

THE INTERNATIONAL JOURNAL OF HUMANITIES & SOCIAL STUDIES

Investigation and Reporting: Assessment of COVID-19 Pandemic Effects

Owolabi Sunday

Professor, Department of Accounting, Babcock University, Ogun State, Nigeria

Ojianwuna Chukwuekwu

Ph.D. Student, Department of Accounting, Babcock University, Ogun State, Nigeria

Abstract:

As the disruption occasioned by the COVID-19, persist unabated, companies and auditors are grappling with the challenges resulting from the crises. The role of an investigative accountant has significantly increased in a short time in the wake of the pandemic which is ravaging the global economies. The pandemic is also shifting the paradigm and landscape of fraud schemes that perpetrators are orchestrating against organization. Business organizations are increasingly, more than ever, facing significant operations, financial and strategic challenges in the wake of corona virus pandemic outbreak. Social distancing, which has made physical interaction almost impossible, has added complexities in the investigation and reporting processes. As a consequence, companies would need to devise strategies on how they can productively continue or initiate investigation engagement in the wake of COVID-19 pandemic. Investigative accountant should therefore, leverage effectively on technology driven solutions to perform procedures, collect data, analyse data and perform procedures so as to obtain sufficient and appropriate evidence and render report to the engagement client. Therefore, the investigative accountant should consider and assess the impact of the COVID-19 pandemic in designing his audit procedures. Thus, the crux of this study is to examine the influence of COVID 19 Pandemic in investigation and reporting of the investigative accountant.

Keywords: Investigation, reporting, COVID-19, investigative accountant

1. Introduction

1.1. Background to the Study

The outbreak of COVID-19 pandemic has brought about unprecedented challenges to almost all entities in various facets. The investigative accountants are responsible for acting in the public interest and, therefore, reminded to exercise professional skepticism, maintain objectivity, integrity and independence and act professionally in order to accomplish the scope and terms of the engagement. As the disruption occasioned by the Investigation COVID-19, persist unabated, companies and auditors are grappling with the challenges resulting from the crises. The role of an investigative accountant has significantly increased in a short time in the wake of the pandemic which is ravaging the global economies. The pandemic is also shifting the paradigm and landscape of fraud schemes that perpetrators are orchestrating against organization. Business organizations are increasingly, more than ever, facing significant operations, financial and strategic challenges in the wake of corona virus pandemic outbreak. Companies all over the world are witnessing sharp decline in their revenue generation and, as a result, budgets are being modified with resources and funds allocated to those critical business processes that meet short and medium term operation. One of the critical issues companies need to contend with is how to handle internal investigation. Whereas some categories of investigations can be delayed or ignored, others would require more immediate attention because they concern allegation of significant financial improprieties. Aside the existing investigation and fraud risk factors, the virus outbreak may create opportunities for fraudulent or misconducts which may include misappropriation of assets, financial statement fraud and insider dealings and abuse, cybercrime and other related fraudulent schemes. Social distancing, which has made physical interaction almost impossible, has added complexities in the investigation and reporting processes. As a consequence, companies would need to devise strategies on how they can productively continue or initiate investigation engagement in the wake of COVID-19 pandemic (Delloite, 2020). Investigative accountant should therefore, leverage effectively on technology driven solutions to perform procedures, collect data, analyse data and perform procedures so as to obtain sufficient and appropriate evidence and render report to the engagement client. Therefore, the investigative accountant should consider and assess the influence of the COVID-19 pandemic in designing his audit procedures. The study, therefore, seeks to examine the influence of COVID 19 Pandemic in investigation and reporting.

2. Conceptual Review

2.1. COVID 19 Pandemic

Coronavirus belongs to a generic family of outermost or enveloped, unsegmented, monofilament and positive-sense RNA viruses that socialize among animals which include; camels, cats, and bats. The Coronaviruses originated their names from electron microscopic image, which looks like a crown shaped. Animals or human infected with the virus could fall sick and get ill with the attendant symptoms. Some of the sicknesses the virus could cause in humans are difficulty in breathing as a result of infections in the respiratory systems, the infected person could have a common cold and, in extreme cases, the infected person could develop more serious disease which includes Middle East Respiratory Syndrome (MERS) and more stringent delicate Respiratory Syndrome (SARS). This new virus and disease were not known prior to when its occurrence started at Wuhan, China, in December 2019. COVID-19 is now a pandemic affecting many countries globally. Some of the symptoms mostly associated with the virus include: high body temperature or fever, the patient could have a dry cough, and drowsiness. The patient could also exhibit other symptoms which are less prominent such as: head-aches and pains, congestions in the nasal, conjunctivitis, diarrhea, loss of taste, loss of smell, rash skins or staining colors in the toes and fingers. The symptoms are not usually severe when infected, but become more severe as time progresses if not properly treated. It was noticed that some people are infected but they do not show any symptom or the symptoms could be mild.

