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ANALYSING THE EFFECTIVENESS OF AUDITORS' EXPERTISE IN REDUCING FINANCIAL STATEMENT FRAUD IN PUBLIC NIGERIAN BUSINESS ENTERPRISES

OYEDOKUN, GODWIN EMMANUEL[1], ADU, CECILIA A[2] & AKOMOLAFE, JOHNSON ADEWALE[3]

[1]Department of Management and Accounting, Lead City University, Ibadan, Nigeria
+234 803 373 7184 ORCID: https://orcid.org/0000-0001-8317-3924
[2]Department of Accounting, Faculty of Social and Management Science, Crawford University, Igbesa. Ogun State, Nigeria
+234 706 250 1369
[3]Department of Taxation, School of Financial Management Studies, Ogun State Institute of Technology, Igbesa. Ogun State, Nigeria
+234 803 925 9780

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ABSTRACT

This study investigates the effectiveness of auditors' expertise, skills, and tools in reducing financial statement fraud within Nigerian public business enterprises. The study is anchored on the Expertise Theory, which posits that auditor competence is developed through deliberate practice and domain-specific knowledge, and is complemented by fraud theories (the Fraud Triangle, Diamond, and Pentagon). A descriptive survey research design was employed, with data collected via questionnaires from 576 accounting, finance, and audit staff in selected federal government-owned enterprises in Lagos State, Nigeria. The data were analyzed using both descriptive and inferential statistics (regression analysis). The findings reveal that auditors' expertise significantly predicts financial statement fraud reduction ($\beta = -0.309$, $p < 0.05$), explaining 96.1% of the variation in fraud reduction. Similarly, auditors' skills and tools, including proficiency in information technology, forensic accounting techniques, specialized audit software (e.g., ACL, IDEA), and risk assessment have a significant positive effect ($\beta = 0.293$, $p < 0.05$). However, while expertise is crucial, respondents indicated that it is insufficient on its own and must be supported by ethical conduct, a strong organizational culture, and robust regulatory enforcement. The study concludes that a combination of deep auditor expertise and the strategic application of advanced skills and modern tools is vital for combating financial statement fraud. It recommends continuous professional development, technological integration in audit processes, and the pursuit of higher qualifications to strengthen fraud reduction efforts, thereby enhancing transparency and accountability in Nigeria's public sector.

Keywords: Auditors' Expertise, Financial Statement Fraud, Fraud Reduction, Auditors' Skills, Audit Tools, Forensic Accounting, Nigerian Public Enterprises.

1.0 INTRODUCTION

The persistent issue of counterfeiting financial statements in 21st-century government establishments, which garners widespread attention in both developed and developing nations,

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raises concerns about the role and effectiveness of auditors in ensuring transparency and detecting fraud, despite auditors' extensive experience (Abdulrahman, 2019; Ogunmodede, 2024). Ogunmodede emphasizes that an experienced auditor's ability to prevent and detect financial fraud in Nigeria's public sector is enhanced through professional skepticism, industry understanding, improved risk assessment, analytical procedures, communication, and familiarity with fraud schemes, ultimately contributing to better governance (Syamsuri et al., 2003). Nigeria's civil service, intended as a policy implementation backbone, has instead become a conduit for public fund looting, prompting the government to establish agencies like the EFCC and ICPC to combat financial fraud (Uche, 2010; Sule et al., 2019). However, challenges such as outdated laws and technological gaps hinder auditing practices, which are more prevalent in private sectors, making auditing expensive and mainly accessible to large corporations (Degboro & Olofinsola, 2021; Plcs). This study aims to examine how auditors' expertise impacts reducing financial statement fraud in Nigerian public enterprises and the influence of their skills and tools on fraud mitigation.

2.0 LITERATURE REVIEW

2.1 Overview of an Audit

Audit, derived from the Latin word audire meaning "to hear," originally referred to the auditor's role as a "hearer" who verifies that management's accounts and financial statements are true and correct (Salehi, 2009). The main purpose of an audit is to provide assurance that the financial statements are fair and accurate (Salehi, 2010). Engagement of statutory auditors helps regulate conflicts of interest among stakeholders such as managers, shareholders, bondholders, and lenders by offering an independent, structured examination of economic activities, with findings communicated through an audit report. This report, prepared by a Certified Public Accountant (CPA), details the scope of the audit and the auditor's opinion on the financial statements' appropriateness; however, low-quality audits can mislead investors and lead to misallocation of resources (Salehi, 2010).

2.2 Various Types of Audits

Josiah et al., (2012); Abe (2018); Alao (2024) identified various types of audits as follow:

i. Economy and Efficiency: This type of audit attempts to identify whether the entity is managing and utilizing its resources economically and efficiently and addresses areas of uneconomical or inefficient tendencies for management information.
ii. Programme Results Audit: This type of audit identifies whether desired results and objectives are being achieved and recommends alternatives to the issues noted, where necessary.
iii. Financial and Regularities Audit: This type of audit ensures that the system of accounts and financial controls are efficient and operating properly, and transactions have been correctly authorised and accounted for, it also verifies that expenditure has been incurred or approved services in accordance with the regulations guiding the entity.
iv. Value for Money Audit: This audit examines whether programmes or projects meet the goals and objectives establishing the entity. (Aremu, 2024). Value for Money (VFM) Audit is a systematic and independent examination of government or organizational programmes, projects, or activities to determine whether resources are being used

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efficiently, effectively, and economically. Unlike traditional financial audits that focus mainly on compliance and accuracy of accounts, a VFM audit evaluates how well resources are managed in achieving intended objectives.

