They also considered that using forensic accounting techniques will help in exposing and identifying the culprits, because this accounting presents the process of interpreting, summarizing and providing complicated financial issues clearly i.e. using the accounting literature to help draw facts in the litigation. Generally the intent is what separates error from fraud and forensic investigator prove intent with help of circumstantial evidence such as; motive, opportunity, repetitive acts, witness statement, concealment, victim reliance and damages.

Expert evidence provided by forensic investigator is often the most important component of many civil and criminal cases today.

A qualified expert may testify in the form of an opinion or otherwise, so long as:

- a. The testimony is based upon sufficient facts or data.
- b. The testimony is the product of reliable principles and methods and
- c. The witness has applied the principles and methods reliably to the facts of the case.

Forensic investigative methods

Forensic investigations are planned to cover only a selected sample or offices based on an analytical review of accounts and results of past audits instead of a blanket coverage of all spending offices. Unless otherwise stipulated, audit should

concentrate on regularly, probity and compliance issues. Performance related issues could be dealt with in specific performance reviews. The role of the controlling officer, the head of the concerned institution or organization in financial administration are usually specified in the financial codes, manuals, rules and orders of government. Their initial discharge of such prescribed duties could be examined and the implementation of prescribed controls evaluated. The advent of large-scale use of computers in processing, not only accounting information, but also several other transactions with direct financial implications possess a challenge to auditing because large volumes are processed in a short time. The proliferation of platforms and software makes it possible to perpetrate frauds in new ways. A thorough knowledge of IT and the engagement of highly skilled professionals is therefore essential if forensic auditing is to have any meaning. A number of techniques are used during computer forensics investigations. They include:

Cross-drive analysis

A forensic technique that correlates information found on multiple hard drives. The process, which is still being researched, can be used for identifying social networks and for performing anomaly detection (Garfinkel, 2006).

Live Analysis

The examination of computer from within the operating system using forensics or existing system administration tools to extract evidence. The practice is useful when dealing with encrypting files systems, for example, where the encryption keys may be collected and, in some instances, the logical hard drive volume may be imaged (known as a live acquisition) before the computer is shut down (Maarten, 2010).

Deleted Files

A common technique used in computer forensic is the recovery of deleted files. Modern forensic software has their own tools for recovering or carving out deleted data (Aaron et al, 2009). Most operating systems and file systems do not always delete physical files data, allowing it to be reconstructed from the physical disk sectors. File carving involves searching for known file headers within the disk image and reconstructing deleted materials. It is necessary to provide formal instruction on fraud awareness, investigation and reporting. The planning of overall audit coverage and individual audits on the basis of risk analysis carried in accordance with existing global 'best practice' could be included in the curriculum for all management level. Arguably, forensic auditing without a thorough knowledge of IT as outlined above would be meaningless, and this would have to be borne in mind while devising curricula.

(<http://bizcovering.com/author/max/> maxi in accounting).

Frauds detection techniques in forensic auditing

Ogbuji (2009) identified evidence-gathering techniques to include:

Interviewing, Vulnerability and internal control charts, Document examination Employee searches, Invigilation, Observation, Undercover and Specific item.

Forensic investigator uses various approaches in evidence-gathering. The various accounting and audit programs available for the use of the forensic investigator include:

- (i) Net Worth and Expenditure methods
- (ii) Tracing-is an accounting technique which involves the flow of funds.
- (iii) Cheque spreads-This an accounting method that should be used when the subject uses cheques in account operation.
- (iv) Deposit spreads-this deals with the receipts into the chequing account. The use of deposit spread is different from other normal accounting practices.
- (v) Credit card spreads-this is applied if the subject uses credit cards frequently. Some criminals use stolen credit cards to make purchases, which are later fenced.
- (vi) Gross Profit Analysis-this is an accounting method forensic investigator used in cases of money laundering or skimming operations.

