NEGLIGENCE INVESTIGATIONS AND FRAUD ANALYSIS IN NIGERIA'S CORPORATE SECTOR

Ogar, Emerald Ajija
Department of Accounting
University of Calabar
kachuaemerald@gmail.com

Prof. Bassey E. Bassey
Department of Accounting
University of Calabar

Corresponding Author: kachuaemerald@gmail.com
DOI: https://doi.org/10.57233/ijamer.v2i2.22

Article History: Received: 5 May 2026 | **Revised:** 15 May 2026 | **Accepted:** 29 May 2026 | **Published:** 25 June 2026

How to Cite This Article:
Ogar, E. A. & Bassey, B. E. (2026). Negligence investigations and fraud analysis in Nigeria's corporate sector. *International Journal of Accounting, Management and Economic Review, 2*(2). https://doi.org/10.57233/ijamer.v2i2.22

Abstract
Negligence investigations played a pivotal role in forensic accounting and fraud analysis by distinguishing unintentional breaches of professional duty from intentional fraud that requires scienter. This study examined the legal and regulatory framework governing professional negligence in Nigeria's financial reporting ecosystem and analyses its practical application in distinguishing carelessness from intentional misconduct. Adopting a qualitative doctrinal legal research design integrated with purposive multiple-case study analysis, the paper drew on common-law principles, the Companies and Allied Matters Act (CAMA) 2020, Financial Reporting Council of Nigeria (FRCN) regulations, and Institute of Chartered Accountants of Nigeria (ICAN) standards. Three high-profile cases, Cadbury Nigeria Plc (2006), Afribank Plc, and the Tingo Group (2024), are examined to illustrate the four elements of negligence (duty, breach, causation, damages) and their differentiation from fraud. Findings revealed that prolonged auditor tenure, impaired independence, and insufficient professional skepticism constitute recurring breaches that enable fraud-like outcomes, even in the absence of proven intent. The study identified systemic enforcement gaps, evidence spoliation challenges, and implementation weaknesses in auditor rotation rules. It contributed to forensic accounting and corporate governance literature by offering a structured negligence-investigation framework tailored to emerging-market contexts and provided actionable, evidence-based recommendations for regulators, practitioners, and educators.

Keywords: Nigeria corporate scandals, forensic accounting, audit failure, professional negligence, professional skepticism.

1.0 Introduction

In advanced investigative practices, particularly in fraud analysis and forensic accounting, negligence investigations are a cornerstone for addressing unintentional failures to exercise the degree of care a reasonably prudent professional would in similar circumstances (Brazel et al., 2021; Hawkins, 1959). This stands in sharp contrast to fraud, which centers on deliberate deception for personal or organizational gain and requires proof of scienter, that is, intent or knowledge of wrongdoing (Anders CPA, 2024; U.S. Legal, n.d.). Apparent "errors" or oversights in financial reporting, auditing procedures, or due diligence often mask deeper control weaknesses that create fertile ground for intentional misconduct. Conversely, in litigation or regulatory proceedings, parties may strategically allege negligence to deflect accusations of outright fraud, or invoke fraud claims to escalate what are essentially careless lapses. Forensic professionals and investigators must therefore meticulously assess the core elements of negligence, including duty of care, breach of that duty, causation, and resulting

damages, while rigorously distinguishing these from fraudulent acts. This differentiation typically relies on the absence of indicators such as deliberate concealment, falsification of records, personal enrichment, or patterns of active collusion (Brazel et al., 2021; Fox Forensic Accounting, 2021).

Nigeria's corporate and financial environment significantly heightens the relevance and urgency of negligence investigations. The country has experienced rapid economic expansion and capital market growth in recent decades, yet this progress coexists with persistent governance gaps, weak internal controls, prolonged auditor-client relationships, fee dependency pressures, and recurring high-profile corporate scandals (Otusanya&Lauwo, 2010; Okaro & Okafor, 2013). These factors have collectively eroded investor trust, triggered episodes of capital flight, and inflicted substantial economic losses on stakeholders, including sharp declines in stock market capitalization, massive writedowns, and impairments to pension funds and depositor savings (Otusanya&Lauwo, 2010).

