Combating Fraud and White Collar Crime in Nigeria through Application of International Accounting Reporting Standards

Nenyiaba, I. C.
Osisioma, B. C.
Okoye, E. I.

ABSTRACT

This study examined International Accounting Reporting Standards as tool for combating Fraud and White Collar Crimes.This study adopts the survey and documentary research techniques. The population of this study comprises all the 24 recapitalized Nigerian banks. However, those sampled were the 16 banks listed in the stock exchange. Those targeted are members of the following professional bodies: ICAN, ANAN and CIBN. Data were obtained using questionnaire administered on staff of banks in Nigeria. Secondary data were also obtained from Banks, Nigeria Deposit Insurance Company and Factbook of the Nigerian Stock Exchange. Two null hypotheses were tested using descriptive and inferential statistics. The study reveals that both International Accounting Reporting Standards and Statement of Accounting Standards of Nigeria can be relied upon to produce Fraud Free Financial Report, however the difference between them as white collar crime (WCC) combating tool is statistically significant in favour of IARS implying that the latter is preferred. It also reveals that Nigerian banks started implementing IFRS earnestly in 2008 and fraud did not abate since then. Therefore IARS has not resolved WCC prevalent in the subsector. From extant literature Accounting Standards are tools for combating 25% of the eight elements in fraud management cycle while 75% of them are within the purview of Forensic accounting. The study recommends therefore that forensic accounting should be incorporated into final level professional exams of the two bodies regulating accounting practice in Nigeria.

Keywords: *White Collar Crimes, International Accounting Reporting Standards, Fraud Free Financial Report and Combating, forensic accounting, International Financial Reporting Standards*

INTRODUCTION

It is increasingly becoming obvious that white collar crime is endemic in developing economies. This mode of financial crime is so rampant and topical in Nigeria that there is no gain saying the fact that it is one of the significant factors moving the country towards becoming a failed state. This crime, a reminiscence of Sutherland classic thesis on white collar crime, is estimated to be over twenty times the costs of street crimes each year and with the increasing complexity of global and local financing and the intensity of business competition and advancement in Information and Communication Technology, it has become harder to detect and more tempting to commit (Singleton T., Singleton A., Bologna

Nenyiaba I. C., Osisioma B. C. *and* ***Okoye, E. I.*** *are affiliated with the Department of Accounting, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria. E-mail: nenyiabaic@yahoo.com*

and Lindquist, 2006). On the other hand, Literature avers that International Financial Reporting Standards (IFRS) is richer and wider in scope and coverage than most national standards and that its disclosure requirements are vast and it also ensures sound corporate governance. Strikingly, when entities like the World Bank review a country's financial and legal regulatory framework under its Review of Standards and Codes (ROSC) initiatives (published on the World Bank website) IFRS are attributed to be of very high quality (ROSC, 2004). It is reputed that over one hundred countries worldwide currently require or permit the use of IFRS. Such countries include Argentina, Australia, Brazil, Canada, the European Union, Japan, Mexico, Republic of Korea, Russia and Nigeria.

It is even averred in literature that inappropriate financial reporting standards are one of the contributing factors in the recent world economic crisis. Therefore, the need for well considered global initiative to Standard setting need not be overemphasized and hence the justification of IFRS. However, in spite of the preponderance of accounting standards (national GAAP and IFRS) White Collar Crime (WCC) is very much on rampage globally to the chagrin of human society. It is yet to be seen if compliance with IFRS and the public sector variant International Public Sector Accounting Standards (IPSAS) can effectively eradicate the wide spate of corporate financial scams and to the best of our knowledge no study of accounting standard as fraud combating tools has been undertaken in Nigeria. Furthermore, there are quite a number of research work on implementation and compliance with standards (such as those of Kasum, 2010, Adeyemi, 2005, Wallace, 1988, Kantudu, 2006, Petreski 2006, Oghuma and Iyoha, 2005). However, none of them critically examined whether or not the level of compliance with the standards especially in developing economies is responsible for the spate of white collar crime in such economies. Therefore, this study attempts to contribute to knowledge in this area by examining whether or not IARS can be effective fraud combating tool.