(vii) Bank Deposit method-this method is very useful for a subject who operates only one business and the income seems to come from only one source. Normally the subject's business is a cash type business where receipts are received in cash. When this method is employed, each item of income and expense must be examined as to the source of fund and their subsequent use.

(viii) Telephone-telephone calls help identify personal contacts and associates of the subject. A data base is usually established to identify telephone contacts.

(ix) Flowcharts-there are many kinds of flowcharts the forensic accountant or fraud examiner can use. The common ones are; organizational, chronological, matrix and operational.

Concept of Tax Evasion

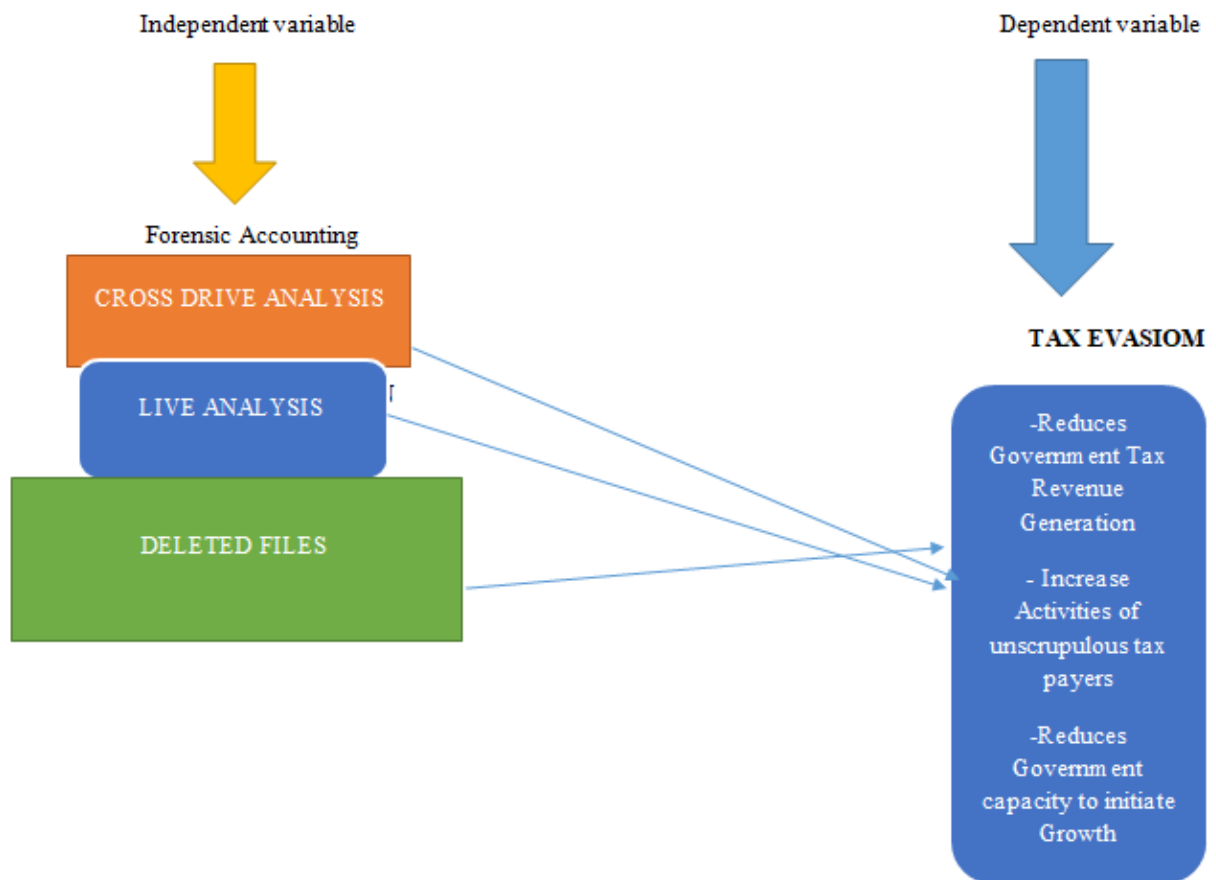
Tax evasion is considered to be of serious concern to those dealing with taxation issues of a country because of the detrimental effects it is assumed to have on tax revenue and the tax system as a whole (Alm, 2015). One obvious consequence of tax evasion is the loss of tax revenue for government. The fact that some income goes untaxed and also certain indirect taxes such as VAT and excise duties are evaded, leads to the conclusion that tax revenues are lower than if everyone had paid their taxes. Over the years a growing amount of attention has been focused on the conjecture that a significant and growing hidden economy exists. Most of the authors who have attempted to deal with it have reached one common conclusion that the problem of the hidden economy cannot be dismissed as quantitatively trivial, especially because some of the analytical work done on the subject has uncovered some intriguing issues. The major incentive for the effort to calculate the extent of the hidden economy has been dominated by the worries of fiscal authorities concerned with the loss of tax revenue through tax evasion. Attempts to estimate the amount of the tax revenue loss have produced appalling figures of tax revenue loss. For instance, Brochner, Jensen, Svensson and Sorensen (2006) estimated the tax revenue loss in the United Kingdom, to be around £9 billion. Other estimates of tax revenue losses in the United Kingdom, according to Pyle (1989) ranged between £1 and £2 billion per year. Estimates have also shown that revenue has been lost due to evasion of indirect taxes. Pyle reported the amount to lie between £250m and £500m per year due to evasion of VAT. Estimates have also been done in other countries and still figures are not small.

