The Role of Forensic Accounting in Bridging the Audit Expectation Gap of Microfinance Banks in Akwa Ibom State

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Abstract
The audit expectation gap has widened due to the occurrence of undetected high-profile financial statement frauds, highlighting the need for effective measures to address this issue. This study investigated the role of forensic accounting in bridging the expectation gap among stakeholders in microfinance banks in Akwa Ibom State. Using a survey research design, primary data were collected from 128 respondents representing a sample size drawn from ten randomly selected microfinance banks in Uyo. The data were analyzed using Pearson's correlation coefficient statistical tool. The findings indicated that incorporating forensic accounting skills significantly mitigates corporate financial fraud by promptly detecting fraudulent patterns that traditional audits may overlook. This highlighted the importance of forensic accounting in addressing the limitations of conventional audit practices. Based on the results, the researcher concluded that forensic accounting practice plays a crucial role in bridging the audit expectation gaps of microfinance banks. To enhance financial reporting quality and stakeholder confidence, it was recommended that microfinance bank directors engage auditors equipped with requisite forensic accounting skills. This proactive approach will enable the early detection and effective mitigation of fraudulent financial reporting, ultimately leading to the production of qualitative financial reports that meet stakeholder expectations.

Keywords: Forensic Accounting, Audit expectation gaps, Financial statement fraud, Microfinance banks, Stakeholders confidence, forensic audit, Auditor's reports.

1.1 Introduction

In recent times, there has been a rise in corporate failure due to fraud after external auditors have issued concerns about corporations. Luke (2013) reported that auditors and accountants have declined to accept responsibility for fraud detection and prevention in financial statements, claiming instead that their primary responsibility is to obtain sufficient audit evidence to enable them to express an opinion on the financial statements by verifying whether the accounting records are prepared by the international financial reporting standards (IFRS) and auditing standards. The fundamental responsibility of the external audit is to testify to the truth and fairness of corporations' financial statements in compliance with generally accepted accounting principles or accounting standards and not to detect and prevent fraud (Eneisik & Ogbonna, 2021).

The audit expectation gap is the difference between what the public and financial statement users believe auditors are responsible for and what auditors believe their responsibilities are. Independent audit of financial statements has long been associated with the role of assurance, from which the credibility of information presented by the management is, to a certain extent, guaranteed. This distinctive role of audit, however, has led to varying perceptions over the level of assurance that may be expected from auditors (Kamau, 2013).

Traditional accounting practices such as internal auditing, external auditing and audit committee have failed to detect and prevent fraud in our society. These are some of the reasons why there is so much demand for someone with an expert experience in fraud detection and prevention, and with a litigation background and sound computer competence, as a forensic accountant (Okoye, 2013). Crumbley (2012) suggested that in light of the present reality, this necessity has resulted in the introduction of a forensic accountant, who has very high technical expertise and abilities to fulfil the secondary roles and duties of the auditor.

Forensic accounting is the tripartite practice of utilizing accounting, auditing and investigative skills to assist in legal matters. It is a specialized field of accounting that describes engagements that result from actual or anticipated disputes or litigation. Forensic accounting can therefore be seen as an aspect of accounting that is suitable for legal review and offers the highest level of assurance (Crumbley & Apostolou, 2007). Forensic accounting, according to Okoye (2013) includes the use of accounting, auditing, and investigative skills to assist in legal matters. It consists of two components: litigation services that recognize the role of an accountant as an expert consultant in litigation services and investigative source that uses forensic accounting skills and may require possible courtroom testimony.

A Microfinance bank (MFB) is any company licensed to carry on the business of providing microfinance services, such as savings, loans, domestic funds transfer and other financial services that are needed by the economically active poor, (Central Bank of Nigeria 2012). Microfinance banks are by design meant to serve the financially excluded and underserved individuals who are mostly in rural and semi-urban areas. The indigent populations are those who are facing economic exclusion and mostly reside in the enclave of the informal sector, such as petty traders, food vendors, cobblers, and provision stores operator, among others, (Gidigbi, 2021).