For instance, historical episodes of banking sector distress and corporate failures have repeatedly shown that professional negligence, manifested as inadequate due diligence, lack of professional skepticism, failure to address known red flags, or impaired auditor independence, can enable or exacerbate fraudulent manipulation (Otusanya&Lauwo, 2010; Okaro & Okafor, 2013). Such lapses not only facilitate overstated financial statements but also undermine the credibility of audited reports that investors, regulators, and the public rely on for decision-making. The cumulative impact includes a higher cost of capital, reduced foreign direct investment, and broader systemic risks to financial stability. In this context, negligence investigations are essential tools for accurately attributing civil liability, quantifying economic damages, and identifying remedial controls that can prevent future occurrences of both negligent and intentional misconduct (Modugu&Anyaduba, 2013).

High-profile failures have repeatedly exposed these vulnerabilities. The 2006 Cadbury Nigeria Plc scandal, often called "Nigeria's Enron," involved massive profit overstatements (approximately ₦13.255 billion) that collapsed share prices and shook market confidence (Okaro & Okafor, 2013; SEC, 2008). Similar patterns emerged during the pre-2010 banking consolidations, when institutions faced allegations of overstated earnings and under-provisioned loans, and auditors were criticized for issuing unqualified opinions despite clear warning signs (Otusanya&Lauwo, 2010). More recent cross-border cases, such as those involving overstated assets in Nigerian-linked entities like the Tingo Group, have drawn international regulatory scrutiny from the U.S. Securities and Exchange Commission (SEC) in 2024, further highlighting the transnational dimensions of audit quality failures (U.S. SEC, 2024).

These incidents underscore the need for rigorous, evidence-based negligence probes that comply with the Nigerian Evidence Act 2011, which governs the admissibility of documentary, electronic, and forensic evidence in judicial proceedings, and that align with professional codes issued by the Institute of Chartered Accountants of Nigeria (ICAN) and with oversight standards enforced by the Financial Reporting Council of Nigeria (FRCN) (Anyim, 2020; Companies and Allied Matters Act [CAMA], 2020). In particular, the Evidence Act 2011 has modernized the legal framework by facilitating the admission of computer-generated and digital records under Section 84, provided authentication requirements (such as certificates of reliability) are met, thereby supporting forensic reconstruction in complex financial investigations (Anyim, 2020; Enebeli, 2022).

While prior studies have documented audit failures and corporate scandals in Nigeria, the practical application of negligence investigations in fraud-analysis contexts remains

underexplored. Existing literature largely treats negligence and fraud as separate phenomena rather than examining how forensic investigators systematically distinguish between them within Nigeria's unique regulatory and evidentiary framework. This study addresses that gap by providing a structured doctrinal and case-based analysis that integrates common-law negligence elements with forensic accounting techniques and contemporary Nigerian regulatory reforms. The primary objectives of this article were to:

i. Examine the legal and regulatory framework governing negligence in professional auditing and accounting in Nigeria.
ii. Analyse the role of negligence investigations in distinguishing unintentional breaches from fraud within fraud analysis contexts.
iii. Review key Nigerian case studies to illustrate practical application of negligence elements (duty, breach, causation, damages).
iv. Identify challenges in conducting negligence probes and propose actionable recommendations for strengthening forensic practices, regulatory enforcement, and professional training.

2.0 Literature Review

The study is anchored in three complementary theories that explain the interplay between professional negligence and fraud in corporate financial reporting. Agency theory (Jensen & Meckling, 1976) posits that information asymmetry and goal misalignment between principals (shareholders) and agents (managers and auditors) create moral hazard. Auditors, as agents, may fail to exercise due professional care when monitoring costs outweigh personal benefits, resulting in negligence that weakens oversight.

Fraud triangle theory (Cressey, 1953) and its extension, the fraud diamond theory (Wolfe & Hermanson, 2004), explain how negligence creates or fails to mitigate the conditions for fraud: pressure, opportunity, rationalization, and capability. Professional negligence, particularly impaired skepticism and weak internal-control testing, expands the "opportunity" leg of the triangle, enabling intentional misconduct.