According to recent research, it was revealed that average of 80% of infected patient recover from the disease without needing medical intervention or medical treatment. About 20 % who contracts the virus develops serious difficulty in breathing and becomes seriously ill. Studies show that people who are more at risk of contracting the virus are the older people and those with underlying medical challenges such as acute high blood pressure, heart and respiratory troubles, diabetes, or cancer and related terminal diseases. Nonetheless, the virus can affect any one and the person can fall seriously sick. It is advisable that anybody that is symptomatic with signs of fever with high body temperature and consistent dry coughs which is associated with difficulty in breathing, pains in the chest, high fever, sore throats, difficulty in smelling, loss of appetite, should look for immediate medical intervention. Where practicable, the patient can call the health care providers for immediate intervention and proper guidance so that the infected person can be advised to seek appropriate proper medical attention at the right hospital for treatment and possible isolation.

2.1.1. Investigation and Reporting

According to the study carried out by Oremade (1988), he argued that investigation is the process or an act of conducting a search, examination and conducting an inquiry concerning a matter with sufficient care and accuracy. He further opined that the aim of undertaken the investigation is to obtain adequate information about a particular or special phenomena. Investigative Auditing involves assessment and the use of accounting procedures to unearth financial improprieties and to follow the movement of funds and assets in and out of organizations. Procedures followed to obtain evidence and unearth information or evidence in order to find the truth about the state of nature of a specific condition is termed investigation. The investigative accountant employees' procedures such as: observations, inquiries, searching, interviewing the suspect in the case of fraud investigation, interrogation, review of records, and inspection of relevant documents. A specialist or an expert is engaged to conduct investigation assignment for the purpose of identifying certain facts about a specific issue or phenomena.

Investigative accounting involves every activity relating to systematic uncovering of fraud, identifying the perpetrator, quantifying the amount involved, money laundering and terrorist financing, prevention of fraud, corruption and similar unprofessional conducts. Investigative Auditing involves the systematic review of accounting records and the use of investigative and accounting procedures to detect fraud and financial malfeasance and trace the movement of assets and funds in organizations.

According to Leslie Howard (1983), investigation is an examination of the account and statement of financial position of an organization and the supporting documents for the specific purpose of obtaining information to be submitted to an interested party. Investigation is to be carried out by a knowledgeable and skilled person and must therefore carry out his assignment with due professional care and skill while working towards achieving the defined purpose/objectives laid down in the assignment. It is advisable that investigators possess accounting skills, in conjunction with investigative skills.

2.2. Empirical Review

Tonade Abiola & Adesanwo (2017), posited that an Accountant may be called upon to carry out the following investigation: advice in connection with the purchase of business or the purchase of a major shareholding in a company, advice to a prospective lender, to enable the auditor give his report for inclusion in a prospectus, Report on profit forecast, Fraud Investigation and tax evasion/Back duty investigation. The accountant should note that the matter under examination may commence as an internal issue and may escalate to court matters and litigation, as evidence. Therefore, appropriate care and proper documentation is very critical.

2.2.1. Investigation and Conventional Audit Compared.

Nwaobia (2017) identified the difference between auditing and investigation as detailed below:

Point of Difference	Audit	Investigation
Objective	The objective of audit is forming opinion about the truth and fairness view of financial statements	Specified by client or arising from his specific needs.
Scope	As laid down by statutes & GAAP and covers Entity's financial statements	As agreed with Client. May cover only specified areas of the fin. Statements.
Extent of Regulation	Governed by the Companies' Act and Auditing standards/guidelines	Terms of reference agreed with Client governs the relationship or assignment.
Timing	Regular(usually annually)	Ad-hoc
Expected Degree Of Care	Reasonable skill and care required and employed.	Much higher skill and care required and employed.
Depth Of Enquiry	Reasonable enquiry as work covers every aspect of the fin. Statements.	More in-depth enquiry. Work may be only on specific area(s) of Entity's affairs.
Qualification	Statutes define and regulate qualification of an auditor. Usually a chartered accountant	Statutory qualification requirements not mandatory for an investigating Accountant unless specified by the requirements of a specific engagement. For example, accountant reporting on prospectus should be a professional certified accountant in public practice.
Appointment	Share holders of the company appoint the auditors	Management, shareholders or interested party may appointment the investigative accountant