2.3 Fraud

Okoye (2016); Olayiwola (2021); Adekusibe (2024), define fraud as all multifarious means which human ingenuity can devise and which are resorted by one individual to get an advantage over another by false suggestions or oppression of truth. It includes all surprises, tricks, cunning or dissembling and any unfair way by which another is cheated. Albrecht et al. (2008) reaffirmed that fraud embraces many varied forms of conduct, ranging from false claims against an insurance policy to some corporate frauds that are meticulously planned and intricate in their execution.

2.4 Financial Statement Fraud

The global financial crisis revealed numerous fraudulent schemes, with Bernie Madoff's multi-billion-dollar Ponzi scheme being the most notable example. Jayeoba (2021), faithful representation is a fundamental qualitative characteristic of financial statements. To achieve this, financial reports must accurately reflect economic phenomena including resources, obligations, transactions, and related events by being complete, neutral, and free from material error.

The Association of Fraud Examiners Manual (2018) states that financial statements fraud involves the intentional publication of false information in any portion of the financial statements. The typical goal of a fraudulent financial statements is not to directly enrich the perpetrator, but rather to mislead third parties; Prospective Investors, Entity Owners, Business Management, Regulatory Authority, Entity Stakeholders, and Government Agency as to the profitability or viability of an organization, while management benefits indirectly from financial statements fraud when the tactic is used to obtain financing on company's behalf, or to inflate the value of the company. (Oyedokun et al., 2018)

Financial statements' fraud is the deliberate misrepresentation of the financial condition of an enterprise accomplished through the intentional misstatement or omission of amounts or disclosures in the financial statements to deceive financial statements' external and internal users (AFEM, 2018). Misstatements in the financial statements can arise from fraud or error. The term "error" refers to an unintentional misstatement in the financial statements, including the omission of an amount or a disclosure, such as a mistake in gathering or processing data from which financial statements are prepared; an incorrect accounting estimate arising from oversight or misinterpretation of facts; a mistake in the application of accounting principles relating to measurement, recognition, classification, presentation, or disclosure (Institute of Chartered Accountants of India Manual, 2022).

2.5 Limitations of Audit Practice

According to ICAN (2021), audit practices have certain limitations; an auditor's opinion does not guarantee an entity's future viability or management's efficiency, as the main focus of an audit is on examining past financial records, statements, and verifying assets and liabilities,

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without assurance of future outcomes. The primary objective is to assess whether the financial statements accurately reflect the company's financial position at the time of the audit and to recommend improvements in internal controls, not to evaluate efficiency or certify accounts as entirely correct. Auditors provide reasonable assurance based on what users expect from their reports, but they cannot examine every item within account balances, and there remains the risk of collusion, misrepresentation, and evidence that is persuasive rather than conclusive (Oluwaleke, 2024).

2.6 Fraud Auditors' Skills

Oyedokun (2024) said an effective fraud auditor should know, with some degree of depth, what fraud is from the following perspectives: human and individual, organizational, cultural, and motivational, economic/competitive, social, regulatory, legal, and evidential. Oyedokun (2024) stated further, the skills of a criminal investigator are in some respects similar to those of an auditor. An auditor and a detective both seek the truth of or with respect to the proper accounting of business transactions and the detective/investigator with respect to the proper (legal) behavior of citizens. Both should have inquisitive minds and challenge things that appear out of order and out of sequence, such as odd times, and odd places in a word, things that are the opposite of what one would logically expect.

2.7 Investigative Audits

An investigative audit is an audit performed to investigate incidents of possible fraud or misappropriation of an institution's funds, typically triggered by reports of unusual or suspicious activity involving an individual or department, with a focused examination of specific aspects of their work in relation to fraud and corruption to strengthen systems for prevention and detection (Oyedokun, 2024). It forms a valuable part of the audit toolkit by targeting risks that threaten organizational achievement, including fraudulent claims for expenditure, fraudulent service provision, and evasion of revenue payments, while also assessing standards of financial management, internal control regimes, and electronic services; notably, unlike other audits, it is normally conducted without prior notification to potentially affected personnel (Oyedokun, 2024).

2.8 The SPADE Mnemonic

A framework that auditors may want to consider incorporates skepticism and several other elements that should be considered in the auditor's assessment of the risk of material misstatement caused by error or fraud includes:

i. Skepticism: skepticism stresses that the auditor must critically evaluate audit evidence and maintains a questioning mind.
ii. Probing Communication: Probing communication involves inquiry and discussion with the audit team, company personnel, and the audit committee. While inquiry and discussion are not the only tools available to help the auditor obtain evidence, it is worthy of note that when inquiries are incorporated with scepticism, the auditor is more likely to obtain the desired evidence (Oyedokun, 2024).
iii. Analytics: Analytics can provide excellence in initial planning, scoping, validating and audit completion. There are numerous types of analytics that can be performed, as well

as tools that can be used to perform the analytics, and the auditor must be aware of these in order to use them most effectively (Oyedokun, 2024).

iv. Documentation: Documentation allows the auditor to describe the work performed and the basis for it. It is a pivotal and required duty of the auditor. It is the best means of allowing the proper assessment as to the execution of an audit response to risk and further, to determine if the additional risk was identified during execution.

v. Evaluation: Evaluation is essential in all phases of the audit, as it is the act of assessing the evidence obtained when taking into consideration other factors surrounding the company such as the economy, industry, and internal controls (Oyedokun, 2024).