Relation between Forensic Accounting and Tax Evasion

The consequence of tax evasion on tax revenue generation in a country cannot be underestimated. Tax evasion which is the total refusal of tax payers to run away from paying tax by not disclosing actual taxable income can affect seriously the capacity of the government of a state or country to be able to influence positively economic growth and development. Thus, the issue of tax evasion rampant in Nigeria particularly in South-West Nigeria has brought to the fore the idea of using forensic accounting technique to minimize the scenario of tax evasion and avoidance in these States. Forensic accounting according to Goodness (2015) go deeper in investigation than the ordinary statutory audit. It may help to bring to light the reasons why people evade tax and unearth more taxable incomes of companies and individual that have been hidden from tax. Akintunde and Omonijo (2017) argued that forensic accounting and tax evasion are inversely related. This shows that forensic accounting has the capacity to reduce the incidence of tax evasion and enhance tax revenue generated by the government. Emmanuel, Ogundele and Folorunsho (2015) explain further that forensic accounting may expose the activities of unscrupulous tax officials and their collaborations with individual and companies as regard tax evasion that has continued to deprive the government adequate tax revenue. More so, Ogunmakinwa (2017) opined that forensic accounting and tax evasion are negatively correlated since the former has the capacity to total eliminate or reduce the latter.

Conceptual Framework

There are two major variables mentioned in the course of this study. These are, independent and dependent variables. The independent variable of the study is forensic accounting while the dependent or output variable is tax evasion. Conceptually, the study is guided by the two variables as illustrate in the figure 1.



Source: Adopted from Smith (2012)

Figure 1

Theoretical Framework

This study is hinged on the fraud management lifecycle theory propounded by Smith (2012) cited in Alawode (2012). This theory is based on the fact the incidence of tax evasion revolves around the fraud cycle stages. Moreover, effective management of the Fraud Management Lifecycle starts with a common understanding or definition of the stages in the lifecycle. Without this awareness and understanding, fraud management professionals are unlikely to communicate effectively with each other, with their peers in other industries, and within their respective businesses. The terms “lifecycle stage” and “stage” throughout this study are used as a reference to a set of activities. Unlike a traditional linear lifecycle, a network lifecycle’s stages are not necessarily linked sequentially, where activities in one stage are completed and then the functioning is passed on to the next stage in the chain. To the contrary, a network lifecycle facilitates simultaneous and sequential actions within each of the lifecycle stages or network nodes. The Fraud Management Lifecycle is, therefore, a network lifecycle where each node in the network, each stage in the lifecycle, is an aggregated entity that is made up of interrelated, interdependent, and independent actions, functions, and operations. These activities can, but do not necessarily, occur in a sequential or linear flow.