Table 1: Investigation and Conventional Audit Compared

2.2.2. Classes of Investigation

According to Nwaobia (2017) Investigations carried out by Accountants often fall into the following classes: Investigations for investment purpose (including partnership participations) or purchase of a business, Investigation for a lending banker (loan decisions), Investigations under Company and Allied Matters Act(2020): Under section 357 – Investigation into the affairs of a company on application by not less than 25% of members on the register of the company (for companies not having share capital) or not less than 25% of the class of shares issued. Under section 358 – In response to Section 357, Corporate Affairs Commission can appoint skilled inspectors to examine the affairs of a company and findings reported accordingly, if the court orders so. Reasons for such investigation include, in the event that the circumstances suggest that: if there are indications that the company's dealings are being or deemed to have been carried out with the aim to defraud its lenders of any other person or in a manner which is detrimental to some part of its members; or if there is actual or potential act or omission of the company which is perceived to be harmful or that the company was incorporated for any deceitful or illegitimate purpose; or any person or persons concerned with the company's formation or the management thereof has confirmed culpable of fraud, malfeasance or other misconduct towards it or toward its members; or if it can be determined that the company's members have not been given all the relevant information with respect to its dealings which they ought to know. Under section 369 – investigation of the ownership of a company by Corporate Affairs Commission on the application of members as in Section 357. Investigation under Investment and Securities Act (ISA) 2007: Under section 172 – investigation of a collective investment scheme, investigation involving economic crime, financial irregularities, burglary or damage caused by fire. Inquiry preceding the issue of a Prospectus or statement in lieu of Prospectus, Investigation for business reorganizations and reconstructions or for mergers and acquisition schemes, tax investigations (Back duty).

2.2.3. Basic Approach to Investigation Assignment

COVID 19 Pandemic has widened the procedures investigative account should employ in carrying out investigation activities. Tonade Abiola & Adesanwo (2017) posited that Investigation can be conducted for various reasons depending on the scope and terms of engagement. However, the following are the general stages of a typical investigation engagement: obtain terms of reference from the engagement client, establish contact with the auditor of the entity under investigation, and organize the investigation, consider time, cost and staffing need, whether to engage another expert, obtain background information about the environment in which the business operates. For example changes in legislation which may affect the industry, obtain preliminary information concerning the enterprises under investigation, prepare the report outline, conduct the investigation proper and analyze the information obtained. Methods of obtaining information are: mail questionnaires, interview, enquiry, examination of records, observation etc, Prepare draft report for the discussion with the client, discuss the draft report with the client, carry out further review which the client may require, finalize and submit the report to the client, and Feedback (i.e., to appraise oneself, which is the reason investigating accountant is interested in feedback).

2.2.4. Reporting Investigation Findings

The creation of an account or statement that explains in detail an event, situation or incidence, usually as the result of observation or inquiry, is known as reporting. A typical report should have the following structures: executive Summary, main reports detailing the findings, nature of the engagement, the date the engagement was commissioned, scope of the assignment, the methodology adopted in carrying out the assignment, documentation of findings and other observations, conclusions and recommendations. The attributes and skills possessed by the investigative accountant influenced the quality and the outcome of the report. Such attributes include: independence, integrity, professionalism and sound judgment, objectivity and fairness, paying attention to details, safety and quality of documentations/evidence. The report must be accurate clear and unambiguous, impartial and true, timely, relevant to the case. Chain of Custody documentation is also very critical in investigation report. Other information that may not be included in the report but can serve as referral/evidence is presented.

2.2.5. Reporting Accountant's Investigation on the Issue of a Prospectus or Statement in Lieu

According to Tonade Abiola & Adesanwo (2017), they posited that an accountant reporting on a prospectus should be a professionally qualified accountant in public practice who should report under the relevant provisions of CAMA in pursuant with the listing requirements of the Nigeria Stock Exchange (NSE). The reporting accountant may or may not be the statutory auditor of the company he is reporting on. A prospectus means any prospectus, notice, circular, advertisement or other invitation, offering to the public for subscription or purchase, the shares or debentures of the company. An important content of any prospectus is the Accountant's report including the preceding 5 years financial summary and profit forecasts. The work of the accountant in this regard is challenging and demands caution, care and skill.