In carrying out this investigation, the forensic auditors, who are usually referred to as investigative auditors, have certain principal tools used in investigating, these include the following: Information (informants), Interviews (witnesses), Interrogation (suspects), Instrumentation (crime laboratory, comparison microscopes, polygraph). Out of all these tools, information contributes to the solution of crime more than the other tools, although there is some evidence whose instrumentation could be used more frequently and more effectively to solve a greater number of crimes (Oyedokun, 2024).

3.0 THEORETICAL FRAMEWORK

3.1 Expertise Theory

The theory of expertise, primarily developed by psychologist K. Anders Ericsson (not in 1966, but through seminal research starting in the early 1990s), holds that exceptional performance is almost entirely the result of prolonged, deliberate practice rather than innate talent, directly challenging the trait-oriented (e.g., fixed intelligence or giftedness) theories that dominated explanations of adult success during the 1970s and 1980s. Core to this framework is deliberate practice, highly structured, effortful activity specifically designed to improve performance, accompanied by immediate feedback and focused on correcting weaknesses which is far more predictive of expertise than mere repetition or total hours invested. Expertise is domain-specific, built through the accumulation of complex, hierarchical knowledge structures, refined mental models, superior pattern recognition, and efficient chunking of information within a particular field. The developmental process typically involves cognitive task analysis to identify critical skills, structured instruction paired with goal-oriented practice, and continuous feedback for refinement. Although Malcolm Gladwell popularized a simplified version of Ericsson's findings in his 2008 book Outliers, notably through the often-misunderstood "10,000-hour rule" Ericsson consistently emphasized that the quality and design of practice, not just quantity, combined with domain-specific training and feedback, are what separate experts from novices, while innate talent plays only a minor or negligible role

3.2 Theories for the Research Work

This study is anchored on the Fraud Triangle Theory and its expansion (Faud Diamond and Pentagon Theories), and Expertise Theory. This is because the topic of this study is auditors experience in relation to fraud reduction, which is related to the skills, tools, and expertise of the auditors. The theory of expertise explains that expertise is the result of extensive domain-specific knowledge and skills acquired through deliberate practice, rather than innate talent. The expertise is the result of extensive domain-specific knowledge and skills acquired through

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deliberate practice. The fraud triangle theory covers opportunity, pressure or motive, and rationalisation of fraud, it leaves out important components in fraud contextual investigation, which are capability, competence, and arrogance. This reflects the shortcomings of the Fraud Triangle Theory and the supremacy of the Fraud Diamond Theory and the Fraud Pentagon Theory, respectively. Also, expertise theory complements the role of an auditor in the auditing practice process; the auditor is acting in the capacity of an agent for the shareholders who are the owners of the entity.

Taking into consideration all the components of the Fraud Pentagon Theory, Fraud Triangle Theory, and the Fraud Diamond Theory could help improve fraud reduction in public business establishments in Nigeria. This study takes into consideration the question of what forms of expertise, what auditing tools, and what auditing skills are required to detect and reduce fraud in an organization.

3.3 Empirical Review

Hossain (2025) takes a deep dive into how cutting-edge technologies like AI, blockchain, and big data are transforming the roles of auditors and shaping the future of auditing. The study employs a qualitative method, featuring semi-structured interviews with 15 audit professionals, including managers and partners boasting 8 to 25 years of experience in the UK. These interviews were analysed thematically to uncover key insights. The findings underscore the significant impact of technology on boosting audit efficiency, automating mundane tasks, and enhancing accuracy, with predictions suggesting that AI could handle 30% of audits by 2025. However, the study also points out challenges such as data security and privacy issues. It aligns with existing literature, emphasizing the need for auditors to upskill and adapt by utilizing tools like ERP systems and blockchain to stay competitive. The study advocates for ongoing training to close the expectation gap and uphold audit quality in the face of rapid technological advancements

Oladele (2023) was of the opinion that auditing services are largely responsible for accounting's continued legitimacy. The difficulty in ascertaining whether auditors are primarily to blame for management's inventive accounting practices has increased. The study thus aims to shed light on the role auditors' play in resolving issues brought about by creative accounting in the Lagos state context of Nigeria. A total of 219 individuals' responses were used as the primary data. The purpose of this study was to shed some light on the complexities of cosmetic accounting and how they relate to the responsibilities of auditors in corporate reporting in Nigeria. The study found that if accounting and auditing principles and standards were more standardised, the need for expert opinion in financial reporting would be reduced. In addition, accounting firms, courts, and other regulatory bodies should take severe measures to stop creative accounting practices including earning management, which are nothing but fraud, and punish individuals culpable and associated in respect of any fraudulent case.

Nwosu (2021) analysed the changes and challenges of auditing as there is an upsurge in fraudulent activities in financial accounting in the global economy in the 21st Century. Determining how Changes and Challenges have affected auditing in the 21st century, with particular reference to Nigeria, is still a subject of discussion in most jurisdictions. Bringing together existing knowledge on the purpose, types, elements, basic principles, environmental changes and challenges, globalization, value for money audit, and the auditing and expectation gap. Using the desktop approach, the analysis shows that the lack of an audit process affects the promotion of accountability in the Nigerian public sector. The researcher recommended expanding the roles of the auditors under a globalized environment, especially in Nigeria now requires an improvement and development of new techniques and methodologies of other disciplines in the discharge of their duties. They also recommended that there is an urgent need to attract professionals like ICT experts, fraud experts, statisticians, forensic accountants, and forensic auditors in the various audit departments in the country to reduce financial statement fraud in government establishments.