From the foregoing, it is expected that the adoption and practice of forensic accounting in the auditing process should significantly bridge the ever-widening expectation gap between the auditors and the stakeholders in the microfinance banking industry.

1.2 Statement of the Problem

The credibility of financial statements prepared by the directors of limited liability companies and audited reports prepared by external auditors remain the primary means of informing the shareholders and other stakeholders about the financial performance and position of a firm. There is concern that auditors and the public hold different beliefs about the auditors' duties and responsibilities and the messages conveyed by audit reports. In 2020, Ernst and Young was implicated and found liable in the collapse of Wirecard AG. The Wirecard fraud resulted in severe personal, corporate and investor losses. Overall, investors lost about $27.82b, approximately 99.84% of its 2018 value, as a result of the fraud). The stakeholders were agitated because the failure in many respects was traceable to the financial improprieties of the directors and yet, the auditors did not qualify their reports (Trimble et al., 2022). Auditors have allegedly been placed on the front line in the battle against fraud. They face the public and regulatory expectation that they would play a key and continuing role in restoring the integrity of financial reporting (Golden et al., 2011).

Studies show that a high number of Microfinance Banks from 2000 till date went under as a result of fraud while others downsized their operations due to the adverse effect of fraud on their capital base, a recent crisis being the revocation of the operating licenses of the one hundred and seventy-nine (179) microfinance banks by the Central Bank of Nigeria (CBN) in May 2023. According to Luke (2013), the public confidence is rapidly eroding in the auditors' reports as a result of discovery of inadequacies such as fraud, errors and irregularities. Apparently, public misperceptions are the major cause of the legal liability crisis facing the accounting profession.

Consequently, the incorporation of modern forensic accounting techniques in the auditing process of Microfinance Banks is envisaged as an indispensable tool in unearthing ingenious fraud schemes that have led to the demise of many microfinance banks and this will assuage the expectations of some public users like the Central Bank of Nigeria (CBN), the Nigeria Deposit Insurance Corporation (NDIC) etc. that rely heavily on the audit reports of microfinance banks to supervise and monitor their performance.The focus of this study therefore, is to examine the role of forensic accounting in bridging the audit expectation gap of Microfinance Banks using selected microfinance Banks in Uyo, Akwa Ibom state as a case study.

1.3 Objectives of the Study

The main objective of this study is to examine the role of forensic accounting in bridging the audit expectation gap of Microfinance Banks in Uyo, Akwa Ibom state. Specifically, the study seeks to:

i. Assess the application of forensic accounting skills/techniques in an audit to mitigate corporate financial fraud in microfinance Banks.
ii. Ascertain the role of forensic audit in enhancing stakeholder's confidence in the financial reports of microfinance Banks.

1.4 Research Questions

The following research questions were raised to help achieve the objectives of this work:

i. To what extent does the application of forensic accounting skills/techniques in an audit process mitigate corporate financial fraud in microfinance banks?
ii. How effective is forensic audit in boosting stakeholder's confidence in the financial reports of microfinance banks?

1.5 Research Hypotheses

The following research hypotheses were formulated to answer the above stated research questions:

$H_0$1 Forensic accounting skills/techniques in audit process do not significantly mitigate corporate financial fraud in microfinance banks.

$H_0$2 Forensic audit does not significantly boost stakeholder's confidence in the financial reports of microfinance banks.

Review of Related Literature

2.1 Conceptual Framework

2.1.1 Forensic Accounting

The word "forensic" relates to crime solving. It is the application of science to decide questions arising from crime or litigation and thus introduced in the accounting domain to serve as a more reliable and evidential means of enhancing financial investigations and prevention or reduction of financial impropriety in all forms (Modugu and Anyaduba, 2013). Forensic accounting relates to deterring, detecting and investigating fraud in financial reporting (Kristic, 2009). To Hopwood et al (2008), forensic accounting is the application of investigative and analytical skills to resolve financial issues in a manner that meets standards required by the courts of law. Forensic accountants apply special skills in accounting, auditing, finance, quantitative methods, certain areas of the law, research and investigative skills to collect, analyze and evaluate evidential matter and to interpret and communicate findings."