We gleaned from literature on this subject, that owing to public pressure or expectation from auditors, the public is asking from audit what it was not primary designed to achieve, that is, to detect fraud. Traditionally, audit ought to be one of the red flags indicating that fraud has occurred and ascertain whether or not such fraud materially affected the financial report as to warrant auditor's adverse opinion on the report. In other words, the primary duty of an auditor is not fraud detection willy-nilly. Then, if this is the case, we must ascertain the body of knowledge to which we must recourse, to help in curbing financial scams. This is one of the issues that this study is addressing.

The incidence of white collar crime is so rampant in Nigeria and there are no obvious signs that it would abate. Financial scams in some of the Nigerian banks such as Intercontinental Bank, now Access Bank, Oceanic Bank, Afribank, and Bank PHB among others and alarming rate of looting of public treasury by political office holders and top civil servants have brought the phenomenon of WCC in Nigeria to the fore in public domain. The astronomical looting of Nigeria public treasury through white collar crimes and the detrimental impact of such fraud on the society at large is worrisome (Osisioma, 2012). It appears, that the existing Accounting Standards (Statement of Accounting Standards of Nigeria (SAS), International Accounting Standards (IAS), IFRS and IPSAS) and Laws have not helped matters because accounting standards that are supposed to ensure that best practices in financial reporting are upheld appear not to be achieving the objective of curtailing white collar crimes. It is often argued in literature that where there to be full compliance with the standards, it is doubtful if the world would have been bedevilled with large scale corporate failures arising from white collar crimes (Ofoegbu and Okoye, 2006). The overall purpose of this study is to examine whether or not the existing Accounting Standards, International and Local (SAS, IAS, IFRS and IPSAS) have helped to curtail WCC in Nigeria. The specific purposes of the study are as follows:

i. Ascertain if there are significant differences between International Accounting Reporting Standards (IAS, IFRS AND IPSAS inclusive) and SAS (Nigerian) as WCC combating tools.
ii. Determine if noncompliance with International Accounting Reporting Standards is responsible for the increasing spate of white collar crime in Nigerian banking sub-sector.

In order to achieve the above objectives, we attempted to proffer answers to the following questions.

1. Is there any significant difference between International Accounting Reporting Standards (IFRS, IAS, IPSAS) and Statement of Accounting Standards of Nigeria (SAS) as WCC combating measures?
2. Is noncompliance with International Financial Reporting Standards by banks in Nigeria responsible for the increasing spate of white collar crime in the banking sector?

In order to achieve the above objectives the following hypotheses stated in their null form were formulated.

$H_0 1$: There is no significant difference between International Accounting Reporting Standards (IFRS, IAS, IPSAS) and SASs as WCC combating tools.

$H_0 2$: Noncompliance with Accounting standards is not responsible for the increasing rate of WCC in Nigerian banking sub-sector.

The findings of the study will be of immense benefit to the Economic and Financial Crime Commission (EFCC), Independent Corrupt Practices and other related offences Commission (ICPC), Nigerian Accounting Standard Board, International Federation of Accountants (IFAC), the Nigerian Judiciary, Government Agencies, Research Scholars, Central Bank of Nigeria (CBN), Security and Exchange Commission (SEC), Corporate Affairs Commission (CAC), and similar institutions and bodies.

Fraud and White Collar Crime in Nigeria

Fraud has received considerable attention in literature. This study however pertains to the application of Accounting Standards as White Collar Crime combating tools, in other words it is about combating frauds through ensuring that financial statements comply with Accounting Standards. Sutherland (1949) thesis on “Differential Association” averred that White Collar Crime is a financial motivated nonviolent crime committed by person(s) of high social status in the course of their occupation. The thesis brought the concept and its devastating consequences to the fore in global public discourse. Our experiences in Nigeria as will be exposed in this study appear to be giving credence to the assertions in Sutherland's work. Biosah (2009) drew our attention to the fact that IASs are applied on already generated data by management and that the integrity of such data is beyond the scope of IASs. The author also asserted that standards themselves cannot ensure reliability and authenticity of source of data used in preparing financial reports. There are four renowned theories of fraud namely those of Sutherland (1949) (white collar crime), Cressey (1950) (fraud triangle), Albrecht W. and Albrecht C. (2004) (fraud scale) and Jaspan and Black (1960). In this study we examined those of Cressey and Sutherland as they are more relevant for our purpose. Sequel to the outcomes of his research on fraud, Cressey (1950) posits that in reconstructing fraud scheme three conditions precedent for fraud to occur must be established (the fraud triangle). The first is the motivation or pressure that provides reason to commit fraud. Secondly, the opportunity to commit fraud and finally the triad is completed by the rationalization aspect by the person(s) who committed the crime. It is on these tripod that occurrence of fraud is predicated in literature.