2.2.6. Accountant's Report on Prospectus: Reporting Accountant's Work Programme

In designing his work program, the reporting accountant should notify the auditors of the company and solicit their full co-operation. The reporting Accountant should read the relevant sections of Investment and Security Act (ISA) 2007, noting particularly the following sections: Sect 73 – Contents of prospectus, Sect 77 – Expert's statement in prospectus, Sect 80 – Registration of prospectus, Sect 90 – Application money for specified minimum subscription to be received before any allotment, Sched. 3 – Mandatory contents of a prospectus, NSE listing requirements, Relevant sections of CAMA, that deals with the conversion and re-registration of private companies. The reporting accountant should also call for the written instruction from the client or issuing House and confirm they include time table, scope of work and other special instructions on confidentiality. The investigative accountant should prepare summary of balance sheets and income statement for the last 5 preceding years. The accountant should carry out procedures and review the working papers for the relevant 5 years to evaluate the reliability of the audited accounts. A review of the accounting policies should be reviewed to confirm the appropriateness and consistency of records for special consideration, any qualifications to report and any significant notes to the accounts. Where necessary, make adjustments to the balance sheet and P & L a/c. It is necessary to thrash out any adjustments with the client and its auditors. Relevant adjustment would be as a result of changes in Accounting policies, fundamental errors, Changes in group structure, significant sources of income or categories of expense which are expected not to be incurred and extra-ordinary items/cessation of some aspects or segments of the business. The investigative Accountant should arrange and call for the statutory books including MEMART and minutes of Board meetings, copies of any relevant reports such as feasibility reports, valuation reports etc. which was prepared by outside consultants or internally, tax computations and correspondences with FIRS. The investigative accountant should arrange attendance at all parties meetings. This would help him to determine whether reasonable procedures are taken to confirm the sections: Sect accuracy of figures and in words and all relevant information and material facts and he should arrange a tour of the company.

2.2.7. Reporting Accountant's work on Financial Forecasts and Projections

Financial forecasts, which include statement of profit forecasts and working capital Adequacy, form an important part of the content of a prospectus. Forecast is an unpublished prediction of financial results relying on historical performance pattern and based on commercial assumptions.

The directors are charged with responsibilities for the preparation of the financial forecasts. Generally the reporting accountant should examine and report on the accounting policies and calculations on the forecasts, he should be satisfied that the forecasts complies with the relevant accounting policies and assumption made. The investigative accountant should also report on the effect on the COVID-19 Pandemic on the likelihood of the company achieving the financial forecasts but nonetheless ensures that unrealistic assumptions are not used for the report. The reporting accountant, in carrying out his review, will consider the type and environment of the company's business, the accounting practice usually adopted and the new accounting policy following the outbreak of COVID-19 pandemic, the assumptions on which the forecasts are premised and the procedures followed by the company for preparing the forecast. Specifically, the reporting accountant's work programme on financial forecasts will involve: review of the background and kind of business the company is into (if reporting accountant is different from the auditor). This will assist in understanding the assumptions and projections made by the client, obtain a statement of assumptions used by the company in the forecast, assessment of fundamental assumptions and outline of the company's forecasting structure and method. He should confirm that nothing is omitted or unrealistic assumptions made, review of the accounting policies adopted and ensure they are consistent with those usually adopted by the company in preparing their annual accounts and with accounting

standards, compare detailed results of the company for some years e.g. past three years, check the trend and assess the extent to which past forecasts align with actual results. This will give an indication on whether the current forecasts can be relied upon. The investigative accountant should also compare forecast under review with any earlier forecast made in respect of the same overlapping period and obtain explanation for any material changes, make specific note where the achievement of the forecast is subject to a high degree of risk; for example, long-term contracts at fixed prices, businesses with difficult to predict sales levels, new or unproven products etc. Furthermore, The investigative accountant should carry out review of cash forecast and working capital adequacy, paying attention to matters such as: whether the assumptions used are the same as those used for profit forecast, whether the working capital forecast is adequate for forecast level of operations, whether items like investments, expenditure of capital nature, dividends, taxation are included in the correct period, whether recently announced fiscal regulations and pronouncements are taken into cognizance in the projections, whether the profits and cash forecasts are reconciled with the pro-forma statement of financial position at the end of the period. For a group, the investigative accountant should carry out the following procedures: check that the forecasts of subsidiaries have been correctly included in the consolidated forecasts, test the arithmetical accuracy of the consolidated working papers, ensure that detailed examinations have been made and letters of representation received, in respect of all subsidiaries or divisions which contribute materially to the forecast, ensure that the results have been adjusted for intra-group transactions and unrealized profits, call for documented confirmation from bankers and other loan creditors (in appropriate cases) that facilities upon which forecasts are based will be available during the forecast period, and ensure there are no threats to the going concern status of the company within the forecast period.