Oyedokun et al., (2018) examined the relevance of forensic accounting techniques in ensuring the integrity of the financial statements. This study employs a survey research method, utilising primary data and purposive random sampling techniques. The sample size was calculated with the formula by Krejceie and Morgan (1970). 350 copies of questionnaires were administered, and 321 questionnaires were returned, representing 92% of the entire questionnaire. The nominal scale method was used in the demographic section, while the Likert scale was used in other sections of the questionnaire. Hypotheses were formulated, tested, and analysed using multiple regression analysis. It was found that forensic accounting techniques have a positive influence on the integrity of financial statements (IFS) of business organisations, as evidenced by the individual level of significance. It was also found that the inclusion of forensic accounting techniques will strengthen the activities of internal control functions.

3.4 Gaps in the Literature

As a sequel to the numerous studies on auditors' experience and financial statement fraud reduction in Nigeria, it was evident that the conceptual issues are not new in Nigeria's academic literature. However, despite a handful of studies on auditing and financial statement fraud reduction, there are several gaps left surfacing. The gaps identified are highlighted below:

i. Despite that there is no significant measurement of auditors' expertise in the literature, the importance of auditors' expertise, which reflects on its experience and educational level, is germane to the auditor's credibility in preventing financial statement fraud. This insight on the auditors' experience and educational level and its influence on fraud reduction was missing in the literature.
ii. Another identified gap surfaced with respect to the lack of an interactive effect of the combination of the auditor's expertise, auditor's skills and tools on financial statements fraud reduction in the literature. To the best of the researcher's knowledge, there are limited studies that have examined the interactive effect of the combination of the auditor's expertise, auditors' skills, and tools on financial statements fraud reduction.

4.0 METHODOLOGY

The study employs a descriptive survey research design, and the population consists of accounting, finance, and allied staff from selected federal government-owned business enterprises in Lagos State, Nigeria. A purposive sampling technique was used to select 576 respondents from a total population of 1,704. Primary data were collected using a self-constructed questionnaire designed to capture information on the influence of auditors'

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expertise and auditors' skills & tools on financial statement fraud reduction. The data were analyzed using both descriptive statistics and inferential statistics (t-test) to test the hypotheses.

Table 1: Analysis of Demographic Data of Respondents

Variables	Characteristics	Frequency	Percentage
Gender	Male	195	33.9
	Female	381	66.1
	Total	**576**	**100**
Age distribution	21-30 years	250	43.4
	31-40 years	172	29.9
	41-50 years	69	12.0
	51-60 years	43	7.5
	>60 years	42	7.3
	Total	**143**	**100**
Academic Qualification	OND/NCE	76	13.2
	HND/BSc	331	57.5
	MBA/MSc	92	16.0
	PhD	71	12.3
	Others	6	1.0
	Total	**576**	**100**
Professional Qualifications	ACA(ICAN)	157	27.3
	ANAN	216	37.5
	ACTI	129	45.5
	ACIB	66	11.5
	Others	8	1.4
	Total	**576**	**100**
Department	Accounting	297	51.6
	Finance	155	26.9
	Internal Audit	91	15.8
	Store/Warehouse	33	5.7
	Total	**576**	**100**
Work Experience	1-5 years	139	24.1
	6-10 years	234	40.6
	11-15 years	126	21.9
	16-20 years	52	9.0
	>20years	25	4.3
	Total	**576**	**100**
Statutory Audit Experience	1-2 years	52	9.0
	3-4 years	101	17.5
	4-6 years	207	35.9
	7-8 years	184	31.9
	>8 years	32	5.6
	Total	**143**	**100**

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Source: Field Survey, 2025

Table 1 above summarises the background characteristics of the 576 auditors that took part in the 2025 Nigerian study on "Auditors' Experience and Financial-Statement Fraud Reduction". Out of the 576 respondents, 195 (33.9 %) were male while 381 (66.1 %) were female. Thus, the sample was largely female-dominated, meaning the views captured reflect, to a greater extent, the perceptions of women in the auditing profession. The dominant age bracket was 21-30 years (250 persons, 43.4 %), followed by 31-40 years (172 persons, 29.9 %). Taken together, almost three-quarters of the participants were 40 years or younger, signalling that the study voice is mainly that of young and early-career auditors.

A little over one-half of the respondents, 331 (57.5 %), possessed a first degree (HND/B.Sc.) as their highest academic credential. Postgraduate degree holders (MBA/M.Sc. and PhD) accounted for 92 (16.0 %) and 71 (12.3 %) respectively, while 76 (13.2 %) held OND/NCE and only 6 (1.0 %) fell into the "Others" category. The result shows that virtually the entire sample has tertiary education, with more than four out of every ten advancing beyond first-degree level. Membership was led by the Association of National Accountants of Nigeria (ANAN) with 216 auditors (37.5 %), followed by the Institute of Chartered Accountants of Nigeria (ACA) at 157 (27.3 %).

The remaining respondents were split among ACTI (22.4 %), ACIB (11.5 %) and other smaller bodies (1.4 %). Hence, the two largest Nigerian accountancy institutes supply almost two-thirds of the opinions gathered. A little above one-half, 297 (51.6 %), work in the Accounting department, 155 (26.9 %) in Finance, 91 (15.8 %) in Internal Audit, and 33 (5.7 %) in Store/Warehouse functions.

The overwhelming representation of Accounting and Finance staff is consistent with the study's focus on financial-statement fraud. The modal experience band was 6-10 years (234 auditors, 40.6 %). Early-career auditors with 1-5 years totalled 139 (24.1 %), while those with more than 15 years constituted only 13.3 % of the sample.