We noted however that a Nigerian researcher has introduced new dimension to the fraud triangle as follows. FITC (2013) opined that fraud occurs in the presence of the following three elements, Will (to commit fraud), Opportunity (to execute) and Exit (escape route). In our view, all the elements are self-explanatory and need not be belaboured. We however observed that opportunity to commit fraud is common to each of the theory. Finally, the authors formulated Anti-fraud triangle to be Prevention, Detection and Insurance Cover. We are also of the view that these are strong points in comprehending fraud.

Singleton T., Singleton A., Bologna and Lindquist (2006) in their thesis on evolution of typical fraud argue that to reconstruct fraud script, the following steps are involved. Motive, opportunity, rationalization, fraud committed, convert to cash, concealment stages, resultant fraud red flags, audit initiated, investigation initiated, disposition and that trial is the final step. Wesley and Wilhelm (2004) on their part canvassed Fraud Management Lifecycle which according to them consists of eight stages. The theory dealt with the actions, activities, processes, procedures, organizational designs, economic analysis, and intra-entity exchanges necessary to manage and reduce the impact of fraudulent activity. However, we do not agree with the use of the words "life cycle" in the caption of their theory because, in our opinion, life cycle implies a continuum of birth, maturity and death which is not the case in their theory under discussion. A better title, in our view, should be "Steps in Fraud Management".

The first step is deterrence which is characterized by actions and activities intended to stop or prevent fraud before it is attempted. The second step is prevention which entails actions and activities to prevent fraud from occurring. The third step is detection which includes actions and activities, such as statistical monitoring programs used to identify and locate fraud prior to, during, and subsequent to the completion of the fraudulent activity. The intent of detection is to uncover or reveal the presence of fraud or a fraud attempt. Mitigation is the fourth step. It comprises measures aimed at stopping losses from occurring or continuing to occur and/or hinder a fraudster from continuing or completing the fraudulent activity. The fifth step is analysis (such as root cause analysis) which is identification and study to determine factors responsible for loss situation that occurred despite deterrence, detection, and prevention activities. The sixth step is policy which is characterized by activities to create, evaluate, communicate, and assist in the deployment of policies to reduce the incidence of fraud. Policy such as “any cash transaction over N100,000 must be reported to the Managing Director”. Investigation which is the seventh step involves obtaining enough evidence and information to stop fraudulent activity, recover assets or obtain restitution, and provide evidence and support for the successful prosecution and conviction of the fraudster(s). According to them electronic surveillance is a method used in this stage. The final step is prosecution stage which is the culmination of all the successes and failures in steps in Fraud Management. This stage includes asset recovery, criminal restitution, and conviction. Interestingly, in the steps, in our opinion International Accounting Reporting Standards appears to be means for ensuring deterrence and prevention of fraud only. The rest of the steps (75%) appear to be within the purview of forensic accounting. On White Collar Crime, Emerson (1950) in his work drew our attention to Sutherland’s thesis which states as follows:

> *...the crime has its genesis in the same general process as other criminal behaviour, namely, differential association. The hypothesis is anchored on the fact that criminal behaviour is learned in association with those who define such behaviour favourably and in isolation from those who define it unfavourably, and that a person in an appropriate situation engages in such criminal behaviour if the weight of the favourable definitions exceeds the weight of the unfavourable definitions.*

Put simply, Sutherland posits that crime is learned from intimate personal groups and that it is not genetic. This research however pertains to ascertain whether or not noncompliance with accounting standards by Nigerian banks is responsible for increasing spate of white collar crime in the subsector and what could be done to remedy the situation.

METHOD

This study adopts the survey and documentary research techniques. The primary data used for the study were obtained through the administration of structured questionnaire to respondents.The questionnaire was adapted from Iyoha (2011). The respondents are professional staff of Nigerian banks. The specialised nature of this study made it imperative to seek responses from such calibre of persons because their accounting qualifications and exposures are to add credibility to the findings of the study. On the other part, the documentary research technique was also adjudged suitable for this study because of the sensitivity of financial information in the banking sub-sector. The documentary research also included a close study of information posted on the websites, press releases and a review of reports from similar studies. Nigeria has twenty four banks out of which sixteen of them are listed (Fact book 2011/12). The targeted professionals in this study are members of The Institute of Chartered Accountants of Nigeria (ICAN), The Association of National Accountants of Nigeria (ANAN) and The Chartered Institute Bankers of Nigeria (CIBN). Their membership size as at 31st December 2013 is as below.