Empirical Review

In South- Africa, Smith and Davidson (2014) examined the impact of forensic accounting on tax evasion. The authors adopted a descriptive research design to gather data for the study through the distribution of questionnaire to 230 respondents considered for the study. Descriptive and inferential statistics were adopted for the study. The result of the study revealed that forensic accounting of cross drive analysis, live analysis and deleted files were adequate to reduce the incidence of tax evasion in South-Africa. The authors concluded that forensic accounting and tax evasion were inversely related.

In a similar study, Alawode (2016) examined the effect of forensic accounting on tax revenue generation in River State. The study used a longitudinal survey research designed to gather data from the employee of the State Inland Revenue Service. One hundred and twenty staffs were considered for the study and the instrument used was distributed accordingly. Both descriptive and Ordinary Least Square (OLS) were used for the study. The result of the study indicated that forensic accounting might block possible loopholes reducing tax revenue in River State. The author concluded that forensic accounting and revenue generation were positively related.

Moreover, Akintayo, Ogunniyi and Emmanuel (2017) examined the impact of forensic accounting on fraud reduction in tax revenue generation in Nigeria. The study adopted a descriptive research design. Primary source of data was used for the study. The population of the study comprised of all employee in the Federal Inland Revenue Service (FIRS) from which a sample size of 350 were selected for the study. Questionnaire was used as instrument of data collection. Both descriptive and inferential statistics of logit regression were employed to investigate the objective of the study. The result of the study indicated that forensic accounting was significant on fraud reduction in revenue generation in Nigeria. The study concluded that there was a significant negative impact of forensic accounting on fraud in tax revenue generation in Nigeria. The authors concluded that forensic accounting and tax revenue generation were inversely related.

3. METHODOLOGY

This study adopted the descriptive research design to gather data for the study through the distribution of questionnaire to respondents selected from five purposively selected audit firms (consisted of one audit firm each from each State) in the South –West Nigeria that have carried out forensic accounting for the States Board of Internal Revenue Services. Thus, from each of the audit firm twenty accidental selected respondents were considered for the study. Moreover, five most Senior Staffs in each of the State Internal Board of Revenue Services were conveniently used for the study. This make a total of 125 respondents considered for the study in Lagos, Ekiti, Ondo, Ogun and Oyo States which are the States in South-West Nigeria. The source of data for the study was primary. The validity and reliability of the research instrument were carried out using Cronabach coefficient Alpha. The result of the Cronabach coefficient obtained was 0.89 which indicated that the instrument used for the study was reliable. The descriptive statistics of mean and standard deviation were used to meaningfully describe the data collected for the study while the inferential statistics of Ordinary Least Square was used to investigate the objective of the study. Meanwhile, from the one hundred and twenty-five (125) copies of questionnaire distributed to the respondents only 120 were validly returned and used for the study. This gave 96% completeness.

Model Estimation and Measurement of Variables

The functional model for the study is expressed as;

$$EVAS = f(CDA, LA, DF) \quad 3.1$$

In mathematical form, the function equation is defined as;

$$EVAS = \beta_0 + \beta_1 CDA + \beta_2 LA + \beta_3 DF + \mu \quad 3.2$$

Where,

EVAS= Tax Evasion

CDA= Cross –Drive Analysis

LA= Live Analysis DF= Deleted Files

Also, μ = Stochastic Error Term

In addition, β_0 = intercept and $\beta_1 - \beta_3$ = Regression Parameters to be Estimated

A Priori Expectation for the regression coefficients.

In this model it is expected that; $\beta_1 < 0$, $\beta_2 < 0$ and $\beta_3 < 0$.

4. EMPIRICAL RESULTS

The following tables presented the result of the descriptive statistics computed for the study.