Professional negligence theory draws on common-law principles (Donoghue v Stevenson, 1932; Caparo Industries Plc v Dickman, 1990) and professional ethics codes. It holds that auditors owe a higher duty of care, benchmarked against the Nigerian Standards on Auditing (NSA) and the International Standards on Auditing (ISA). Gross negligence or recklessness approaches the threshold of fraud, triggering heightened regulatory sanctions.

These theories are integrated into a Conceptual Continuum: Isolated Lapse → Professional Negligence → Gross Negligence/Recklessness → Intentional Fraud (Scienter). The framework guides case analysis by linking breaches of duty to fraud-enabling conditions and to regulatory responses.

The tort of negligence in Nigeria is rooted in English common law principles, which were received into the Nigerian legal system through colonial heritage and continue to shape judicial decisions. The foundational "neighbour principle" was articulated in the landmark case of Donoghue v Stevenson [1932] AC 562, where Lord Atkin held that one must take reasonable care to avoid acts or omissions that can reasonably be foreseen as likely to injure one's neighbour, defined as persons so closely and directly affected by one's act that they ought reasonably to be in contemplation when directing one's mind to the relevant acts or omissions (Donoghue v Stevenson, 1932; see also LawTeacher, n.d.; Ferrari, 1994). Nigerian courts have consistently adopted and applied this principle, defining negligence as the breach of a legal duty of care that results in damage to the plaintiff (Learn Nigerian Law, n.d.).

To succeed in a negligence claim, the plaintiff must prove four essential elements on the balance of probabilities: (1) the existence of a duty of care, determined by foreseeability of harm, proximity of relationship, and whether it is fair, just, and reasonable to impose such a duty; (2) breach of duty, assessed objectively against the standard of a reasonable person or, in professional contexts, a reasonably competent professional in the field; (3) causation, encompassing both factual causation (the "but-for" test) and legal causation (remoteness of damage, ensuring the harm is a foreseeable consequence); and (4) damages, requiring actual, quantifiable harm rather than nominal losses (Caparo Industries Plc v Dickman [1990] 2 AC 605; see also Nigerian jurisprudence applying the Caparo three-fold test for duty of care in economic loss cases).

In professional negligence, particularly involving auditors and accountants, the duty of care is elevated because of the specialized skills involved. Auditors owe a higher standard of care, including professional skepticism, due diligence, and independence, and are benchmarked against the Nigerian Standards on Auditing (NSA) and the International Standards on Auditing (ISA) adopted in Nigeria. The seminal Caparo Industries Plc v Dickman [1990] case is particularly influential: it established that auditors generally owe their primary duty to the company and its shareholders as a body for the statutory purpose of enabling them to exercise governance rights at a general meeting, rather than to individual shareholders or potential investors relying on the audit report for investment decisions, unless a special relationship of proximity and known reliance exists (Caparo Industries Plc v Dickman, 1990; ICAEW, n.d.).

Statutory reinforcement in Nigeria strengthens these common-law foundations. The Companies and Allied Matters Act (CAMA) 2020 codifies auditors' duties in Sections 359–368, requiring auditors to report on a "true and fair view" of the company's financial position. Section 415 explicitly addresses liability: an auditor who fails to exercise reasonable care, diligence, and skill in the performance of duties is liable in negligence, allowing the company (or, in certain circumstances, members) to sue for resulting loss or damage (CAMA, 2020; LawGlobalHub, 2024). The Financial Reporting Council of Nigeria (FRCN) Act 2011 (as amended) establishes the FRCN as the apex regulator for financial reporting quality. It oversees the adoption and enforcement of accounting and auditing standards, promotes auditor independence, conducts inspections and quality reviews of Public Interest Entities (PIEs), and imposes sanctions for breaches, thereby reinforcing accountability in high-stakes reporting environments (FRCN Act, 2011; Makinde, 2024).