Table 1: Professionals Targeted in The Study

Institute	Number
ANAN	13,717
ICAN	37,552
CIBN	72,731
Total	124,000

Source: Compiled by the Researcher from the annual reports of the institutes and members register.

Financial information from year 2007 to 2010 of the sixteen listed banks where obtained from The Nigerian Stock Exchange factbook 2011/12 (representing 64% of the population) and was updated by the Researcher from 2000 to 2007 and 2010 to 2013 using figures in website of Africanfinancial portal. Ezejelue, Ogwo and Nkamnebe (2008) was adopted sampling technique used for the study as shown below. According to them:

> There is often no satisfactory generalization on what the appropriate sample size should be… several rules of thumb however exist for estimating the size of a sample. The most common is the 1/10th rule, *which states that the researcher should try to obtain 1/10th of the population he studies in his sample… some cases sample size …less than 1/10th ...would satisfy the research requirement.*

Therefore, for the purpose of this study we assumed the following sectorial breakdown for the professionals targeted in the study. The private sub sectors include agriculture, construction, real estate, trading and merchandising, financial services, health care, information and communication technology, manufacturing, mining, oil and gas and services amounting to 11 subsectors in total. Of the total membership of 124,000 professionals as stated above, we made conservative estimates of their number in each of the sector and subsector from which we drew our sample size (1,000) for examination as shown below. Nigeria comprises 36 States and a Federal Capital Territory with a population of about 140 million (2006 census) people. A total number of 1,000 copies of the questionnaire were administered on the professionals in 10 States (as determine above) amounting to 100 copies per State. This outcome is adjudged acceptable according to Ezejelue, Ogwo and Nkamnebe (2008). Respondents were required to rank each of the parameters under examination.

The rating scale was based on the level of importance that they attach to each of the items listed. A five-point likert scale was used with a rating of (5) indicating very strong, (4) = strong, (3) = fairly strong, (2) = weak and (1) = very weak. This technique agrees significantly with that used by Iyoha (2011), Firer and Meth (1986) and Courtis (1992) and were adjudged very suitable. The standards under examination were subjected to content analysis with the aim of determining the features in them that can combat WCC. By this, each feature that can combat WCC and is amenable to monitoring and enforcement was identified and scores were assigned to it. Compliance data on each of the features were also extracted from the accounts of the Banks under examination. The study used descriptive statistics (averages, percentages etc) as well as inferential statistics to breakdown the data collatted. First, the responses to the questionnaire were analyzed by using descriptive statistics-frequencies, means and standard deviation. Thereafter Z-test for proportion and t-test using Microsoft excel version 2010 was adopted.

Table 2: Targeted Professionals for the Survey

		Assume	Assumed Population	Assumed Population	% Sampled	No Sampled
		% Distribution				
	Public sector	0.05		6,200.00	0.1	620
	Private sector					
1	Agriculture	0.1	12,400.00			
2	Construction,	0.1	12,400.00			
3	Real estate,	0.05	6,200.00			
4	Trading and merchandising	0.2	24,800.00			
5	Financial services	0.03	3,720.00		0.1	372
6	Health care	0.05	6,200.00			
7	Information and communicatio	0.05	6,200.00			
8	Manufacturing	0.15	18,600.00			
9	Mining	0.04	4,960.00			
10	Oil and Gas an	0.08	9,920.00			
11	Services (including hospitality)	0.1	12,400.00			
				117,800.00		
		1		124,000.00		
				124,000.00		
	Rounded up					8
	Sample size					1000

Source: Compiled by the Researcher (2014)