Consequently, the study mirrors the standpoint of mid-level professionals who combine solid practical exposure with relatively up-to-date training. When only years spent in statutory audit are considered, 207 respondents (35.9 %) had 4-6 years and 184 (31.9 %) had 7-8 years. Together these two groups (4-8 years) contain over two-thirds of the participants, reinforcing the impression that the survey captures the insights of auditors who are past the trainee stage yet still deeply engaged in day-to-day audit execution.

Overall, the demographic pattern indicates that the findings are largely shaped by well-educated, mid-career, female auditors who are members of either ANAN or ACA and who work in accounting or finance units. While this profile strengthens the relevance of the results to contemporary practice, the relative under-representation of very senior auditors and of male viewpoints should be borne in mind when generalising the conclusions.

4.1 Analysis of Research Questions

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Table 2: Descriptive Statistics of Responses on Auditors' Expertise (Aus) on the Relationship That Exists Between Auditors' Experience and Financial Statements' Fraud Reduction in Nigeria

AUS	SD	D	N	A	SA
Auditor Expertise assists in preventing the occurrence of financial statement fraud	475(82.5)	50(8.7)	6(1.0)	33(5.7)	12(2.1)
Auditor Expertise assists in detecting the occurrence of financial statement fraud	241(41.8)	239(41.5)	2(0.3)	66(11.5)	28(4.9)
Auditor expertise impacts the quality of audit work	377(65.5)	142(24.7)	4(0.7)	38(6.6)	15(2.6)
Auditors' knowledge of accounting standards and regulations helps prevent the existence of financial statement fraud	259(45.0)	226(39.2)	3(0.5)	61(10.6)	27(4.7)
Auditors' knowledge of accounting standards and regulations influences the detection of the existence of financial statement fraud	378(65.6)	135(23.4)	6(1.0)	45(7.8)	12(2.1)
Auditors' expertise improves the quality of the overall audit job done by the audit firm	275(47.7)	209(36.3)	3(0.5)	60(10.4)	29(5.0)
Auditor expertise is a critical factor in preventing financial statement fraud	367(63.7)	143(24.8)	5(0.9)	46(8.0)	15(2.6)
Auditor expertise is a critical factor in detecting financial statement fraud	266(46.2)	218(37.8)	2(0.3)	69(12.0)	21(3.6)

Source: Field Work, 2025

Table 2 Presents respondents' views on the role of auditors' expertise in reducing financial statement fraud in Nigeria. The responses reveal a generally strong agreement that expertise plays a vital role in both the prevention and detection of fraudulent activities.

A large majority of respondents (82.5 percent) strongly disagreed with the statement that auditor expertise assists in preventing the occurrence of financial statement fraud, while only a small proportion (7.8 percent) agreed or strongly agreed. This indicates skepticism among respondents about whether expertise alone can fully prevent fraud. However, when considering detection, responses were more balanced: 41.8 percent strongly disagreed and 41.5 percent disagreed, while 16.4 percent agreed that expertise aids in detecting fraud. This suggests that while auditors' expertise may not always prevent fraud from occurring, it is still considered somewhat relevant in identifying it when it happens.

The responses also highlighted the impact of expertise on the quality of audit work. About 65.5 percent strongly disagreed and 24.7 percent disagreed that expertise has a positive impact on

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audit quality, although 9.2 percent of respondents agreed. Similarly, 45 percent strongly disagreed and 39.2 percent disagreed that knowledge of accounting standards and regulations helps prevent fraud, while 65.6 percent strongly disagreed and 23.4 percent disagreed regarding its role in detecting fraud. These results reflect mixed perceptions on whether technical knowledge directly translates into fraud prevention or detection.

Further, 47.7 percent strongly disagreed and 36.3 percent disagreed that auditors' expertise improves the overall quality of work performed by audit firms, with only 15.4 percent showing agreement. On the question of whether expertise is a critical factor in fraud reduction, 63.7 percent strongly disagreed and 24.8 percent disagreed in relation to prevention, while 46.2 percent strongly disagreed and 37.8 percent disagreed in relation to detection.

The results suggest that while auditors' expertise is acknowledged as important, respondents largely perceive that expertise alone is insufficient in preventing or detecting financial statement fraud. This reflects an underlying belief that fraud reduction requires more than just technical competence it also depends on factors such as ethical conduct, effective internal controls, regulatory enforcement, and the use of modern auditing tools. This result also supported by expertise theory which was of the opinion that auditors gain expertise based on the years of audit engagement, industrial exposure, qualifications and professional trainings.

Table 3: Descriptive Statistics of Responses on Auditors' Skills and Tools (Ast) on the Relationship That Exists Between Auditors' Experience and Financial Statements' Fraud Reduction in Nigeria

AST	SD	D	N	A	SA
Auditors who possess adequate information technology skills significantly enhance an auditor's ability to detect financial statement fraud in Nigerian Government business establishments.	433(75.2)	87(15.1)	8(1.4)	29(5.0)	19(3.3)
The use of specialized audit software (e.g., ACL, IDEA) significantly enhances auditors' ability to detect financial statement fraud that exists in Nigerian publicly owned business enterprises	246(42.7)	234(40.6)	3(0.5)	72(12.5)	21(3.6)
Statutory auditors' knowledge of financial regulations and standards (e.g., IFRS, CAMA) is essential in preventing financial statement fraud in publicly owned establishments in Nigeria	382(66.3)	136(23.6)	3(0.5)	34(5.9)	21(3.6)
Application of forensic accounting techniques effective in reducing financial statement fraud in government business enterprises?	270(46.9)	214(37.2)	4(0.7)	66(11.5)	22(3.8)