Complementing these is the Institute of Chartered Accountants of Nigeria (ICAN) Code of Professional Conduct and Guide for Members, which aligns with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). The Code treats gross negligence or recklessness as professional misconduct, which may result in disciplinary action by ICAN's Accountants' Disciplinary Tribunal. It also incorporates the NOCLAR (Non-Compliance with Laws and Regulations) framework, effective in Nigeria since July 2017, which requires professional accountants to respond appropriately to suspected non-compliance, ranging from internal discussion and remediation to external reporting to regulators when the public interest demands it, while balancing confidentiality obligations (ICAN, 2024; KPMG Nigeria, 2018; IFAC, n.d.).

The literature clearly distinguishes negligence from fraud in forensic accounting and fraud analysis contexts. Negligence involves unintentional breaches of the standard of care (isolated lapses, inadequate procedures, or oversight failures), whereas fraud requires intentional deceit with scienter, knowledge, and deliberate action for gain, often evidenced by concealment, falsification, or personal enrichment (Modugu&Anyaduba, 2013; Brazel et al., 2021). Gross negligence or recklessness may approach fraud thresholds, triggering

heightened regulatory or punitive consequences, but forensic investigators must rely on objective evidence patterns to differentiate the two. In fraud analysis, negligence investigations serve a dual role: they establish civil liability when intent cannot be proven and uncover control deficiencies (e.g., weak internal controls, impaired independence) that create opportunities for intentional misconduct (Okaro & Okafor, 2013; Otusanya&Lauwo, 2010).

Nigerian empirical and contextual studies consistently highlight structural factors that heighten negligence risks and erode market integrity. These include fee dependency, which can pressure auditors to compromise objectivity to retain lucrative clients; prolonged auditor-client relationships (long tenure), which foster familiarity threats and complacency; and weak enforcement mechanisms, which reduce deterrence (Odin &Oziegbe, 2022; Temitope, 2025; Enofe et al., 2013). These issues have been linked to recurring audit failures, overstated financial statements, and corporate scandals, ultimately increasing the cost of capital and deterring foreign investment. The FRCN's Audit Regulations 2020, which mandate firm rotation after a maximum of 10 years for PIEs (with joint audit options up to 15 years and a 7-year cooling-off period), represent a key reform aimed at mitigating familiarity threats, though implementation gaps persist.

Overall, the theoretical framework underscores negligence as an objective, fault-based tort centered on breach of duty rather than intent, while the Nigerian contextual literature emphasizes the interplay among common law principles, statutory codifications, and professional ethics in addressing audit quality challenges. This body of work positions negligence investigations as vital tools not only for attributing liability but also for strengthening fraud prevention by exposing and remedying systemic vulnerabilities in corporate governance and financial reporting.

Empirical evidence from prominent Nigerian corporate scandals and regulatory enforcement actions shows that professional negligence often serves as a systemic enabler of fraud-like outcomes, even when auditor intent or collusion is not proven. These cases reveal recurring patterns of audit failures, including a lack of professional skepticism, inadequate substantive testing, ignored red flags, and impaired independence due to long auditor tenure. Together, these failures undermine the reliability of financial reporting and expose investors, regulators, and the broader economy to significant harm.

The Cadbury Nigeria Plc scandal, revealed in 2006 and widely regarded as "Nigeria's Enron," remains one of the most instructive examples. Management admitted to overstating profits by approximately ₦13.255 billion (accumulated from 2002 to September 2006) through sophisticated creative accounting techniques, including fictitious stock buybacks, cost deferrals, trade loading, and the issuance of false stock certificates. The external auditor, Akintola Williams Deloitte (AWD), which had served the client for over 40 years, faced severe regulatory scrutiny from the Securities and Exchange Commission (SEC). The SEC Administrative Proceedings Committee found that AWD failed to exercise a high level of professional diligence and due care, among other lapses, by failing to obtain bank confirmations for a material ₦7.7 billion credit balance in the 2005 accounts; ignoring repeated internal control weaknesses highlighted in its own management letters from 2001 to 2005; and lacking professional skepticism when put on enquiry. Consequently, the SEC imposed a ₦20 million fine on the firm, with a threat of registration cancellation if unpaid. No evidence of auditor collusion or personal enrichment was established, leading to a classification of the auditor's conduct as professional negligence rather than fraud. The scandal triggered a sharp collapse in Cadbury's share price, eroded market confidence, and

prompted broader regulatory reforms (Securities and Exchange Commission, 2008; Okaro & Okafor, 2013).