Crumbley et al (2015), in a clear and concise expression, stated that forensic accounting is the use of accounting for legal purposes. The job of a forensic accountant encompasses that of conventional accounting and auditing as the forensic accountant possesses skills that exceed those of a traditional auditor and provides services beyond the scope of a typical financial audit engagement. Though the place of a current audit system in the corporate world cannot be underestimated, it can be enhanced by the introduction of a forensic accountant into the audit team. The inclusion of a forensic accountant in the audit team model would equip the system to be proactive in the identification of fraud. Forensic accounting, also known as investigative accounting or forensic audits can be said to be a new field in accounting in Nigeria and borne out of the need of ensuring the quality assurance of financial statements, (Ezeagba, 2014).

2.1.2 Forensic Accounting Skills and Attributes

Forensic accountants are trained to look beyond the numbers and deal with the business realities of situations. Analysis, interpretation, summarization and presentation of complex financial and business-related issues are prominent features of the profession. A forensic accountant would also be familiar with legal concepts and procedures. Public practice or insurance companies, banks, the police force and government agencies are major employers of forensic accountants (Bhasin, 2007).

If the forensic accountant must succeed in his assignment, he must have knowledge and understanding of fraudulent financial transactions, legal processes, high acumen of elements of fraud, the concepts of criminology and above all, investigative skills (Njanike, et al., 2009). The forensic accountant must be part cop, part lawyer, part accountant and part psychologist. Njanike, et.al. (2009) acknowledge that a forensic auditor should have a well-developed professional scepticism (sniffer attitude and investigative mind), analytical and logical mind, and personal integrity, expertise in internal controls and acumen in interviewing techniques. Bhasin (2007) thinks that in addition to the specialized knowledge about the techniques of finding out fraud, one needs patience and an analytical mindset. There is a need for the same basic accounting skills that it takes to become a good auditor, plus the ability to pay attention to the smallest detail, analyse data thoroughly, think creatively, possess common business sense, be proficient with a computer, and have excellent communication skills. A “sixth” sense that can be used to reconstruct details of past accounting transactions is also beneficial. A photographic memory helps when trying to visualise and reconstruct these past events. The forensic accountant also needs the ability to maintain his composure when detailing these events on the witness stand. Finally, a forensic accountant should be insensitive to personal attacks on his professional credibility and should also observe and listen carefully. By this, he can improve his ability to detect lies, whether they involve fraud or not. This is so because not all liars are fraudsters, but all fraudsters are liars (Bhasin 2007).

2.1.3 The Audit Report

The outcome of any audit work is the issuance of a report by the auditor(s). Such reports normally express the auditor’s opinion as regards financial statements, transactions and other activities of the organization. Akhidime (2020) posited that one of the most important aspects of the whole audit job is the auditor's report. The content of the auditor's report in Nigeria is guided and governed by: statutes regulating the existence and operations of the company, such laws like Companies and Allied Matters, Act, 2004, Banks and Other Financial Institutions Act (BOFIA, 1991), The Insurance Act, 2003 etc., and the auditing standard and guidelines. The report could be verbal or written but the auditor is always expected to give a written report which could be classified as Qualified or Unqualified, confirming or otherwise that the financial statements or other activities were carried out as required.

Many financial decisions can be made by several parties based on these audited financial statements. The auditor's report including financial statements is considered a trusted informational frame for many financial decisions. Ahmadi, Sedghiani, & Jamali, (2014) are of the view that capital investors who want to buy or sell stocks and a banker who decides about verification of a loan request would all rely on audited accounts.

Audit reports support information provided by financial statements. This view has been reiterated by Hoti, Ismajli, Ahmeti, & Dërmaku (2012) who opined that audit reports supplement the accounting information drawn from the financial statements. They provide a means of increasing the credibility of management disclosures. Thus the combination of audit reports and financial statements data can be a good predictor of several business events.