Table 3: Nigeria Population

	State	Male	Female	Total	%	Rank
1	Abia	1,430,298	1,451,082	2,881,380	0.020517	28
2	Adamawa	1,607,270	1,571,680	3,178,950	0.022636	26
3	AkwaIbom	1,983,202	1,918,849	3,902,051	0.027785	15
4	Anambra	2,117,984	2,059,844	4,177,828	0.029749	10
5	Bauchi	2,369,266	2,283,800	4,653,066	0.033133	7
6	Bayelsa	874,083	830,432	1,704,515	0.012137	36
7	Benue	2,114,043	2,109,598	4,223,641	0.030075	9
8	Borno	2,163,358	2,007,746	4,171,104	0.029701	11
9	Cross River	1,471,967	1,421,021	2,892,988	0.0206	27
10	Delta	2,069,309	2,043,136	4,112,445	0.029283	12
11	Ebonyi	1,064,156	1,112,791	2,176,947	0.015501	34
12	Edo	1,633,946	1,599,420	3,233,366	0.023023	24
13	Ekiti	1,215,487	1,183,470	2,398,957	0.017082	29
14	Enugu	1,596,042	1,671,795	3,267,837	0.023269	22
15	Gombe	1,244,228	1,120,812	2,365,040	0.01684	31
16	Imo	1,976,471	1,951,092	3,927,563	0.027967	14
17	Jigawa	2,198,076	2,162,926	4,361,002	0.031053	8
18	Kaduna	3,090,438	3,023,065	6,113,503	0.043532	3
19	Kano	4,947,952	4,453,336	9,401,288	0.066943	1
20	Katsina	2,948,279	2,853,305	5,801,584	0.041311	4
21	Kebbi	1,631,629	1,624,912	3,256,541	0.023188	23
22	Kogi	1,672,903	1,641,140	3,314,043	0.023598	20
23	Kwara	1,193,783	1,171,570	2,365,353	0.016843	30
24	Lagos	4,719,125	4,394,480	9,113,605	0.064894	2
25	Nasarawa	943,801	925,576	1,869,377	0.013311	35
26	Niger	2,004,350	1,950,422	3,954,772	0.02816	13
27	Ogun	1,864,907	1,886,233	3,751,140	0.02671	16
28	Ondo	1,745,057	1,715,820	3,460,877	0.024643	18
29	Osun	1,734,149	1,682,810	3,416,959	0.024331	19
30	Oyo	2,802,432	2,778,462	5,580,894	0.039739	5
31	Plateau	1,598,998	1,607,533	3,206,531	0.022832	25
32	Rivers	2,673,026	2,525,690	5,198,716	0.037018	6
33	Sokoto	1,863,713	1,838,963	3,702,676	0.026365	17
34	Taraba	1,171,931	1,122,869	2,294,800	0.01634	33
35	Yobe	1,205,034	1,116,305	2,321,339	0.016529	32
36	Zamfara	1,641,623	1,637,250	3,278,873	0.023348	21
	FCT Abuja	733,172	673,067	1,406,239	0.010013	37
		71,315,488	69,122,302	140,437,790	1	

Source: National Population Commission, Nigeria

Using stratified sampling technique on the population, the 10 States we chose for distribution of the questionnaire were arrived at as shown below:

Table 4: Stratify Population Sampling

	First Band 4 Million and Above		Second Band 3 Million and Below 4m	Third Band 2 Million and Below 3m	Fourth Band Below 2 Million	Total
No of States	12		14	6	5	37
No Sampled	3		4	2	1	10
% Sampled	0.25		0.29	0.33	0.2	0.27
	Average: 27% of the population were Sampled					
The Sampled States Are As Follows						
	Delta	Edo	Cross River	Bayelsa		
	Lagos	Ondo	Ekiti			
	Kaduna	Ogun				
		Osun				

Source: Compiled by the Researcher (2014)

RESULTS AND DISCUSSION

The results reveal that each of the variables tested has very high rating. Each has points that are above 3 points, the mean of the rating scale (1 to 5). Their ranking is also shown in the table. The first three variables for the main constructs (IARS and SAS) indicate very high ranking for the following items DIS, MAP, FDIS and DIS, FDIS and ME. On the other part DIS and FDIS were highly ranked for both IARS and SAS. Overall both IARS and SAS can be relied upon to produced FFFR but whether or not the difference between both is statistically significant is addressed below. Table 4 shows the test result 15 is greater than 2.26 at 0.05 level of significance, therefore the null hypothesis that there is no significant difference between International Accounting Reporting Standards (IFRS, IAS, IPSAS) and SASs as WCC combating tools is rejected. Hence, more reliance should be placed on IARS as WCC combating tool.