Similar patterns of negligence emerged during the pre-2010 Nigerian banking crisis and the subsequent consolidations. Institutions such as Afribank Plc (along with Intercontinental and Oceanic Banks) faced allegations of overstated earnings, severe under-provisioning for non-performing loans, and insider abuses. Auditors, including Akintola Williams Deloitte during relevant periods for Afribank, issued unqualified audit opinions despite clear warning signs, such as weak loan portfolios and inadequate risk management. Forensic and regulatory reviews criticized these auditors for inadequate verification procedures, insufficient substantive testing, and overreliance on management representations without corroboration. These lapses contributed to delayed regulatory intervention by the Central Bank of Nigeria (CBN), massive losses for depositors and investors, and eventual distress resolutions through bailouts and consolidations. Empirical analyses attribute the audit failures largely to breaches of due professional care rather than deliberate participation in fraud (Otusanya&Lauwo, 2010; Jibrin et al., 2014).

More recent cases highlight the evolving, sometimes cross-border, nature of these issues. The Tingo Group scandal (involving Nigerian-linked entities controlled by Dozy Mmobuosi) involved massive overstatements of financial position, including reporting approximately $462 million in cash holdings when actual balances were significantly lower, alongside fabricated revenues and assets. Olayinka Oyebola and his firm, Olayinka Oyebola& Co. (a PCAOB-registered Nigerian audit firm), faced U.S. Securities and Exchange Commission charges in September 2024 for aiding and abetting the fraud. Allegations included issuing clean, unmodified audit opinions for fiscal years 2019–2021 despite "numerous and glaring" internal control weaknesses, failing to act on knowledge of fake audit reports bearing the firm's signature, and allegedly making material misstatements to successor auditors while helping conceal falsified records. While management clearly committed intentional fraud, the auditor's conduct, ranging from gross negligence in verification procedures to alleged active assistance, illustrates how unchecked lapses can escalate into substantial assistance in fraud, attracting severe international sanctions, including civil penalties, injunctions, and practice bars (U.S. Securities and Exchange Commission, 2024).

Enforcement actions by local professional bodies further underscore the empirical reality of accountability for negligence. The Institute of Chartered Accountants of Nigeria (ICAN) Accountants' Disciplinary Tribunal regularly adjudicates cases of professional misconduct. Its sittings in March 2024, for example, addressed multiple matters involving dishonesty, lack of integrity, improper audit practices, and failure to meet competence and due care standards. Sanctions imposed ranged from fines (up to ₦1 million) and suspensions to striking names from the register or withdrawing certificates. Although many publicized cases involve ethical breaches or examination malpractice, audit-related matters frequently center on failures in skepticism, documentation, and responses to control weaknesses, directly breaching provisions of the ICAN Code of Professional Conduct (ICAN, 2024).

These empirical patterns collectively confirm that prolonged auditor tenures foster familiarity threats and complacency, while inadequate professional skepticism, weak substantive testing, and insufficient attention to red flags enable manipulations that cause billions of naira in economic harm, including declines in market capitalization, pension losses, and reduced investor confidence. Nigerian studies reinforce that such negligence not only facilitates overstated financial statements but also amplifies systemic risks in an environment characterized by governance gaps and enforcement challenges (Modugu&Anyaduba, 2013; Enofe et al., 2013; FRCN, 2025).

In summary, the reviewed cases and enforcement records provide robust empirical support for viewing negligence investigations as critical mechanisms in fraud analysis. They enable precise differentiation between unintentional professional lapses and intentional deceit, facilitate accurate civil liability attribution, and inform preventive reforms aimed at strengthening audit quality and corporate governance in Nigeria.