2.1.4 Audit Expectation Gap

The expectation gap between the auditing services has a long history and there is widespread concern about the existence of an expectation gap between the auditing profession and the public (Fatah & Naser, 2017). The term "expectations gap" has been commonplace in research since the 1970s, and evidence has increasingly shown that there is a gap between expectations. Dibia (2015) believes that there is an expectation gap between auditors and the users of auditing services that express opinions about the duties and responsibilities of auditors and the messages transmitted in the auditing reports. There is a gap between what the public expects from auditing performance and what they get. The term 'expectation gap' refers to the fact that the public perception of the role and responsibilities of the external auditor is different from his statutory role and responsibilities. The expectations of the public are often set at a level higher than that at which the external auditor operates (Institute of Chartered Accountants of Nigeria, 2021). From the perspective of auditors, audited financial statements can be considered the main bridge of contact with shareholders (Ikechukwu & Okoye, 2019). Institute of Chartered Accountants of Nigeria (2021) highlighted some examples of the misunderstandings inherent in the public's expectations are as:

1. The public believes that the opinion in the auditor's report amounts to a 'certificate' that the financial statements are correct and can be relied upon for all decision-making purposes, including decisions about takeovers.
2. The public also believes that the auditor must prevent and detect fraud and that this is the purpose of the audit.
3. The public assumes that in carrying out his audit work, the auditor tests 100% of the transactions undertaken during the accounting period, (Institute of Chartered Accountants of Nigeria, 2021).

2.1.5 The Fallibility of Traditional Audits in Fraud Detection and Prevention

The purpose of an independent audit is to determine whether financial statements present fairly the financial condition and results of operations of a company by GAAP. Many have suggested that the reason auditors did not detect promptly the fraudulent schemes leading to some of the more significant corporate scandals was simply that the auditors' audit procedures had become predictable. There is no secret about what well-trained auditors examine in the course of an audit performed by generally accepted auditing standards (GAAS). Once the audit leader has identified the risk areas in a financial statement prepared by company management, the focus and scope of the planned audit are defined easily enough. However, the relatively routine, predictable character of audit planning creates opportunities for fraud. When it is easy to determine the scope of an audit, it is often easy to plan a fraud around it (Golden, et al. 2011).

Although internal fraud historically has centred on the manipulation of accounting entries, recent events have been focused more directly on financial statements and the manipulation of the underlying data. From an early age, accountants are taught that the financial statements are a "snapshot," at one point in time to capture the profitability (or unprofitability) and financial position of an entity. While much coverage of financial fraud centres around "audits" and the role of auditors, it should be noted that there are three levels of reporting on financial statements: compilations, reviews, and audits. It is important to note that with all three levels, the outside accountant or auditor does not state that the financial statements are accurate, but rather reports that the financial statements are reasonable and free of material misstatement, (Pedneault *et. al* 2012).

2.1.6 Bridging the audit expectation gap -the role of forensic accounting.

The inherent attributes of the audit expectation gap make its elimination difficult. The perceived performance of an auditor is dynamic, as such, its measurement is difficult. What is, therefore, possible is to reduce it. Extant literature shows several ways on how to reduce it, these include enlarging the auditor's responsibilities regarding fraud, errors, and illegal acts; an expanded audit report, audit education, and enhancing the perceived independence of an auditor. However, there is no consensus among the researchers on the use of this method in reducing the audit expectation gap, (Olojede et al., 2020).

2.2 Theoretical Framework

2.2.1 The Role Conflict Theory

The role conflict theory was developed by Rizzo et al., (1970). The theory rests on the premise that the auditor has a responsibility to examine the books of accounts and give credence to the financial statements prepared by the board and that the stakeholders expect the auditor to undertake this assignment faithfully. This implies that an auditor is not only responsible to the shareholders but also to other stakeholders who are the users of accounting information. The stakeholders include management, institutional investors, financial analysts, tax authorities, and creditors. All these groups have different expectations, which are in most cases not constant. The multidimensional expectations are the basis for role conflict.