Table 1: Frequency Distribution of Respondents Demographic Characteristics

Age in years	Frequency	% Percentage
Less than 30	10	8.33
30-39	60	50.00
40-49	20	16.67
50-59	18	15.00
60 and above	12	10.00
Years of working Experience		
Less than 10 years	45	37.50
10-15	50	41.67
16-20	15	12.50
21-25	6	5.00
26 and Above	4	3.33
Highest Academic Qualification		
OND/NCE	20	16.67
HND/BSC	68	56.66
Postgraduate Degrees	12	10.00
Professional Qualification	20	16.67

Source: Researcher's Field work, 2022

Table 1 presented the result of the demographic characteristics of the respondents. Looking carefully at the result, it might be inferred that the respondents used for the study were well spread in term of demographic variables. For instance, the distribution of respondents by highest academic qualification showed that 16.67% of the respondents had NCE/OND while 56.67%, 10% and 16.67% of the respondents had HND/BSC, Postgraduates degrees and professional qualification. Thus, it might be asserted that adequate numbers of the respondents had HND/BSC. This variable might enhance the way the respondents rate the test items.

Table 2: Mean and Standard Deviation computed for the variable of Forensic Accounting

S/N	Cross Drive Analysis	N	Mean	STD	Remark
1	Cross drive has aided the detection of hidden financial gain not disclose by companies and individual tax payers in the region	120	4.45	0.23	Significant
2	The use of this forensic technique has exposed intentional tax revenue inflation by tax agents in order to protect powerful individuals from evading tax	120	4.05	1.02	Significant
3	The technique has adequately exposed tax revenue collected but not declare by tax agents	120	4.65	0.12	Significant
	Live Analysis				
4	The application of live analysis has revealed on the go tax evasion associated with individual and companies.	120	3.87	0.34	Significant
5	The intention of the tax analysts to protect his clients from paying tax for pecuniary gain has been adequately revealed through live forensic investigation.	120	4.11	1.04	Significant
6	The nature of live analysis forensic accounting makes it difficult for system operators in tax offices to destroy evidences relating to tax revenue collection.	120	4.34	0.44	Significmt
	Deleted Files				

7	Forensic tools have reduced the incidence of tax evasion and avoidance in multi-national companies in South-West.	120	4.76	0.05	Significant
8	The capacity of forensic accountants to invade and recall companies deleted financial statements for the purpose of tax investigation has eliminated the incidence of tax evasion in many companies in South-West.	120	4.98	0.02	Significant
9	Forensic accountants through deleted scenario investigation can unearth extraneous report that can show that a company evades tax.	120	4.23	1.06	Significant

Source: Researcher's Field Work, 2022

Table 2 presented the results of the mean and standard deviation computed for the variable of forensic accounting. Looking at the results in the table, it might be accepted that cross drive analysis, live analysis and deleted files investigation were the major tools of forensic accounting that aided the reduction in tax evasion in South-West Nigeria. This assertion was premised on the fact that the mean value computed for the test items were much better than the acceptable mean of 3.00 on a five point likert scale.

Table 3: Mean and Standard Deviation Computed for the variable of Tax Evasion

S/N	Variable	N	Mean	STD	Remark
1	Incidence of tax evasion may reduce tax revenue generates in South West Nigeria	120	3.78	1.12	Reduce Tax Revenue Generated
2	The revenue drives of the government in South-West may be eroded if individuals and companies fail to declare their actual taxable incomes	120	4.67	0.21	Reduce Tax Revenue Generated
3	Companies and individuals lackadaisical attitude towards to taxable income can affect revenue generation in South-West Nigeria.	120	4.89	0.03	Reduce Tax Revenue Generated
4	Tax evasion has no effect on tax revenue generation in South-West Nigeria.	120	1.45	1.45	Not True
5	Government efforts to improve infrastructural development in South-West can be affected if tax evasion persists in the region.	120	4.67	0.26	Reduce tax Revenue Generated

Source: Researcher's Field Work, 2022

Table 3 presented the mean and standard deviation computed for the variable of tax evasion. Looking at the result of the respondents' perception in the table, it might be inferred that tax evasion reduced tax revenue generation in South-West Nigeria. This might affect the ability of the governments in the region to be able to provide meaningful for the citizens and initiate infrastructural development that could improve economic growth and development of the South-West region in Nigeria.