Table 1:
Summary of Empirical Studies on Audit Failure and Professional Negligence In Nigeria

Author/Year	Focus	Methodology	Key Findings	Identified Gaps
Okaro & Okafor (2013)	Cadbury scandal	Case study	Auditor long tenure & lack of skepticism caused negligence	Limited cross-case comparison
Otusanya&Lauwo (2010)	Banking crisis (pre-2010)	Qualitative documentary	Weak due diligence enabled overstated statements	Pre-CAMA 2020 regulatory context
Enofe et al. (2013)	Audit quality & independence	Survey	Fee dependency negatively affects independence	No forensic negligence lens
Odin &Oziegbe (2022)	Audit tenure & quality	Quantitative regression	Long tenure increases familiarity threat	Limited linkage to fraud distinction
Modugu&Anyaduba (2013)	Forensic accounting & fraud	Empirical survey	Negligence creates opportunity for fraud	Weak theoretical anchoring
Current study	Negligence investigations	Doctrinal + multiple case studies	Prolonged tenure & impaired skepticism enable fraud-like outcomes	Provides integrated theoretical framework & policy recommendations

Source: Author Compilation from various literatures, 2026.

3.0 Methodology

This study employs a qualitative doctrinal legal research design integrated with purposive multiple-case study analysis. Doctrinal analysis systematically interprets primary legal sources (CAMA 2020, FRCN Act 2011 as amended, FRCN Audit Regulations 2020, ICAN Code of Professional Conduct, Nigerian Evidence Act 2011) and secondary literature. Three high-profile cases were purposively selected for their illustrative value: Cadbury Nigeria Plc (2006) for classic long-tenure negligence, Afribank Plc for a banking-sector audit failure, and Tingo Group (2024) for contemporary cross-border elements.

Data triangulation across statutes, regulatory decisions, academic commentaries, and enforcement records ensures robustness and reduces bias. Key concepts (duty, breach, causation, damages) were operationalized using Nigerian jurisprudence and professional standards (NSA/ISA). Forensic techniques referenced in the analysis (e.g., "but-for" modeling, ratio analysis, professional skepticism benchmarks) align with best practices in forensic accounting. Ethical considerations are met because all data are publicly available regulatory and court records. Limitations include reliance on secondary sources and the evolving nature of ongoing regulatory matters.

4.0 Results and Discussions

The analysis shows that negligence investigations in Nigeria effectively apply the four common law elements within a strengthened statutory framework, yet persistently face

implementation gaps. Duty and breach are readily established by non-compliance with professional standards and codes, while causation and damages often require forensic reconstruction (e.g., "but-for" scenarios demonstrating that proper skepticism would have detected misstatements).

Case studies reveal clear patterns: long auditor tenures (e.g., 40+ years at Cadbury) impair independence and foster complacency; failure to address red flags or perform basic confirmations constitutes a breach; and resulting investor losses satisfy damages. Distinguishing negligence from fraud hinges on evidence, with isolated lapses or inadequate training versus concealment and personal gain. In Cadbury and Afribank, findings pointed to negligence, attracting regulatory fines and ICAN scrutiny rather than criminal liability. Tingo illustrates borderline cases where inaction escalates risks.

Challenges include multi-actor causation in weak enforcement environments, spoliation of evidence (especially digital), jurisdictional overlaps between FRCN and ICAN, and cultural and structural barriers to NOCLAR reporting. The FRCN Audit Regulations 2020 mandate firm rotation after 10 years (15 years for joint audits) and a 7-year cooling-off period to mitigate familiarity threats, but legacy issues and compliance gaps persist.Discussions highlight that negligence serves as both a civil liability tool and a fraud-prevention mechanism by exposing systemic vulnerabilities. Enhanced digital forensics, data analytics, and hypothesis-driven analysis strengthen defensibility in proceedings. Findings are explicitly linked to Agency Theory (moral hazard from long tenure) and the Fraud Triangle Theory (enlarged opportunity due to impaired skepticism).