Most times an auditor's obligation to first comply with professional rules and regulations governing his work makes him conflict with his role as a 'watchdog' to the users of accounts, while at the same time, he must protect his interest. Similarly, when there is a misunderstanding of the nature of auditors' responsibilities, the users' expectation varies and because there are many users of accounting information, their expectations may also vary. What determines the magnitude of the audit expectation gap is the extent to which an auditor can provide a trade-off between all the conflicting interests, (Olojede et al. 2020). This theory brings to the fore the wide range of expectations heaped on the auditor and the auditor's struggles to satisfy the conflicting interests of stakeholders while being restricted to the ethics of his professional calling. This theory exposes the intricate dilemma of auditors in their effort to execute their functions and meet users' expectations hence, its relevant to this study.

2.2.2 Theory of Inspired Confidence

This theory was developed in the late 1920s by Dutch Professor Theodore Limperg. Limperg's theory addresses both the demand for and the supply of audit services, (Hayes et al., 1999). According to Limperg, the demand for audit services is the direct consequence of the participation of outside stakeholders in the company. These stakeholders demand accountability from the management, in return for their contribution to the company. Since the information provided by management might be biased, a possible divergence between the interest of management and that of outside stakeholders, an audit of this information is required. About the level of audit assurance that an auditor should provide, (the supply side), Limperg adopts a normative approach. The auditor's job should be executed in such a way that the expectations of a rational outsider are not thwarted. So, given the possibilities of audit technology, the auditor should do everything to meet reasonable public expectations. Public confidence is, therefore, a condition for the existence of audit functions. Consequently, if the confidence is betrayed, the function, too, is destroyed, since it becomes useless (Zakari & Oyedokun, 2021).

This study is anchored on Limperg's Theory of Inspired Confidence, which has to do with the auditor's function and stresses the social responsibility of the auditor. The role of the Auditor is necessitated by the public's scepticism in the quality of stewardship rendered by the Board and Management of their business. Hence, Auditors should endeavour to inspire the confidence of stakeholders by acquiring and applying the requisite skills and techniques to the auditing process and in their Auditor's reports.

2.3 Empirical Review

Oyadonghan and Ogiriki (2017) conducted a study on corporate governance failure and enhanced public confidence in audit reports. Primary data was collected through the questionnaire that was administered to the staff from sampled audit firms, users of financial statements of banks and other companies. The chi-square was used to test the hypothesis. The results revealed that an auditor's personality and perception in life have a direct bearing on the truthfulness of audit reports. The study recommended that relevant professional bodies of accounting in Nigeria should improve their supervisory role in audit quality reviews and peer reviews on audit firms in Nigeria

Bassey (2018) highlighted forensic accounting as it affects the management of fraud in microfinance institutions in Cross River State. The study adopted a survey research design. Data were collected from both primary and secondary sources and analyzed using the ordinary least square technique. Based on the empirical analysis, the regression results showed that the estimated coefficients of the regression parameter are all negative signs. These signs implied that the active engagement of forensic investigation and litigation support reduces fraud in the selected microfinance banks in Calabar, Cross River State. The study further showed that audit failures, over decades, have prompted a paradigm shift in accounting.

Chukwunedu and Okoye (2011) investigated the perception of accounting academics on the cost-benefit of injecting forensic accounting techniques into auditing services. This study reviewed forensic accounting techniques and identified skills needed by forensic accountants as remedies for uncovering fraud. The study used a survey research design approach. Based on the review of the study, it was confirmed that there is the existence of an audit expectations gap in Nigeria, as ad larger percentage of the respondents agree that the injection of forensic accounting in auditing services would increase the cost of the audit.

Ahmadu et al (2013) in their study titled "An empirical examination of the Role of forensic audit in enhancing financial investigations in Nigeria" employed the use of primary data collated via a questionnaire based on 5 Likert-Scale administered among 240 accountants. They used the Pearson correlation coefficient statistical tool and multiple regressions for the analysis of data. They concluded that forensic audit ensures earlier detection and confirmation of fraud and thus enhance financial crime investigations in the country but submitted that introducing independent audit skill into periodic audit would most likely not boost financial crime investigations, especially in the aspect of early detection and confirmation of fraud.

