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Forensic Accounting, Internal Control Systems, and their Effect on Tax Compliance of Deposit Money Banks in Nigeria

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Abstract—In the Nigerian banking sector, persistent financial violations, control deficiencies, and tax disputes have highlighted the compliance framework insufficiencies of deposit money banks. There has been some interest by scholars in forensic accounting and internal controls. However, the majority of prior studies have examined these concepts independently and, to the best of my knowledge, have not examined the nexus of these concepts to tax compliance for Nigerian deposit money banks. This study fills this gap by assessing the nexus of forensic accounting and internal control to tax compliance for deposit money banks in Nigeria. The study adopted a quantitative descriptive design. The study population consisted of 900 employees of the accounting, internal audit, compliance, and risk management units of seven deposit money banks. The sample size was derived from the Yamane (1967) formula. The sample size was 277, and the study achieved a response rate of 93.9% (n=260). A structured questionnaire comprising of 26 close-ended items measured on a 5-point Likert scale was the research instrument. The questionnaire measured three constructs: forensic accounting practices, internal control systems, and tax compliance. Forensic accounting, internal control, and tax compliance had the following Cronbach's alpha 0.872, 0.885, and 0.843, respectively. The research adopted a correlational research design and analyzed the data using descriptive statistics, Pearson product moment correlation, and simple and multiple regression, which were performed at a significance level of 0.05. With forensic accounting practices ($\beta = 0.572$, $t = 11.205$, $p < 0.05$, $R^2 = 0.327$) and internal control systems ($\beta = 0.528$, $t = 9.978$, $p < 0.05$, $R^2 = 0.278$) both exerting positive and significant effect on tax compliance, and with both mechanisms explaining 40.5 percent of the variability in tax compliance ($F(2, 257) = 87.636$, $p < 0.05$), forensic accounting practices ($\beta = 0.411$) having more influence than internal control systems ($\beta = 0.323$), the study found that both forensic accounting practices and internal control systems act as complementary, not substitute, factors of tax compliance. The study further suggested that deposit money banks set up forensic accounting units sufficiently equipped with resources and embed forensic data analytics in the normal monitoring of transactions, and adopt a compliance model that integrates the outcome of investigations to strengthen the preventive control/restraints.

Keywords— Forensic Accounting, Internal Control Systems, Tax Compliance, Deposit Money Banks, Nigeria

I. INTRODUCTION

The Nigerian banking sector is vital to the economy's development because of its participation in financial intermediation, the extension of credit, and the enactment of monetary policy. The process described above is undertaken by Deposit Money Banks (DMBs), which mobilise financial resources from economic surplus units and make them available to economic deficit units. These DMBs operate under the regulations of the Central Bank of Nigeria (CBN). The CBN is responsible for the formulation and implementation of monetary policy, the regulation and supervision of banks, and the enforcement of uniform standards and rules that are consistent with internationally acceptable banking practices and procedures. The CBN also has the responsibility of formulating and implementing supervisory policies that are designed to capture and protect depositors' funds and preserve the integrity of the banking system.

Apart from the above-mentioned regulations, Deposit Money Banks also face other extensive obligations that are statutory and fiscal in nature, and that govern their financial requisition and tax obligation. Considering that Deposit Money Banks are very large corporate entities engaged in very large and diverse fiscal transactions, they are subjected to a wide range of tax obligations that are administered by the Federal Inland Revenue Services. The Federal Inland Revenue Services assess, collect, and account for federal taxes, including Companies Income Tax, Value Added Tax and other levies that are relevant and applicable to financial institutions. These obligations must be fulfilled to ensure that there is a sustained transparent, accountable and reliable financial reporting practice in the banking sector, and to ensure that the obligations of the state are fulfilled.

Even with relatively stronger regulations and policies, issues with compliance continue to exist within the industry. Issues within the industry have included substance and fraud related issues, issues with compliance and adjudicated tax related disputes. Compliance issues have resulted from monetary sanctions, orders to comply and, in some matters, lawsuits against and from banks and tax authorities. It leads to questions on whether the existing compliance modules and frameworks on corporate governance and control systems are sufficient for deposit money banks.

Forensic accounting involves the application of a range of skills to identify if there is, or likely to be, fraud and/or material misstatements and to collect evidential documentation to support and prove the existence of fraud to the court. It combines a number of disciplines to assess financial transactions and structures that are potentially fraudulent and draw the pertinent conclusions. With the rapid growth of globalization and technology, financial crimes have evolved to be more sophisticated and complex. Traditional auditing has become inadequate to detect high level and complex fraudulent schemes thus increasing the need for forensic accounting (Guellim et al, 2024).