The second question in this study is on ascertainment of whether or not noncompliance with International Financial Reporting Standards by banks in Nigeria is responsible for the increasing spate of white collar crime in the banking sub-sector.We carried out Z-test for proportion as shown on table 4.1a. We noted that Nigerian banks started implementing IFRS earnestly in 2008 and from the table 4.2b it is clear that fraud has been on the increase since then. Therefore, the conclusion from the survey was justified by the secondary data. The ranking of fraud in the above table is a further confirmation that WCC are committed by persons of high status in the course of their occupation (Sutherland, 1949). The first, second and third groups are highly ranked banking staff. Both IARS and SAS can be relied upon to produce Fraud Free Financial Reports, however the difference between them as WCC combating tool is statistically significant in favour of IARS implying that the latter is preferred. Nigerian banks started implementing IFRS earnestly in 2008 and fraud did not abate since then. Therefore, IARS has not resolved WCC prevalent in the subsector. The study reveals that from extant literature Accounting Standards are tools for combating 25% of the eight elements in fraud management cycle while 75% of them are within the purview of Forensic accounting.

Table 5: Rating of IARS and SAS
Average Score for each of the features
In Questionnaire: SECTION B1 AND B2

Variables	DIS	FA	ME	MAP	FDIS P P	FR	FR	ENO	IV	MF
IARS	4.447059	4.219251	4.33262	4.37754	4.335829	4.335829	4.143316	4.08984	4.085561	3.705882
SAS	3.963441	3.668817	3.756989	3.752688	3.778495	3.505376	3.537634	3.436559	3.656989	3.290323

Where: DIS = Disclosure of Assets and Liabilities, FA = Falsification, Alteration or manipulation of financial records, ME = Misrepresentation of Events and transactions, MAP = Misapplication of Accounting Principles, FDIS = Full Disclosure regarding accounting principles, FR = No Fabrication of Revenue, EWP= Ensure no recording of expenses in the Wrong Period, ENO = Ensure Expenses are not Omitted, IV = No Improper asset Valuation, MF = No Management Fraud.
Source: Survey, 2014

Table 6: IARS and SAS Rating

	IARS Rating					SAS Rating			
	Point	***IARS***	***Rank***	***Percent***		***Point***	***SAS***	***Rank***	***Percent***
DIS	1	4.45	1	1.00	DIS	1	3.96	1	1.00
MAP	4	4.38	2	0.89	FDIS P P	5	3.78	2	0.89
FDIS P P	5	4.34	3	0.67	ME	3	3.76	3	0.78
FR	6	4.34	3	0.67	MAP	4	3.75	4	0.67
ME	3	4.33	5	0.56	FA	2	3.67	5	0.56
FA	2	4.22	6	0.44	IV	9	3.66	6	0.44
EWP	7	4.14	7	0.33	EWP	7	3.54	7	0.33
ENO	8	4.09	8	0.22	FR	6	3.51	8	0.22
IV	9	4.09	9	0.11	ENO	8	3.44	9	0.11
MF	10	3.71	10	0.00	MF	10	3.29	10	0.00

Source: Researcher's deductions from table 5 above

Table 7: Comparing ratings of IARS and SAS

Variables	IARS	SAS
DIS	4.45	3.96
FA	4.22	3.67
ME	4.33	3.76
MAP	4.38	3.75
FDIS P P	4.34	3.78
FR	4.34	3.51
EWP	4.14	3.54
ENO	4.09	3.44
IV	4.09	3.66
MF	3.71	3.29

Source: Derived from Table 6 above

Table 8: T-Test Results

t-Test: Paired Two Sample for Means

	IARS	SAS
Mean	4.2073	3.6347
Variance	0.0466	0.0381
Observations	10	10
Pearson Correlation	0.8326	
Hypothesized Mean Difference	0	
Df	9	
t Stat	15.014	
P(T<=t) one-tail	6E-08	
t Critical one-tail	1.8331	
P(T<=t) two-tail	1E-07	
t Critical two-tail	2.2622	
Tinv	2.2622	

Decision: T calculated is higher than critical t

Source: Microsoft excel (2010) Toolpak
Decision rule: If T calculated is greater than critical t, reject the null hypothesis.