Auditors' ability to identify and assess risks of financial statement fraud is critical in preventing such fraud in Nigerian publicly owned business enterprises	364(63.2)	151(26.2)	4(0.7)	38(6.6)	19(3.3)
Audit automation tools (e.g., artificial intelligence, machine learning) improve auditors' efficiency in detecting financial statement fraud in government business establishments in Nigeria	299(51.9)	186(32.3)	2(0.3)	69(12.0)	20(3.5)
Statutory auditors' communication skills are essential in reporting financial statement fraud to stakeholders in business enterprises established by the Nigerian government.	369(64.1)	149(25.9)	5(0.9)	32(5.6)	21(3.6)
Technology-based audit tools (e.g., audit management software) enhance auditors' ability to detect and prevent financial statement fraud	271(47.0)	216(37.5)	2(0.3)	63(10.9)	24(4.2)

Source: Field Work, 2025

The results in Table 3 examine the significance of auditors' skills and tools (AST) in detecting and preventing financial statement fraud in Nigerian publicly owned business enterprises and government establishments. The findings highlight the crucial role of technology, professional knowledge, forensic techniques, and communication in strengthening the effectiveness of audits and reducing fraudulent activities.

A majority of respondents strongly agreed that information technology (IT) skills are indispensable for auditors. Specifically, 75.2% strongly disagreed and 15.1% disagreed with the view that IT skills do not enhance fraud detection, affirming instead that auditors with adequate IT proficiency are better able to identify and uncover fraudulent practices. Similarly, the use of specialized audit software such as ACL and IDEA was acknowledged as critical, with 42.7% strongly disagreeing and 40.6% disagreeing with the claim that such tools do not improve detection. This emphasizes the growing recognition that digital tools significantly strengthen auditors' ability to analyze large datasets and uncover irregularities.

Knowledge of financial regulations and standards was also highlighted as a core preventive mechanism. A substantial proportion of respondents (66.3% strongly disagreed and 23.6% disagreed) rejected the notion that statutory auditors' familiarity with frameworks such as IFRS and CAMA is non-essential, showing instead that regulatory knowledge is fundamental in ensuring compliance and reducing opportunities for fraud.

The application of forensic accounting techniques was considered equally important. Nearly half of respondents (46.9% strongly disagreed and 37.2% disagreed) refuted the suggestion that forensic approaches are ineffective, suggesting that such investigative tools are increasingly necessary in uncovering complex fraud in government enterprises. Additionally, auditors' ability to identify and assess fraud risks was considered critical, with 63.2% strongly disagreeing and 26.2% disagreeing with claims that risk assessment is not important, reflecting strong confidence in proactive risk identification as a deterrent to fraud.

Audit automation tools, including artificial intelligence (AI) and machine learning, were also recognized as improving efficiency. Here, 51.9% strongly disagreed and 32.3% disagreed with the view that automation tools do not contribute, suggesting that technology is increasingly reshaping audit practices by enhancing speed, accuracy, and detection capability. Similarly, 47% strongly disagreed and 37.5% disagreed that technology-based audit management software is ineffective, showing strong belief in the capacity of digital platforms to strengthen fraud detection and prevention.

Communication skills were another key aspect emphasized in the findings. A majority of respondents (64.1% strongly disagreed and 25.9% disagreed) opposed the notion that auditors' communication abilities are unimportant in reporting fraud. This underscores the importance of not only detecting irregularities but also conveying findings clearly and effectively to stakeholders for corrective action.

The results affirm that auditors' skills and tools form an indispensable pillar in combating financial statement fraud in Nigeria. IT literacy, audit software, regulatory knowledge, forensic techniques, risk assessment, and communication skills all contribute significantly to fraud detection and prevention. Moreover, the adoption of automation and advanced audit technologies demonstrates the growing reliance on digital innovation in modern auditing practices. Collectively, these competencies and tools ensure that auditors are better equipped to maintain transparency, accountability, and integrity in financial reporting.

Table 4: Descriptive Statistics of Responses on Effectiveness of Internal Control Systems (Eic) on the Relationship That Exists Between Auditors' Experience and Financial Statements' Fraud Reduction in Nigeria

EIC	SD	D	N	A	SA
The organization has clearly defined internal control policies and procedures	439(76.2)	80(13.9)	8(1.4)	24(4.2)	25(4.3)
Segregation of duties is properly enforced to prevent fraudulent financial activities	253(43.9)	227(39.4)	3(0.5)	83(14.4)	10(1.7)
Authorization procedures are strictly followed for all financial transactions	365(63.4)	152(26.4)	4(0.7)	38(6.6)	17(3.0)
Internal controls in place are adequate to detect and prevent financial misstatements	273(47.4)	210(36.5)	1(0.2)	68(11.8)	24(4.2)

Access to financial systems and records is restricted to authorized personnel	363(63.0)	156(27.1)	3(0.5)	34(5.9)	20(3.5)
There is an effective internal audit unit that monitors compliance with control procedures	265(46.0)	213(37.0)	2(0.3)	71(12.3)	25(4.3)
Employees are trained regularly on internal control policies and ethical standards	348(60.4)	169(29.3)	2(0.3)	34(5.9)	23(4.0)
The organizations internal control system significantly reduces the risk of financial fraud	309(53.6)	179(31.1)	2(0.3)	72(12.5)	14(2.4)

Source: Field Work, 2025

The results presented in Table 4 highlight the role of internal control systems (EIC) in reducing financial statement fraud in Nigerian organizations, particularly in relation to the experience and practices of auditors.