In Nigeria, forensic accounting has emerged as one of the best tools to tackle fraud and promote financial integrity. Evidence suggests that forensic accounting not only provides a framework through which fraud can be detected, but also facilitates the design of effective financial reporting systems (Shodeinde et al., 2024). Adegbenro and Aderemi (2023), meanwhile, show that forensic accounting helps to increase tax revenues. Forensic accounting's ability to enhance financial accountability is complemented by the building of effective internal control systems as a second foundational element of trust, compliance with safeguards and good corporate governance in financial institutions.

An internal control system is a system of policies and procedures designed to protect the organization's assets, assure the integrity of financial records and promote compliance with applicable laws. Financial institutions can control most risks and record financial data accurately by designing their systems to include separation of functions, control of access to data, active monitoring of data and frequent internal audits. Weak internal control systems, on the other hand, are major contributors to fraud and poor financial management (Doyle et al., 2007). In terms of tax compliance, this is the measurement of the extent to which taxpayers fulfill their obligations to accurately report taxable income and pay the correct tax on time. In the banking sector, internal control systems determine tax compliance, along with the quality of recordkeeping and the efforts of regulatory agencies.

Nigerian deposit money banks still face the issues of financial fraud and the failure of internal controls despite implementing reforms. Banks' control systems are deemed insufficient if the controls are unable to detect and stop advanced financial fraud. The misrepresentation of taxable income and the disputes between the banks and the tax authorities suggest a failure of control systems and governance structures in the banks to ensure the reporting of tax in accordance with the law.

While several studies have attempted to address the situation in Nigeria, most have focused on separate issues. For instance, Okoye and Akenbor (2023) focused on fraud and forensic accounting in Nigerian financial institutions and did not include tax compliance in their study. Adeniyi and Oluwaseun (2022) focused on the role of internal control in financial reporting in Nigerian commercial banks and did not incorporate tax compliance and forensic accounting in their study. The studies by Simeunović et al. (2021) and Modugu and Anyaduba (2020) focused on forensic accounting and corporate accountability, and both were conducted in other countries, thereby further widening the gap. As a result of these studies, an empirical basis for the consequences of the interplay between the systems and forensic accounting on tax compliance in Nigerian deposit money banks is completely lacking. This study aimed to assess the impact of forensic accounting practices and internal control systems on tax compliance among deposit money banks in Nigeria. More precisely, this study sought to analyze how forensic accounting practices affect tax compliance, understand how internal control systems affect tax compliance, and examine the joint impact forensic accounting practices and internal control systems on tax compliance in deposit money banks in Nigeria. To achieve these aims, three null hypotheses were derived and tested at the 0.05 significance level.

They were:

i. *H_{01}: Forensic accounting practices do not influence tax compliance of deposit money banks in Nigeria.*
ii. *H_{02}: Internal control systems do not influence tax compliance of deposit money banks in Nigeria.*
iii. *H_{03}: Forensic accounting practices and internal control systems do not jointly influence tax compliance of deposit money banks in Nigeria.*

II. LITERATURE REVIEW

Forensic accounting is a mix of accounting, auditing, and investigative skills that deal with potential legal cases. Crumbley (2001) was of the opinion that this practice is much older than the general consensus and has to do with the settlement of financial controversies. The modern application of forensic accounting includes the examination of fraud, legal support services, the reconstruction of financial documents, the assessment of financial damages, and the provision of expert testimony. Singleton and Singleton (2010) noted that, unlike a conventional audit, a forensic audit will not take the financial statement at face value, but will assume that a financial statement may contain some element of a fraud which will require the design of the audit to help in the detection of such fraud.

Within the Nigerian banking sector, forensic accounting is implemented through fraud detection, forensic accounting, analysis of transaction patterns, provision of investigative support to court and regulatory processes, and minimization of material misstatements in financial records. Enofe et al., (2015) were of the opinion that forensic accounting enhances the detection of fraud in Nigerian banks, a sentiment that was echoed by Njanike (2009) in the broader African banking industry. More recently, the works of Agbaje and Okonkwo (2022) showed that the application of forensic accounting and Continuous Transaction Monitoring (CTM) in Nigeria greatly increased the deterrence of fraud in banks, while Eze et al. (2023) showed that the establishment of specialized forensic accounting units led to a significant enhancement on the quality of financial reporting.

Internal Control Systems

Internal control consists of processes enacted by a board of directors (or equivalent body) and personnel of an entity, designed to give reasonable assurance to the board and other stakeholders that the entity will achieve its objectives regarding the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws and regulations. There are five integrated components of this framework: the control environment, risk assessment, control activities, and information and communication, and monitoring of control activities.