5.0 Conclusion and recommendations

Negligence investigations are pivotal to fraud analysis and forensic accounting in Nigeria. By rigorously establishing breaches of duty and distinguishing unintentional lapses from intentional misconduct, these investigations support accurate attribution of civil liability, regulatory accountability, and improved controls. High-profile scandals involving Cadbury Nigeria Plc, Afribank, and Tingo Group illustrate how professional negligence amplifies the impact of fraud, erodes market trust, and imposes significant economic costs. Despite progress through CAMA 2020, FRCN oversight, and ICAN enforcement, challenges such as enforcement inconsistencies and resource constraints undermine effectiveness.

Theoretical implications: The study extended agency and fraud triangle theories by showing that negligence serves as a structural enabler of fraud in emerging-market regulatory environments.

Practical/policy implications: To strengthen negligence investigations and narrow the gap between negligence and fraud:

i. Embed forensic techniques in audits: FRCN should mandate enhanced risk-based forensic procedures (e.g., data analytics, Benford's Law, funds tracing, heightened skepticism on red flags) in Public Interest Entity engagements.
ii. Strengthen regulatory collaboration: Establish formal real-time information-sharing and joint task forces between FRCN and ICAN.
iii. Enhance professional training: Integrate detailed Nigerian case studies into ICAN CPD, professional exams, and university curricula.
iv. Enforce independence safeguards: Ensure strict compliance with FRCN Audit Regulations 2020 rotation rules.
v. Improve whistleblower mechanisms: Introduce stronger legal protections and practical NOCLAR toolkits.
vi. Build digital forensics capacity: Invest in national training and standardized data preservation protocols.

Adopting these measures would enhance investigative rigor, promote accountability, deter negligence and fraud, and support Nigeria's goals for transparent, investor-friendly capital markets. Negligence investigation is not merely a reactive exercise in assigning blame; it is a proactive instrument for improving governance and economic integrity.
Limitations and future research: The study relies on publicly available records; future research could incorporate primary data from regulators or forensic practitioners. Comparative studies across African jurisdictions would further enrich the literature.

Adopting these measures would enhance investigative rigor, promote accountability, deter negligence and fraud, and support Nigeria's goals for transparent, investor-friendly capital markets. Investigating negligence is not merely a reactive exercise in assigning blame; it is a proactive instrument for improving governance and economic integrity.

References

Anders CPA. (2024, October 10). *What's the difference between business fraud and negligence?*https://anderscpa.com/learn/blog/fraud-vs-negligence/

Anyim, W. O. (2020). Admissibility of computer-generated evidence in Nigerian court of law: Implications for law libraries. *Library Philosophy and Practice*, Article 4199. https://scholarworks.sjsu.edu/libphilprac/4199/

Brazel, J. F., Gimbar, C., Taylor, E. Z., & Polinski, P. J. (2021). The case of undetected fraud: Can audit firm policies or highlighting the fraud examiner's role reduce juror assessments of auditor negligence? *Journal of Forensic Accounting Research, 6*(1), 389-410. https://doi.org/10.2308/JFAR-2019-509

Companies and Allied Matters Act (CAMA), Act No. 3 of 2020, Laws of the Federation of Nigeria. (2020). https://www.placng.org/lawsofnigeria/laws/C20.pdf

Enebeli, V. N. (2022). A legal evaluation of computer-generated evidence: Lessons from Nigeria and the United Kingdom. *Journal of Research in Humanities and Social Science, 10*(3), 10-18.

Enofe, A. O., Okunega, E. C., & Ediae, O. O. (2013). Audit quality and auditors' independence in Nigeria: An empirical evaluation. *Research Journal of Finance and Accounting, 4*(11), 131-138. https://iiste.org/Journals/index.php/RJFA/article/view/7169

Financial Reporting Council of Nigeria. (2020). *Audit Regulations, 2020.*https://assets.ctfassets.net/d2mmoqm0d8sx/1Sdx7GQVFnVkrjNAHsnRTB/f78416053be82e091ec0c02628d1ca3/AUDIT_REGULATIONS_2020.pdf