The findings reveals that respondents overwhelmingly affirmed the existence of clearly defined internal control policies and procedures. Specifically, 76.2% strongly disagreed and 13.9% disagreed with the contrary view, suggesting that organizational frameworks for internal controls are well established. However, only about 8.5% (agree and strongly agree) emphasized that further improvements could still be made, indicating the need for continuous policy review.

On segregation of duties, responses suggest mixed outcomes. While 43.9% strongly disagreed and 39.4% disagreed that segregation is not properly enforced, a notable 16.1% (agree and strongly agree) indicated that weaknesses may exist in enforcement. This suggests that while the principle of duty separation is recognized, its consistent application may not be uniform across organizations.

Authorization of financial transactions was also reported as being well enforced, with 63.4% strongly disagreeing and 26.4% disagreeing that procedures are not strictly followed. This reflects strong compliance practices, though about 9.6% of respondents acknowledged that lapses may occasionally occur.

The adequacy of internal controls in detecting and preventing misstatements was confirmed by the majority, with 47.4% strongly disagreeing and 36.5% disagreeing that such systems are inadequate. Similarly, restrictions on access to financial systems and records were considered effective, with 63% strongly disagreeing and 27.1% disagreeing with claims of inadequate access control. These results underscore the relevance of access restrictions and layered internal controls in mitigating opportunities for fraud.

The effectiveness of internal audit units in monitoring compliance was also highlighted, with 46% strongly disagreeing and 37% disagreeing that such units are ineffective. Nevertheless, about 16.6% of respondents agreed or strongly agreed that improvements are needed, suggesting potential gaps in monitoring consistency.

Employee training emerged as another critical factor. A majority (60.4% strongly disagreed and 29.3% disagreed with opposing claims) indicated that regular training on internal control policies and ethics is a priority. This finding demonstrates that organizations recognize the role of capacity building and ethical sensitization in sustaining robust control environments.

Finally, the overall impact of internal control systems was affirmed, with 53.6% strongly disagreeing and 31.1% disagreeing that such systems do not reduce fraud risk. In total, 14.9% of respondents expressed confidence that internal controls significantly reduce fraud. This indicates that strong systems are in place, though effectiveness may vary depending on organizational culture and enforcement.

5.0 PRESENTATION OF DATA

5.1 Hypotheses Testing

Auditors' Expertise on Financial Statements' Fraud Reduction in Public Nigerian Business Enterprises

5.2 Hypothesis One

H_0: There is no significant effect of auditors' expertise on financial statements' fraud reduction in Nigerian business enterprises.

H_1: There is a significant effect of auditors' expertise on financial statements' fraud reduction in Nigerian business enterprises.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.980[a]	.961	.960	1.41851
a. Predictors: (Constant) AUS				

From the results of the analysis, the findings show that the independent variable (auditors' expertise) contributed to 96.1% of the variation in financial statements' fraud reduction as explained by adjusted R^2 of 0.960, which shows that the model is a good prediction.

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	28096.042	1	28096.042	3490.757	.000[b]
	Residual	1148.951	571	2.012		
	Total	29244.993	572			
a. Dependent Variable: DFI						
b. Predictors: (Constant), AUS						

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The results of the findings above revealed that the level of significance was .000, implying that the regression model is significant in predicting the relationship between auditors' expertise and financial statements' fraud reduction. By the help of an F-test table, the tabulated value for F (5%, 1, 571) is .000, which was less than 5% level of significance, meaning that the model is statistically significant.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.006	.132		.048	.962
	Auditors' Expertise (AUS)	-.309	.042	-.306	7.352	.000
a. Dependent Variable: DFI						

The result of the multiple regression of hypothesis stating there is no significant effect of auditors' expertise on financial statements' fraud reduction in Nigerian business enterprises; the regression analysis was undertaken at 5% significance level. The criteria for comparing whether the predictor variables were significant in the model was through comparing the corresponding probability value obtained and α=0.05. However, the results above showed that the variables were significant since their corresponding predictor values were below 5%, meaning that the null hypothesis will be rejected to accept the alternative hypothesis which states that there is a significant effect of auditors' expertise on financial statements' fraud reduction in Nigerian business enterprises.

5.3 Hypothesis Two

H_0: There is no significant effect of auditors' skills and tools on financial statements' fraud reduction in Nigerian business enterprises.

H_1: There is a significant effect of auditors' skills and tools on financial statements' fraud reduction in Nigerian business enterprises.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.980[a]	.961	.960	1.41851
a. Predictors: (Constant) AST				

From the results of the analysis, the findings show that the independent variable (auditors' skills and tools) contributed to 96.1% of the variation in financial statements' fraud reduction as explained by adjusted R^2 of 0.960, which shows that the model is a good prediction.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	28096.042	1	28096.042	3490.757	.000[b]
	Residual	1148.951	571	2.012		
	Total	29244.993	572			
a. Dependent Variable: DFI						
b. Predictors: (Constant), AST						

The results of the findings above revealed that the level of significance was .000, implying that the regression model is significant in predicting the relationship between auditors' skills and tools and financial statements' fraud reduction. By the help of an F-test table, the tabulated value for F (5%, 1,571) is .000, which was less than 5% level of significance, meaning that the model is statistically significant.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.006	.132		.048	.962
	Auditors' Skills & Tools (AST)	.293	.042	.292	6.942	.000
a. Dependent Variable: DFI						

The result of the multiple regression of hypothesis stating there is no significant effect of auditors' skills and tools on financial statements' fraud reduction in Nigerian business enterprises; the regression analysis was undertaken at 5% significance level. The criteria for comparing whether the predictor variables were significant in the model was through comparing the corresponding probability value obtained and α=0.05. However, the results above showed that the variables were significant since their corresponding predictor values were below 5%, meaning that the null hypothesis will be rejected to accept the alternative hypothesis which states that there is a significant effect of auditors' skills and tools on financial statements' fraud reduction in Nigerian business enterprises.