Table 8a Statistical Computations for Test on Hypothesis Three

		c1	c2	c3	c4	c5	c6
		X	F	fX	X-x	$(X-x)^2$	$f(X-x)^2$
SA		5	61	305	5	25	1525
A		4	120	480	4	16	1920
N		3	115	345	3	9	1035
D		2	355	710	2	4	1420
SD		1	283	283	1	1	283
“		15	934	2123	15	55	6183
	Mean		“fx/”f				2.273019
	“		“(“c6/”c2)				2.572919
	Se		óD (”f)				0.084188
	õ		x +- 1.96(Se)		first		2.438029
					secound		2.10801
caculated Z		-1.9599					
		1.959899					

Decision rule:

Accept Ho for calculated Z (-1.9599) is greater than critical Z - 1.96 and Caculated Z (1.959899) is less than1.96

Source: Compiled by the Researcher (2014) from survey results.

Associated P-value:

Two tailed test: Using Standard Normal Distribution table

P(z<-1.9599)= .0256

P(z>1.959899)= .0256

P-value = .0256 + .0256

= 0.0512

Since the P-value is greater than the significant level (0.05) we therefore accept the null hypothesis. Consequently, we conclude that noncompliance with accounting standards is not responsible for the increasing rate of WCC in Nigerian banking sub-sector. This conclusion is supported by the secondary data we obtained during the research as shown below.

Table 8b: Ten Banks in Nigeria with Highest Fraud Cases (2001 To 2013)

Year	**Amount** N'Million	**Total for all Banks** N'Million	**% Share of Total of all Banks**	Rank Amongst the 10 Banks	Rank Total of all Banks
2001	10,509	11,244	0.934631804	1	8
2002	11,481	12,920	0.888622291	4	6
2003	8,635	9,384	0.920183291	2	11
2004	10,240	11,754	0.871192785	6	7
2005	9,374	10,606	0.883839336	5	9
2006	2,513	4,832	0.520074503	10	12
2007	2,595	10,006	0.259344393	12	10
2008	34,311	53,523	0.641051511	9	1
2009	37,180	41,266	0.900983861	3	2
2010	10,874	21,291	0.510732234	11	4
2011	24,730	28,400	0.870774648	7	3
2012	15,478	17,965	0.861564153	8	5
2013	NA	NA	NA		

NA = Not Available as at January 2015

Compliance with IFRS PERIOD

In absolute terms 2008 to 2012 witness higher fraud cases?

Source: CBN and NDIC annual reports for each of the years as cited by Owolabi (2010) and updated by the Researcher (2014).

Table 9: Categories of banks' staff involved in fraud

CATEGORY OF STAFF	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	MAX	MIN	MEAN	RANK
Supervisors and managers	16	25	157	169	118	84	48	94	92	89	78	NA	169	16	88.18	2
Officers/Accountants, Executive assistants	48	41	128	124	90	89	127	137	79	126	89	NA	137	41	98	1
Clerks and cashiers	13	25	61	54	50	34	48	200	115	163	117	NA	200	13	80	3
Typists, Technicians & Stenographers	0	0	18	16	16	21	20	64	23	7	5	NA	64	0	17.27	5
Messengers, Drivers, Cleaners, Securities, Guards and Stewards	4	7	15	12	7	0	0	11	15	35	16	NA	35	0	11.09	6
Temporary staffs	4	8	3	3	50	45	70	150	33	78	226	NA	226	3	60.91	4
TOTAL	85	106	382	378	331	273	313	656	357	498	531	NA	656	85	355.5	

Source: Various CBN and NDIC annual reports for the respective years as cited by Owolabi (2010) and updated by the Researcher (2014).
NA = Not available as at January 2015.

CONCLUSIONS AND RECOMMENDATIONS

This study reveals that noncompliance with accounting standard is not responsible for increasing spate of white collar crime in Nigerian Banking sector.The study asserts that the recent moves by international accounting standard setting boards to principle based standards (as encapsulate in IFRSs) is increasing the difficulties of monitoring and enforcing compliance with the standards especially in a developing economy such as Nigeria. On the basis of the findings above the following recommendations were made.

i. To ensure enforcement of accounting standards, it should be made compulsory for both public and private sectors to file their annual accounts with the Corporate Affairs Commission (not only the private sector as is presently the case).

ii. Arising from recommendation one above the commission should create a unit that should be charged with the responsibility of assessing whether or not accounts filed with it complied with applicable Accounting Standards.

iii. The unit should make annual declaration showing those organizations that did not comply with the Standards (exception reporting) through national newspapers and thereafter forward the declaration to the inspectorate unit of the Financial Reporting Council of Nigeria.

iv. Forensic accounting courses should be incorporated into the final level professional examination of the two accounting bodies regulating accountancy practice in Nigeria.

v. This study gives credence to the urgent need to make fraud detection statutory requirements from Nigerian auditors as accounting practice is influenced by environment and fraud in Nigeria is unprecedented, escalating and threatening the corporate existence of the country.