Chinwuba and John (2013) carried out a study on the role of the auditing profession in narrowing the audit expectation gap. The study used public knowledge of regulatory and professional pronouncements on the duties of the auditor to perform the responsibilities as a major determinant to measure the audit expectation. A self-administered questionnaire was the instrument used to gather data. 130 respondents were sampled using random sampling techniques from accounting students and lecturers of the University of Benin Benson Idahoan University, Ambrose Alli University, Ekpoma University, Accountants in Practice in Edo State and the investing public in Edo State. The result showed that the public’s ignorance of the duties of the auditors and the lack of knowledge is responsible for unreasonable expectations of the auditors.

3.0 Methodology

The survey research design was employed to explore the opinion of the population in Uyo, Akwa Ibom State, Nigeria. The Uyo Local Government Area is the capital city of Akwa Ibom state and is a metropolitan city with a population of about 900,000 people (Wikipedia, 2022). The data for this study is collected from primary sources through the administration of Likert scale structured questionnaires to ten (10) microfinance banks drawn from Directors, External Auditors, Management and staff. The questionnaires were pre-examined and amendments were made for face validation to ensure that it is free from ethical issues and matches the contents with respective sub-variables in the research-specific objectives. A stratified random sampling technique was used to select each microfinance bank that is represented in the population of this study. To determine the sample size, Taro Yamane’s formula would be used.

$$n = \frac{N}{1+N(e)^2} \qquad \textit{equation. 1}$$

$$n = \frac{189}{1+189\,(0.05)^2}$$

n = 189 /1.47= 128 respondents

Model Specification

The proposed model is as follows:

AaEG = f (FAST, SUC) ……………………..……………… (1)

It is stated econometrically as;

AaEG $=B_o+B_1FAST+B_2SUC+U_t$ …………………….……….…... (2)

Where,

AaEG = Abridged audit expectation gap

FAST = Forensic accounting skills in the auditing process

SUC = stakeholders'/users confidence in audited reports.

B_o = Constant regression term

B_1& B_2 = regression coefficients

U_t= Stochastic error term (see Bassey, 2018).

Data Presentation, Analysis and Interpretation

4.1 Data Analysis and Test of Hypotheses

The hypotheses were tested using the simple linear regressions analysis.

4.2.1. Results from Pearson Product Moment Correlation

H_01: Forensic accounting skills/techniques in audit process do not significantly mitigate corporate financial fraud in microfinance banks.

Table 1: Statistical Analysis 1

Variable	**Mean**	**Std. Deviation**	**N**
Mitigation of corporate financial fraud	3.3957	1.36376	128
Forensic accounting skills/techniques	3.6822	1.37982	128

Source: SPSS computation, 2023

In Table 1, the mean and standard deviation of mitigation of corporate financial fraud are 3.3957 and 1.36376 while that of forensic accounting skills/techniques is 3.6822 and 1.37982 respectively.

Table 2: Correlation analysis

Variables		**Manipulations and misrepresentation of financial statements**	**Mitigation of corporate financial fraud**
Mitigation of corporate financial fraud	Pearson Correlation Sig. (2-tailed) N	1 128	0.966 .000 128
Forensic accounting skills/techniques	Pearson Correlation Sig. (2-tailed) N	0.966 0.000 128	1 128

Source: SPSS computation, 2023

In Table 2, the Pearson Product Moment Correlation (r) between the mitigation of corporate financial fraud and forensic accounting skills/techniques is 0.966. This shows a strong positive relationship and is statistically significant since p is greater than 0.05. Therefore, the null hypothesis H01, which states that forensic accounting skills/techniques in the audit process do not significantly mitigate corporate financial fraud in microfinance banks, is rejected. This implies that there is a significant impact of the application of forensic accounting skills and techniques as part of the auditing process thereby enhancing the mitigation of corporate fraud in microfinance banks in Akwa Ibom state.

4.2.2 Correlation Analysis 2

H_02 Forensic audit does not significantly boost stakeholders' confidence in the financial reports of microfinance banks.