Financial Reporting Council of Nigeria. (2023). *Act No. 6 of 2011 (as amended by the Financial Reporting Council of Nigeria (Amendment) Act, 2023).* Laws of the Federation of Nigeria. https://frcnigeria.gov.ng/wp-content/uploads/2024/08/The-FRC-Act_merged.pdf

Financial Reporting Council of Nigeria. (2025). *Statements and publications on audit quality and corporate reporting* [Various executive statements]. https://frcnigeria.gov.ng/

Fox Forensic Accounting. (2021, April 19). *A case study on auditor liability.*https://foxforensicaccounting.com/blog/a-case-study-on-auditor-liability

Hawkins, C. S. (1959). Professional negligence liability of public accountants. *Vanderbilt Law Review, 12*, 797-824.

Institute of Chartered Accountants of Nigeria. (2024). *Accountants' disciplinary tribunal sittings: Judgments and announcements* (March 19, 2024). https://www.icanig.org/

Institute of Chartered Accountants of Nigeria. (n.d.). *Professional code of conduct and guide for*

*members.*https://icanig.org/documents/PROFESSIONAL_CODE_OF_CONDUCT_AND_GUIDE_FOR_MEMBERS.pdf

International Federation of Accountants. (n.d.). *Responding to non-compliance with laws and regulations (NOCLAR).*https://www.ifac.org/

Jibrin, M. S., Blessing, S. E., & Danjuma, I. (2014). The role of auditors in the recent Nigerian banking crisis. *International Journal of Academic Research in Business and Social Sciences, 4*(3), 231-251. https://doi.org/10.6007/IJARBSS/v4-i3/703

KPMG Nigeria. (2018). *Non-compliance with laws and regulations (NOCLAR)* [Guidance note].

LawGlobalHub. (2024). *Section 415 Companies and Allied Matters Act (CAMA) 2020.*https://www.lawglobalhub.com/section-415-companies-and-allied-matters-act-cama2020/

LawTeacher. (n.d.). *Donoghue v Stevenson case summary.*https://www.lawteacher.net/cases/donoghue-v-stevenson.php

Makinde, O. (2024). *Update on public interest entities under the Financial Reporting Council of Nigeria (Amendment) Act, 2023.*https://aln.africa/insight/update-on-public-interest-entities-under-financial-reporting-council-of-nigeria-act-2023/

Modugu, K. P., & Anyaduba, J. O. (2013). Forensic accounting and financial fraud in Nigeria: An empirical approach. *International Journal of Business and Social Science, 4*(7), 281–289. https://ijbssnet.com/journals/Vol_4_No_7_July_2013/28.pdf

Odin, R., & Oziegbe, D. J. (2022). Auditors' independence, audit tenureship, firm characteristics and audit quality: Evidence from Nigeria. *The Romanian Economic Journal, 25*(84), 54–68. https://rejournal.eu/sites/rejournal.versatech.ro/files/articole/2022-12-13/3705/5odin.pdf

Okaro, S. C., & Okafor, G. O. (2013). Drivers of audit failure in Nigeria: Evidence from Cadbury (Nigeria) PLC. *Research Journal of Finance and Accounting, 4*(6), 14–17. https://core.ac.uk/download/pdf/234629494.pdf

Otusanya, O. J., & Lauwo, S. (2010). The role of auditors in the Nigerian banking crisis. *Accountancy, Business and the Public Interest, 9*, 159–204. https://kar.kent.ac.uk/25992/1/Otusanya2010.pdf

Securities and Exchange Commission (Nigeria). (2008). *Final decision of the Administrative Proceedings Committee in the matter of Cadbury Nigeria Plc (financial misstatements 2002–2005).* Securities and Exchange Commission. https://sec.gov.ng/

Temitope, A. O. (2025). Effects of audit tenure and fee on audit quality. *TIJAH Journal.*

U.S. Legal. (n.d.). *Intentional misrepresentation, fraud, and gross negligence.*https://accountants.uslegal.com/

U.S. Securities and Exchange Commission. (2024, September 30). *SEC charges Olayinka Oyebola and his accounting firm with aiding and abetting massive fraud* (Press Release No. 2024-157). https://www.sec.gov/newsroom/press-releases/2024-157