REFERENCES

Adeyemi S. B. (2005). The Impact of Accounting Standard on Financial Reporting, Unpublished Ph. D. Thesis, Department of Accounting, University of Lagos.

Albrecht W. S. and **Albrecht C.** (2004). Fraud examination and Prevention. New York:Thomson/ Southwestern

Biosah C. (2009). Nigerian Banks Usage of IFRS does not Guarantee Accuracy of their Financial Statements. Available online at www.Proshareinfoproshareng.com. Accessed on August, 2012.

Courtis J. K. (1992). The reliability of perception-based annual report disclosure studies, Accounting and Business Research, 23(89), 31-43.

Cressey D. (1950). Other people's money. New York: Free Press

Ezejelue A. C., Ogwo O. E. and **Nkamnebe A. D.** (2008). Basic principles in managing research projects, Afritowers limited.

Emerson T. I. (1950). Book Review: White Collar Crime, Faculty Scholarship Series. Paper 2780. http://digitalcommons.law.yale.edu/fss_papers/2780. Accessed October, 2012.

Firer, C. and **Meth, G.** (1986). Investor information requirements and disclosure in annual reports. *The Investment Analysts Journal,* 27(1), 11-17.

FITC (2013). Fraud Detection and Investigation CBN experience – workshop for bankers.

Iyoha, F. O. (2011). State Agencies, Industry Regulations and The Quality of Accounting Practice in Nigeria, An Unpublished Ph. D thesis submitted to The School of Post graduate Studies, Covenant University, Ota, Ogun.

Jaspan N. and **Black H.** (1960). The Thief in the White Collar. Philadelphia: Lippincott.

Kantudu A. S. (2006). Impact of Nigerian Accounting Standard Board Act 2003 on Compliance with Accounting Standard on Employee Retirement Benefit in Nigeria. Working paper Series,Accounting Department, Bayero University Kano, Nigeria. *www.ssrn.com.* Retrieved in February 2009.

Kasum A. S. (2010). The Impact of Compliance with Accounting Standards on Asset and Profitability of Nigerian Quoted Companies. The Journal of Commerce, 3 (3) 2220-6043.

Ofoegbu and Okoye (2006). The Relevance of Accounting and Auditing Standards in Corporate Financial Reporting in Nigeria: Emphasis on Compliance. The Nigerian Accountant, October/ December, 2006 vol 39, No 4.

Oghuma R. and **F. Iyoha** (2005). Compliance with Accounting Standards by Quoted Insurance Companies in Nigeria: An Empirical Investigation. *Nigerian Journal of Education Research,* 7(2), 18 – 27.

Owolabi S. A. (2010). Fraud and Fraudulent Practices in Nigeria Banking Industry. *Research Review, An International Multi-Disciplinary Journal, Ethiopia,* 4 (3b). *www.afrrev.com.* Accessed 10/ 11/2014 Indexed African Journals Online: www.ajol.info

Osisioma B. C. (2012). Combating Fraud and White Collar Crimes: Lessons from Nigeria. A paper presented at 2nd Annual Fraud & Corruption Africa Summit, Held at Zanzibar Beach Resort, Zanzibar Republic of Tanzania, May 22.

Petreski, M. (2006). The Impact of International Accounting Standard on Firms, AAA 2006 Financial Accounting and Reporting Section (FARS) Meeting Paper, w**ww.ssrn.com,** Retrieved in January 2009.

ROSC (2004). Nigeria-Report on the observance of standards and codes (ROSC); Accounting and Auditing. World Bank. *www.wds.worldbank.org,* 2004. Retrieved in January 2009.

Singleton T. W., Singleton A. J., Bologna G. J. and **Lindquist R. J.** (2006). Fraud Auditing and Forensic Accounting (3rd edition). John Wiley and sons, Inc.

Sutherland, E. H. (1949). White Collar Crime. New York: Dryden Press.

Wallace, R. S. O. (1988), Corporate Financial Reporting in Nigeria. Accounting and Business Research, 18(72), 352-362.

Wesley, K. W. and **Wilhelm** (2004).The Fraud Management Lifecycle Theory: A Holistic Approach to Fraud Management. *Journal of Economic Crime Management,* 2, 2.