Table 3 Statistical Analysis

	Mean	**Std. Deviation**	**N**
Stakeholder's confidence in the financial reports of microfinance banks.	2.6153	1.28124	128
Forensic audit	2.5857	1.39394	128

Source: SPSS computation, 2023

In Table 3, the mean and standard deviation of stakeholder confidence in the financial reports of microfinance banks is 2.6153 and 1.28124, while that of forensic audit is 2.5857 and 1.39394.

Table 4: Correlation Analysis

Variables		**Detection and prevention of financial statement fraud**	**Forensic Investigation**
Stakeholders' confidence in the financial reports of microfinance banks.	Pearson Correlation Sig. (2-tailed) N	1 128	0.984 .000 128
Forensic audit	Pearson Correlation Sig. (2-tailed) N	0.984 0.000 128	1 128

Source: SPSS Computation, 2023

In Table 4, the Pearson Product Moment Correlation (r) between the Stakeholders' confidence in the financial reports of microfinance banks and forensic audit is 0.984. This shows a strong positive relationship and is statistically significant since p is greater than 0.05. Therefore, the null hypothesis H02 which states that forensic audit does not significantly boost stakeholders' confidence in the financial reports of microfinance banks is rejected. This implies that there is a significant impact of the application of forensic audit in boosting stakeholders' confidence in the financial reports of microfinance banks in Uyo, Akwa Ibom state.

4.3 Discussions of Findings

From the above analysis of responses, research questions and hypotheses, the findings of this study are discussed as follows:

1. There is a significant impact of the application of forensic accounting skills/techniques in an audit process in mitigating corporate financial frauds in microfinance banks in Uyo, Akwa Ibom State. This is deduced from Table 2 which shows a correlation of 0.966. This infers that an investigative mind, and professional scepticism, coupled with data mining skills and the use of computer-assisted audit tools (CAATs) will help forensic accountants to promptly detect anomalies, patterns and correlations within large data sets before they crystallize into fraud. These techniques and skills have bridged one of the major audit expectation gaps that the users

of financial reports in microfinance banks expect from their Auditors which is the mitigation of corporate fraud. This corroborates the findings of (Modugu and Anyaduba, 2013) and Akhidime (2020), which demonstrated that the integration of auditors and forensic accountant's duties could result in a synergy that would produce desirable outcomes in terms of improved auditor's fraud detection capability which can reasonably bridge the expectation gap between end users of audited financial statements and the auditors.

2. There is a significant impact of forensic audits in boosting the confidence of stakeholders in the financial statements of microfinance banks in Akwa Ibom State. This is seen in Table 4 which shows a correlation value of 0.984. This infers that the conduct of periodic forensic audits and the presentation of periodic forensic audit reports to the shareholders significantly boost the confidence of stakeholders and users of the audited financial statements in microfinance banks. The findings so far have shown that forensic audit can aid auditors in quantifying losses from theft of cash or goods, and other fraudulent manipulations of the financial statements. This finding also agrees with the findings of Ikechukwu and Okoye (2019), Luke (2013) and Zakari, and Oyedokun (2021) that forensic audits on transactions will invigorate the auditors' assurance in the evidence provided by their clients thus, enhance the investing public confidence in the audit report.

5.0 Conclusions and Recommendations

5.1 Conclusion

This study appraised the role of forensic accounting in bridging the audit expectation gap of microfinance banks. An exhaustive review of related literature was conducted on forensic accounting, audit expectation gaps, public confidence in the audit report, financial statement fraud and types, and forensic accounting skills and techniques. Based on these reviews and findings from the data analysed, the study shows that the traditional auditing practice does not sufficiently provide the necessary confidence reposed on the reports that they produce by the respective users. The findings of this study contribute to the existing empirical literature by providing empirical evidence specific to the microfinance sector in Nigeria. While previous research has acknowledged the importance of forensic accounting in fraud detection, this study focuses on its role in bridging the audit expectation gap in microfinance banks, offering valuable insights for both academics and practitioners.