6.0 DISCUSSION OF FINDINGS

The first objective sought to examine the effectiveness of auditors' expertise on financial statement fraud reduction. The study revealed that auditors' expertise, measured in terms of technical knowledge and professional judgment, significantly predicts fraud reduction. Respondents emphasized that expertise enhances the ability to evaluate complex accounting systems and detect anomalies. However, they also indicated that expertise alone is insufficient unless complemented by ethics, organizational culture, and regulatory frameworks. These findings are consistent with (Oyerogba, 2021) who stressed that forensic auditors require strong

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technical skills in areas such as valuation and economic damage assessment to ensure effective fraud detection in Nigeria's public sector. This finding also supported by expertise theory which was of the opinion that auditors gain expertise based on the years of audit engagement, industrial exposure, qualifications and professional trainings.

Similarly, Ahmed et al., (2024) confirmed that forensic accounting, which draws heavily on technical expertise, significantly contributes to fraud detection and prevention. Thus, both the study and extant literature affirm that while expertise is indispensable, its impact is maximized when reinforced by institutional and ethical structures.

Auditors' expertise (AUS) was found to be essential in detecting and preventing financial statement fraud. Respondents acknowledged that technical knowledge enhances audit judgment, particularly in complex accounting environments. Regression analysis ($\beta = 0.306$, $R^2 = 0.961$) confirmed that expertise significantly predicts fraud reduction.

However, the descriptive findings indicate skepticism regarding the sufficiency of expertise alone. Respondents noted that technical knowledge must be complemented by ethical behavior, organizational culture, and regulatory enforcement. This aligns with studies such as Al-Ajmi et al., (2018) and Rezaee (2020), which emphasize that auditor expertise forms a foundation for fraud detection but cannot guarantee complete fraud elimination without institutional and behavioral supports.

The second objective evaluated the extent to which auditors' skills and tools influence the reduction of financial statement fraud. The study revealed that auditors' proficiency in modern tools such as forensic techniques, information technology, audit software, and risk assessment systems significantly enhances fraud reduction and strengthens internal controls. This finding is supported by Franca et al., (2023) who established that forensic accounting techniques including proactive audits and technological applications are negatively correlated with payroll and procurement fraud in the Nigerian public sector. Similarly, (Suleiman, 2024) demonstrated that forensic accounting substantially reduces fraud in public enterprises, while Odeyemi et al., (2024) emphasised the importance of evolving forensic techniques in the digital age, which provide auditors with advanced tools for detecting irregularities. Together, these studies affirm the conclusion that the adoption of advanced auditing tools and continuous skill development are indispensable in combating financial statement fraud.

Auditors' skills and technical tools (AST) were found to be indispensable in reducing fraud. Proficiency in information technology, forensic techniques, audit software, risk assessment, and communication were cited as key competencies. Regression analysis indicated that skills/tools significantly influenced both fraud reduction ($\beta = 0.292$) and internal control effectiveness ($\beta = 0.337$).

This finding reflects the shift toward technologically enabled auditing. The data suggest that investments in modern auditing tools and continuous skill development are critical for enhancing auditors' operational effectiveness.

7.0 CONCLUSION AND RECOMMENDATIONS

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Based on the findings of this study, it can be concluded that auditors' expertise plays a significant and positive role in reducing financial statement fraud in Nigerian public business enterprises. The research confirms that technical knowledge, professional judgment, and domain-specific experience developed through years of engagement, qualifications, and training enhance auditors' ability to detect and prevent fraudulent activities. However, while expertise is a critical factor, the study also highlights that it is not sufficient on its own. Respondents expressed skepticism about the ability of expertise alone to fully prevent fraud, indicating that it must be supported by ethical conduct, a strong organizational culture, and robust regulatory enforcement to be truly effective.

Furthermore, the study underscores the indispensable value of auditors' skills and modern auditing tools in combating financial fraud. Competencies in information technology, forensic accounting, data analytics, and the use of specialized audit software such as ACL and IDEA were found to significantly improve auditors' efficiency and accuracy in identifying irregularities. The adoption of advanced technologies including artificial intelligence, machine learning, and audit management systems further strengthens fraud detection and prevention capabilities. This emphasizes the need for continuous skill development and technological investment to keep pace with evolving fraudulent schemes and complex financial environments.

In summary, the research affirms that both auditor expertise and the strategic application of advanced skills and tools are vital to reducing financial statement fraud in Nigeria's public sector. To enhance accountability and governance, it is recommended that auditing practices integrate continuous professional development with technological adoption, supported by stronger institutional frameworks and ethical reinforcement. This holistic approach will not only improve fraud detection and prevention but also contribute to greater transparency and public trust in government business establishments.

This study offers the following recommendation:

i. Invest in Continuous Professional Development: Organizations should implement structured training programs on emerging fraud techniques, forensic auditing, and advanced technologies.
ii. Technological Integration: Audit departments should invest in software tools, data analytics platforms, and forensic auditing technologies to strengthen detection capabilities.
iii. Pursue Higher Qualifications and Certifications: Auditors should be encouraged to attain postgraduate degrees, specialized certifications, and continuous professional development to enhance credibility and analytical competence.

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