2.2.8. Fraud Investigation and COVID-19 Pandemic

Illegal conducts include frauds and all other unlawful means of obtaining and possessing an asset to the detriment or legal injury of another person (Ojaide, 2000). Fraud is an act of dishonesty, deception, deceitful manipulations orchestrated to gain either pecuniary and or non-pecuniary gains. EFCC (2004) defined fraud as nonviolent, unlawful and illegitimate activity perpetrated with the aim of wrongfully earning wealth either individually or in a group or organized way and, as a consequence, violating the extant laws regulating the economic activities of government and its administration. According to Nwaze (2012) he identified fraud a predetermined as well as premeditated acts or deceitful process or device usually carried out by a person or group of persons with the single aim of defrauding another person or organization to obtain undue gains through deceptions. According to Ramamoorti (2007), he contended that fraud is a human undertaking, involving devious, willful intent, intensity of desire, risk of apprehension, betrayal of trust, and rationalization. The investigative accountant should obtain an understanding of the emotional considerations which could persuade the behavior of fraud orchestrators.

The level of fraudulent activities tends to increase during the time of economic distress and the global COVID-19 pandemic is creating an opportunity for criminals to perpetrate their nefarious activities. ACFE (2014) has developed a methodology in carrying out fraud examination. This approach is very valuable when the investigative accountant has been retained to perform occupational fraud and crime investigation within an entity. The ACFE's model, involves planning of the engagement, performing the background investigations, reviewing relevant documents, interviewing witnesses, analysing documents and producing reports on the findings

Delloite (2020) argued that as companies continue to assess and evaluate their business operation as a result of the outbreak of COVID-19, they should consider how best to apprise their various investigations and implement the cost and process efficiency available through distant and computer-based technologies.

The impact of the COVID-19 pandemic on the financial statement reporting and investigation engagements are complex and have resulted in challenges for management, those charged with governance and investigative accountant (IFAC, 2020). The outbreak has brought about an unprecedented level of uncertainties regarding the economic future earnings and many other inputs that represent fundamental elements of the financial reporting. The uncertainty created by the outbreak and current situation may increase the challenges in obtaining the sufficient appropriate evidence to form an opinion and report findings to the engagement client.

As posited by AICPA (2020), as the COVID-19 pandemic continues, auditors are being confronted with new and unique challenges in performing audits. In response, investigative accountants need to be agile and creative in performing investigative procedures and adhering to relevant standards.

The COVID-19 pandemic outbreak may alter the business operations of entities and the financial reporting process may be affected. Investigative accountant should proactively discuss with the engagement clients to understand if there is any significant impact on the client operations.

With the outbreak of the COVID-19, the investigative accountants would need to re-evaluate the risk of significant misstatement of the financial statements as the information on which the information the initial risk evaluation was based may have changed. The investigative accountant should evaluate the impact and modify the investigation procedures. According to ACFE (2020), the COVID-19 crises is forcing companies to grapple with operational, financial and business challenges. Some employees might be tempted to indulge in misappropriation scheme and other fraudulent acts in order to address their immediate need. The emergence of the virus has created an environment of not only increased internal fraud risks, but external fraudsters to take advantage of the disruptions in normal business operations. Therefore, the investigative accountant should be aware of the internal and external fraud risk schemes throughout the pandemic and post pandemic recovery, be proactive and vigilant and proactively respond effectively to potential instances of fraud scheme.

2.2.9. Investigating Investment Decision- Purchase of Business

It is usual in practice that when an individual or firm intends to make an acquisition, most especially of long-term nature, an investigation would be commissioned or undertaken to determine: whether the business should be purchased or not, what consideration is to be paid if the business is to be purchased. An accountant should always bear in mind that he is being consulted because of his wide knowledge of business affairs and his ability to analyse the worth and future prospect of the enterprise. He should also bear in mind that such acquisition could be made for many reasons: expansion, economy of scale, prevention of competition, etc. The accountant should obtain the terms of reference or write one covering its understanding of the assignment. The terms of reference will include the objective/purpose of the investigation among other matters. Before commencing, the investigative accountant should discuss with the client matters such as: the money available to purchase the business, at what price the seller is requesting for, the degree to which the purchaser is willing to continue to retain the present owners of the business, establish contact with the auditor of the target business, obtaining information relating to the nature and background of the business. Such information will cover the common nature of its activities, main product, market, customers, supplies, suppliers, locations, divisions, management labour, price and trend of result, in carrying out the investigation proper, the investigative accountant should: review the previous year's account where proper books and records are kept and audited, where, however, the accounts have not been audited, it may be necessary to examine such in details. The procedures the investigating accountant should carry out include: confirm that the accounts are in accordance with acceptable normal accounting policies and have been consistently applied throughout the period, record and consider the effects of any qualification in the auditor's report on the account, prepare a synopsis, preferably in a column format, of the account of the year under review to provide a basis for carrying on the variation analyses of the financial statements, calculate the suitable ratios from the account and draw conclusion from the review