Conclusively, forensic accounting practice plays a significant role in significantly bridging the audit expectation gaps of microfinance banks not only in Akwa Ibom state where this study was primarily conducted but also in Nigeria.

5.3 Recommendations

Based on the findings and conclusions of the study, the following recommendations are made:

i. The Boards and Managements of microfinance banks should endeavour to engage auditors with requisite forensic accounting skills and techniques to engage in investigations and build formidable internal control mechanisms in the audit process. The engagement of auditors with investigative minds, and professional scepticism, coupled with data mining and Computer-assisted audit tools (CAATs) of the forensic accountant will help them to promptly detect anomalies, patterns and correlations within large data sets before they crystallize into fraud.

ii. The Board of Directors of microfinance banks should emphasize the conduct of periodic forensic audit reports that would give a comprehensive evidence-based report and in-depth analysis of the Bank's financial transactions and activities periodically to complement the Auditors' reports. These reports would help in monitoring and investigating suspected fraudulent transactions and culprits in fraud cases thereby bridging their expectations on the auditor's role and functions.

iii. The regulatory agencies of microfinance banks like the CBN, CAC, NDIC and FIRS should prescribe the mandatory application of forensic accounting skills and techniques in the preparation of financial reports and Auditing process, to ensure the production of high-quality financial reports that meet the expectation of users and stakeholders. This will aid in bolstering public confidence and perception in corporate reports and help the regulatory agencies make informed strategic regulatory decisions.

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Questionnaire on the Role of Forensic Accounting in Bridging the Audit Expectation Gap of Microfinance Banks in Akwa Ibom State

Instruction:
Please tick (✓) against your chosen options for the multiple choice questions
Section A
Personal Data and Organizational Data
1. Sex: Male ( ) Female ( )
2. Age: 20-30 ( ) 31-40 ( ) 41 above ( )
3. Qualification: SSCE ( ) BSC/HND ( ) MSc/PhD ( )
4. Number of Employees ________
5. Which position as applicable to your? Director ( ) Manager ( ) Accountant ( ) Auditor ( ) Other Staff ()

Section B: Questions Relating to Forensic Accounting and Audit Expectation Gap
Instruction: In answering the question, chose IV): Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), or Strongly Disagree (SD) in the boxes beside each Statement.

S/No	Variables	SA	A	UN	D	SD	Total
	To what extent does the application of forensic accounting skills/techniques in an audit process mitigate corporate financial fraud in microfinance banks?						
1	The use of data mining analysis tools helps in identifying fraudulent transactions in financial reports of microfinance banks.						
2	The use of CAAT can help to identify fraudulent misrepresentation and manipulations of the financial statements of the microfinance bank.						
3	Auditor's Professional skepticism can help prevent possible, alterations, falsifications, overstatement or understatement of items in the financial reports.						
4	Forensic audit can help to detect the intentional misrepresentations made to auditors in the course of their duties.						
5	Probing communication skills of a forensic accountant helps in discovering lapses in internal control procedures that may enable fraud.						
6	Benford's law helps to detect unusual fraudulent accounting patterns early before they crystallize into fraud that are concealed in large data						
7	**How effective is forensic audit in boosting stakeholder's confidence in the financial reports of microfinance banks?**						
9	Periodic forensic investigations ensure the prompt detection of frauds in financial reports that can bridge the auditors' performance gap.						
10	Intensive inquiry into suspicious amounts and figures would highlight critical area of interest and suspicious transactions that can aid the auditor's duties.						
11	Forensic auditors can be employed to act in advisory capacity to assist directors in developing more effective control to reduce the risk of fraud.						
12	Independent reviews and test of the Internal control protocols to extensively disclose the loopholes and weaknesses boosts the confidence of stakeholders the operational efficiency.						
13	The implementation of forensic valuation of items presented in the financial reports gives the regulators and users the assurance of the accuracy						
14	Routine forensic checks and reports on the operational efficiency and performance of the bank reveal the true going concern status of microfinance bank.						
15	Independent physical verification of items captured in financial reports forestalls the misrepresentation of financial records and accounting irregularities by management or staff of the bank.						