Table 4: Regression Analysis Result (OLS)

Dependent variable = Tax Evasion (EVAS)

Variable	Coefficients	Standard Error	T-calculated	P-value
C	5.867517	7.398281	0.793092	0.5149
CDA	-0.324003	0.055103	-5.879928	0.0000
LA	-0.520935	0.093288	-5.584158	0.0000
DF	-0.342583	0.114326	-2.996540	0.0029
	OTHER	TEST	STATISTICS	
R-squared	0.820569		Mean dependent var	58.98857
Adjusted R-squared	0.814850		S.D. dependent var	8.407589
S.E. of regression	4.489604		Akaike info criterion	5.863998

Sum squared resid	6893.538		Schwarz criterion	5.952179
Log likelihood	-1018.200		Hannan-Quinn criter.	5.899097
F-statistic	125.9883		Durbin-Watson stat	1.750989
Prob(F-statistic)	0.000000			

Source: Researcher's Computation, 2022 (E-view 10)

Determinants of Forensic Accounting

****CDA= Cross Drive Analysis**

****LA= Live Analysis**

****DF = Deleted Files**

Table 4 presented the result of the regression analysis computed for the study. Looking at the result in the table, it was found that the p-value of the t-statistics computed for cross drive analysis of 0.0000 was less than the critical value of 5%. This indicated that the null hypothesis which stated that cross drive analysis was not significant on tax evasion was rejected. It was saved to assert that cross drive analysis was significant on tax evasion in South West Nigeria. The potency of the forensic accountants to be able to deploy powerful forensic software to verify both the tax revenue receipts over the years by companies and individuals could unearth hidden taxable income not disclosed for tax purpose. Akinlo (2014) opined that forensic accountants utilized powerful forensic software to unearth the intention of companies, corporate groups and individual not to pay tax from their incomes. This duty allowed forensic accountants to check past incomes disclosed for tax purpose and possibly unearth transactions of incomes and expenditures secretly hidden in the books that might be classified as exempted but taxable incomes. The regression coefficient computed for the variable of cross drive analysis of -0.32 was negative with significant t-statistics value of -5.88. This indicated that there was a significant negative relationship between cross derive analysis and tax evasion. Thus, a 1% increase in the application of forensic accounting through cross drive analysis might lead to 0.32% reduction in tax evasion. The sign of the variable of cross drive analysis was in tandem with a priori expectation, hence, cross drive analysis might be a determinant of tax evasion in South West Nigeria.

Also, it was observed that live analysis as element of forensic accounting was significant on tax evasion in South-West Nigeria. This inferred was based on the fact that the p-value of the t-statistics computed for the variable of live analysis of 0.0000 was less than the critical value of 5%. This indicated that live analysis through on the screen investigation of the financial reports of companies, corporate groups and individual in South West Nigeria might reduce the incidence of tax evasion in South-West Nigeria. The fear of forensic investigation might make companies and individuals tax payers in South-West to desist from tax evasion. Through forensic live analysis companies would be at alter to always sure that their tax disclosure were up to date in order to avoid the long arm of the law. Effectively, live analysis if adequately used might expose companies and individuals that failed to disclose accurately their taxable income to public ridicule. This alone might help in dissuade individuals and groups from tax evasion. The regression coefficient computed for the test item of live analysis was -0.52 and negative with significant t-statistics value of -5.58. This showed that there was a significant negative relationship between forensic accounting through live analysis and tax evasion. Thus, a 1% increase in the use of forensic accounting in South-West Nigeria might lead to 0.52% reduction in the incidence of tax evasion. The sign of this variable was in conformity with a priori expectation and hence, live analysis might be a factor in forensic accounting that eliminated the incidence of tax evasion.