2.2.10. Consider the Future Prospect of the Company

The following factors which will affect the future of business should be considered: the effect of the departure of the owner and key personnel of the company on the business and restrictive covenant preventing him from setting up another company to compete or take away existing customers should be considered. Furthermore, the accountant should obtain and check carefully the profit and cash flow forecast, possible legal pronouncement which may shape the future of the business/company, outstanding contract with customers and suppliers, if the existing agreement is transferable to the client in the event of purchase, overall trading situation in the company's market and areas where the company wants to expand in the near future, the usefulness of the remaining fixed assets of the company, the life span of the outstanding leasehold properties and the change of removal.

In the wake of COVID-19 pandemic, the investigative accountant must include all material matters that will enhance the client decision making. The pandemic has caused the profit and shares of many businesses to decline. However, the decision for the final purchase is the exclusive preserve of the client. The report should include: summary and conclusion of the investigation, given several ways and bases for business valuations, record of main details which were brought to fore in the course of performing the investigation, the investigative accountant should note any area where the investigation was incomplete and record detail of area where the work of the others was relied on.

2.2.11. Investigation in Accordance with the Law

CAMA (2020) provides that investigation of the company and their affairs maybe on its own application or that of its members or by the order of the court, sections 357& 358 of CAMA 2020 as amended or by the order of the court. For companies that have share capital on the request or that of its members holding not less than three quarters of the class of the shares issued. In not less than three quarters in the number of persons on the company's membership register.

According to Section 357, the Commission (CAC) could nominate one or more competent inspectors to investigate the activities of the company and to report on them in such manner as it may direct. If the investigation is on the request of the company, such request shall be supported by evidence as the Commission requires, showing that the requests have good reasons, the Commission shall direct that the affairs of the company be examined, given that there are conditions signifying that: the company affairs have been conducted with intent to deceive, the company was incorporated for any deceitful or illegal purpose, the person involved with company's incorporation or the management of its activities has been culpable of fraud, malfeasance or other misconduct toward it or its members and the company's members have not been given all the information with respect to the affairs which they might reasonably expect.

Investigation into the activities of a company may by the order of a court on the request or petition of the exploited member of the company. According to Section 357, if the court is satisfied that the company's affairs are being conducted in a way repressive or unfairly prejudicial to, or unfairly discriminatory, could make such order as it deems fit. Such order shall include that the company should be wound up, for controlling the affairs of the company in future, for the purchase of the shares of any member by other member of the company, directing the company to initiate, prosecute, defend or discontinue specific proceeding, applying for a review to be made by the Commission, nominating a receiver or a receiver manager on property of the company and requesting a person to do a specific act or thing. According to Section 357 of CAMA, as amended, the Commissioner could also nominate one or more knowledgeable inspectors to conduct investigations into the affairs of the company in order to ascertain the true ownership and controlling interest in the company who can manipulate the policy of the company. The engagement of an inspector will determine the term and scope of his investigation assignment and the matter or period to which he is to cover and may minimise investigation with matter related to particular shares or debentures. In addition to the inspector's appointment, his powers shall

broaden to the investigation of any conditions, suggestive of actual existence of an arrangement or understanding which, though not legally binding, is observed or likely to be observed in practice and which is relevant to the Commission at the end of the investigation. The Ministry may forward the copy of the report to the Registrar's office of the company and to the court, if such investigation is in the order of the court or any member or creditor or any other body corporate affected by the report on their application.