Furthermore, it was observed from the result that the use of forensic accounting through deleted files investigation was significant on tax evasion. This inferred was based on the fact that the p-value of the t-statistics calculated for deleted files of 0.0029 was less than the critical value of 5%. In deleted files investigation the concerned of the forensic accountants was to use forensic software to recover files and records that must have been deleted in companies and other interested groups for the purpose of taxation. This scenario any deleted files found and recover were thoroughly investigated and analysed in order to see whether the files and records were removed in order to intentionally evade tax. This method of forensic investigation was deployed in the case of Enron group of companies to delete the unscrupulous activities perpetrated by the management of the companies as regard failure to pay the required amount of tax. This investigation indicated that over 56 billion Dollars was not disclosed as part of taxable income in Enron before the company went into bankruptcy. Akinlo and Omonijo (2018) argued that deleted files analysis was a powerful and scientifically improving

analysis deploy by forensic accountants to recover any files deleted for the purpose of hidden the truth state of a thing from outside or interested parties. These tools used by forensic accountants had helped in creating fear in the heart of companies and groups that any financial statement records deleted in order not to disclose the full income for tax would be eventually recovered, thus, enhancing reduction in the incidence of tax evasion. The regression coefficient obtained for the test item was -0.34 and negative with significant t-statistics of -2.997. This indicated that here was a significant negative relationship between deleted files as a forensic accounting tool and tax evasion. Thus, a 1% increase in the use of deleted files analysis by forensic accountants in South-West Nigeria might lead to 0.34% reduction in tax evasion. The sign of the variable of deleted files was in tandem with a priori expectation and hence, deleted files might be a method in forensic accounting that contributed to reduction in the incidence of tax evasion in South West Nigeria.

The result of other statistics computed showed that forensic accounting and tax evasion were negatively related. For instance, the coefficient of determination obtained for the test of 0.82 indicated that approximately 82% of reduction in tax evasion in South-West Nigeria could be traced to the deployment of forensic accounting in tax revenue collection and administration. On this basis, it was reasonable to assert that forensic accounting was a good explanatory variable for tax evasion. In addition, the p-value of the F-statistics computed for the test for testing the overall significant of the null hypothesis of 0.000 was less than the critical value of 5% with significant F-statistics value of 125.99. This implied that the null hypothesis which stated that forensic accounting had no significant effect on tax evasion in South West Nigeria was rejected. It was saved to assert that forensic accounting had significant effect on tax evasion in South-West Nigeria. Also, the result of the Akaike information criterion, Schwarz and Hannan-Quinn criterions indicated that forensic accounting gave a better information on tax evasion in the selected region. The result of the Durbin-Watson statistics obtained for the test was 1.750989 which revealed that the test items were freed from the problem of auto-correlation. On this basis, it was reasonable to state that forensic accounting greatly influenced tax evasion in South-West Nigeria in order to enhance tax revenue generation in the region.

5. CONCLUSION AND RECOMMENDATION

Conclusions

Based on the finding of the study it might be concluded that forensic accounting was significant on tax evasion. Also, cross drive analysis as a forensic accounting tool influenced tax evasion negatively. There was a significant negative effect between live analysis a forensic accounting and tax evasion in South -West Nigeria. Deleted files was significant and negatively influenced tax evasion in South-West Nigeria. On this basis, therefore, cross drive analysis, live analysis and deleted files investigation were determinants of forensic accounting that helped in reducing the incidence of tax evasion in South-West Nigeria.

Recommendations

The following recommendations are made.

- There is need for the management of internal revenue services in South-West to continue to deploy forensic accounting such as cross drive analysis to reduce the incidence of tax evasion.
- Management of internal revenue services in South-West must establish forensic Department/Unit that with the saddle with the responsibility of investigating tax return.
- Adequate use of live analysis and deleted files investigation must be allowed once in a year by the government of the South-West States in Nigeria in order to boost tax revenue generation and reduce the incidence of tax evasion in these States.

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