2.2.12. Investigation In Connection with Taxation Liability

Where the revenue authorities are of the opinion that a tax payer has failed to make accurate and complete return, therefore, reducing its tax liabilities, may call on investigation to be conducted to determine the unpaid tax (Tonade Abiola & Adesanwo, 2017)

Okonkwo (2014) argued that in carrying out tax investigation, it requires detailed review and thorough review of the relevant records of the tax payers. Tax investigation is often prompted by indication of fraud, evasion and similar offences. Bassey (2013), contended that tax investigation is a level of investigation with the objective to determining the extent of fraud or intentional default or nonchalant a tax payer perpetrated and to obtain evidence for possible prosecution of the offender. Investigation associated with tax is a secondary level engagement as a result of an audit. The process is more detailed and may concentrate on a narrow aspect of tax payers returns. The investigation assignment could focus on identifying other obscure sources of revenue, indicating failure to comply, or it may also indicate that the tax payer has underpaid. Tax examination could lead to a pointer to actual fraud or unlawful investigation, whereby the offending taxpayer would be prosecuted (Goodrich, 2013). Prosecution of people that violate tax legislations is a serious matter in some jurisdiction and could activate some political penalty for the offender. According to Worlu & Nkoro (2012), he opined that tax is levied by government on product, income or any economic activity for the development of the state. Okafor (2012) reiterated that Federal Inland Revenue Services has the exclusive powers to handle an administration and collection of taxes. The researchers observed the preponderance of non compliance to the tax laws. The findings underscore the significance of the association of tax audit and investigation with efficient and effective tax administration. In the study carried out by Abiola and Asiwah (2012), they opined that such should be the main issues to be considered when putting in place an effective tax administration arrangement. Several studies concluded that tax audit and investigation is faced with numerous limitations. Okonkwo (2014) noted that some of the problems confronting tax audit exercise include poor and improper record keeping by taxpayers; lack of support by taxpayers and agents; incomplete submission of books and records for inspection; and deliberate delay in filing tax returns. The researchers also identified other challenges such as: violent behaviour; nonchalant attitude towards reconciliation meetings, inadequate audit skills by some tax investigators leading to protracted reconciliation meetings and alleged inducement and gratification by the investigative accountant. In order to resolve this, Afubero and Okoye (2014) opined that the relevant tax authorities should maintain data base for all tax payers which would identify every potential sources of income available to the tax payer for effective tax assessment of the tax payer.

2.3. Theoretical Framework

There are several audit theories that created the need for audit practice. These theories include but not limited to the following: Credibility theory, agency theory, policeman theory, theory of inspired confidence, moderator of claimants' theory, contingency theory, quasi-judicial theory etc.

2.3.1. Agency Theory

This theory explains the relationship between principal and agent. Here, the agency theory relates to the relationship between shareholders otherwise known as investors and the management of the firms also known as managers (agent). Investigative accountants are engaged to act in the interest of the principal that engaged him to carry out a specific investigation assignment and report on his findings as expected, to mediate on this relationship and serve as check on the management on behalf of the various stakeholders and render an independent report on the stewardship of the agents through audited report.

2.3.2. Policeman Theory

This theory was popularized and generally upheld theory on auditing until the 1940s (Hayes et al., 1999). In this theory, an auditor is assumed to acts as a policeman focusing on arithmetical accuracy, prevention and detection of fraud as well as ensuring the accuracy of the records. The purpose of fraud investigation is to determine the individual or group of individuals that perpetuated the fraudulent act and the specific amount that is involved. In fact, the investigative accountant is engaged to "catch the thief"

2.3.3. Contingency Theory

This management theory also known as situational approach is a concept in management which state that there is no universally accepted and applicable set of management principles used to manage organizations. Organizations face different situations and circumstances and require diverse ways of managing. The philosophy behind the contingency theory is that the approach adopted by managers depends on the situation and circumstances as they present themselves, as there is no one approach that fits all, it all depends on the circumstances. COVID-19 has increasingly altered the traditional way of carrying out investigation. Therefore, the investigative accountant should design procedures that would take cognisance the effect of COVID-19 in his investigative engagement

2.3.4. Theory for the Study

This study is hinged on Agency, Policeman and contingency theories because the investigative accountants are seen as watch dogs and report on the accuracy of the assignment given to him by the engagement client. In carrying out the investigation, the investigative accountants act as agents to the engagement client and he is expected to report his findings to the principal based on the terms of engagement. Also, the investigative accountant should consider the present COVID-19 pandemic situation in designing his investigative procedures.

3. Methodology

This study adopted exploratory research design. The major emphasis in such studies is on the discovery of ideas and insights. Also, relevant and related literature in the published works of other researchers and practitioners were reviewed. The major sources of the material were from the scholarly journals, database and other reputable online literatures relevant to the study. The presentation approach is largely discursive. However, at the end appropriate recommendations and conclusion will be made on the way forward

4. Conclusion

Investigation is an examination of both financial and non financial records for a specific purpose. An investigating accountant maybe engaged to provide professional advice to the engagement client on: purchase of Business, partnerships, lender of credit, report on prospectus and fraud examinations. The scope and terms of reference of investigation is different from that of normal auditing. Auditing is the independent examinations of financial statement of an organisation and forming an opinion about the true and fairness view of the state of the financial statement. The investigating accountant is expected to report his finding to the engagement client for the purpose of taking an informed decision in line with the scope and terms of engagement. The investigative accountant acts as the agent to the engagement client and he is expected to report accurately on the specific engagement. In carrying out the investigative procedures, the investigative accountant should incorporate the influence of the present COVID-19 that has posed serious challenges to the global economies. The outbreak of the virus has created a paradigm shift in the way investigation is being carried out. Fraud activities have increased in the wake of the virus, particularly cyber-crime and related fraud. Many organisations are working remotely and leveraging technology in doing their work. The investigative accountant should therefore incorporate the new threats and challenges occasioned by the outbreak of the virus in designing his investigation procedures.

5. References

- i. AICP (2020). Consequences of COVID19: Potential Auditing Challenges. Retrieved from www.future.aicpa.org on 20/09/2020
- ii. Association of Fraud Examiners. (2014). Report to the nations on occupational fraud and abuse. United States of America: Association of Fraud Examiners.
- iii. Delloite (2020). Forensic focus on COVID19: Conducting investigation remotely during time of uncertainty. Retrieved from www2.delloite.com on 20/09/2020
- iv. IFAC (2020). Summary of COVID-19 Audit Consideration. Retrieved from www.ifac.org on 20/09/2020
- v. Leslie, R.H. (1983). Principles of Auditing (21st ed.). Machdonal & Evans
- vi. Nwaobia, A.N. (2017). Advanced Audit and Assurance (unpublished Msc handout), Department of Accounting, Babcock University, Ilishan-Remo
- vii. Oremade, T. (1988). Auditing and investigation. Lagos: West African Book Publishers.
- viii. Tonade, A.M. & Adesanwo, O.E. (2017). Audit Principles and Practical Guidelines. Ago-Iwoye, Ogun State: U-Phemison
- ix. Nwaze (2012). Due process and accountability: Advance fee fraud (1) Zenith Economic Quarterly 8 (2), April. 24-28 Ojaide, F. (2000). Frauds detection and prevention: The case of pension accounts ICAN NEWS January/March. 8 Okonkwo, R. (2007). Africa unchained: Corruption in Nigeria. A historical perspective (1947-2002). Retrieved on 10th September, 2020 from corruption-in-nigeria-historical.html
- x. Ramamoorti, S. (2008). The psychology and sociology of fraud; Integrating the behavioral sciences component into fraud and forensic Accounting curricula. Issues in Accounting Education. 23 (4) 521-533
- xi. EFCC (2010). <http://www.efccnigeria.org>. Retrieved on 10th September, 2020
- xii. Bassey, O.U. (2013). Companies Income Taxation in Nigeria. Lagos: CIBN Press Ltd
- xiii. Goodrich, R. (2013). What is a Tax Audit? Business Daily. www.businessnewsdaily.com. Retrieved 10/09/2020.
- xiv. Worlu, CN. and Nkoro, E. (2012). Tax revenue and economic development in Nigeria: A macro econometric approach. Acad. J. Interdisciplinary. Stud. 1(2): 211 -223.
- xv. Okafor, R.G. (2012). Tax revenue generation and Nigerian Economic Development. Eur. J. Bus. Manage., 4(19): 49 – 56.
- xvi. Okonkwo, R. (2007). Africa unchained: Corruption in Nigeria. A historical perspective (1947-2002). Retrieved on 15th September 2020 from corruption-in-nigeria-historical.html
- xvii. Abiola, J. and Asiweh, M. (2012). Impact of Tax Administration on Government Revenue in a Developing Economy – A Case Study of Nigeria. Int. J. Bus. Soc. Sci., 3(8): 99 – 113.

- xviii. Afuberoh, D. and Okoye, E. (2014).The impact of taxation on revenue generation in Nigeria. Int. J. Public Admin.and Manage. Res. 2(2). Akanbi, M. (2012). Corruption will kill Nigeria. The News. 39(10)
- xix. Wang K, Shi HS, Geng FL, Zou LQ, Tan SP, Wang Y, et al. Cross-cultural validation of the depression anxiety stress Scale-21 in China. Psychol Assess. 2020.8(5):e88–e100. <https://doi.org/10.1037/pas0000207>.