In the banking framework, internal control is the segregation of duties, authorization and approval hierarchies, reconciliation activities, access control to systems, an internal audit review, and other monitoring activities. Olaoye (2009) held that internal control designs and the integrity of the control environment in the Nigerian banking system influence the effectiveness of internal control. Adeyemi and Akinniyi (2011) noted that the effectiveness of internal control in Nigerian banks is of great concern to the stakeholders, and that this effectiveness is rooted in the independence of the internal audit function. Doyle et al. (2007) showed that lack of internal control over financial reporting directly relates to poor financial reporting, and this is relevant to the banking sector due to the reliance of financial reporting on tax compliance. Adeola and Falana (2022) and Okeke and Nwachukwu (2022) verified the joint influence of COSO framework control design and audit committee oversight on control effectiveness in Nigerian commercial banks.

Tax Compliance

Tax compliance is the capacity and willingness of an assessed person to comply with tax laws, including the filing of returns and the payment of assessed taxes, among other duties. Alabede et al. (2011) presented a determinants model for Nigeria, where economic, institutional, and behavioral issues, including the possibility of being caught, the quality of tax administration, and the taxpayer's morals combine to create a compliance profile. Saad (2014) identified tax awareness and the level of tax system complexity as significant predictors of tax compliance.

Tax compliance among deposit money banks is concerned with the quality of accounting records because the tax position of a bank, as a corporate entity, is dependent on the quality of its financial statements. Ufot (2023) noted that practices of internal control among Nigerian financial institutions directly affect tax compliance, while Oluwaseun and Babatunde (2022) reported that the application of forensic tax audits increases revenue from Nigerian deposit money banks. Dada and Owolabi (2023) noted that there is a relationship among the forensic accounting system, the quality of internal control, and tax compliance of Nigerian listed financial institutions, and this a partial precedent in the present study.

Theoretical Framework

This study adopts an integration of three complementary theories concerning the role of forensic accounting and internal control in tax compliance.

The Fraud Triangle Theory comes from Cressey's (1953) study of trust violators and of the three elements Cressey mentions, this study is only concerned with the first two: opportunity and rationalization. Cressey asserts that pressure is a non-shareable financial problem and that rationalization is the process where the violator of the trust justifies the deceit and tells himself that he is still an honest person. This theory is of particular importance to this study because the internal control system works mostly with the opportunity element and limits the scope of possible indirect disturbances. Forensic accounting addresses both opportunity and rationalization elements because it increases the likelihood of a disturbance being detected. Wolfe and Hermanson (2004) built on the Fraud Triangle and added the capability element in the Fraud Triangle. According to Wolfe and Hermanson, the position and the skills of the perpetrator determine if the opportunity that is available can be exploited.

Jensen and Meckling's (1976) Agency Theory views a firm as a network of contracts between principals and agents where interests diverge and information is asymmetrically distributed. In a banking scenario, management, as the agent, possesses superior information about the financial position of the bank compared to the shareholders and the tax authorities, as the principals. This creates an opportunity for management to understate taxable income for the bank. Both internal control and forensic accounting can be viewed as monitoring systems that mitigate the agency cost by closing the information gap and making the dishonest reporting more likely to be discovered and penalized.

These perspectives are expanded upon by Institutional Theory, which offers insights into underlying motivations that induce banks to bend to regulatory and societal pressures where short-term economic incentives advise the contrary. In a regulatory context, banks aim to attain legitimacy within the Nigerian institutional field. Legitimacy, in this case, is achieved by complying with the directives of the Central Bank of Nigeria and the Federal Inland Revenue Service. Abubakar and Lawal (2022) used this perspective in analyzing Nigerian deposit money banks, concluding that among other factors, strong regulatory influence is a key driver of the adoption of forensic accounting capability. In combination, the three theories provide a framework where the structure of internal control provides a preventive mechanism, forensic accounting provides a detective and deterrent mechanism, and institutional pressure provides an external driving force to both.

Empirical Review

Much of the evidence gathered in Nigeria provides proof of the benefits of using forensic accounting in fraud. Okoye and Gbegi (2013) found forensic accounting to be a robust fraud detection and prevention mechanism in the public sector, and Gbegi and Adebisi (2014) recognized the role of forensic skills and techniques in the investigations of public sector fraud. Enofe et al. (2015) built on this work and examined the situation in Nigerian banks, while Ibrahim and Dahida (2021) analyzed the role of forensic accounting in the fraud control process in deposit money banks (DMBs). In the area of taxation, Adegbenro and Aderemi (2023) established a link between forensic accounting and reduced tax fraud in Nigeria, with Ibrahim and Dahida (2025) finding a positive effect of forensic accounting on increased tax revenue.

There is considerable evidence regarding the relationship between internal control and other variables. According to Ezejiofor and Ezenyirimba (2014), internal control mechanisms enhance financial accountability in Nigeria. Shodeinde (2022) ascertained that internal control systems limit the occurrence of fraud in Nigerian banking institutions. Eke and Ogedengbe (2020) demonstrated a constructive relationship between internal control systems and financial accountability in Nigerian deposit money banks. Ajayi and Ogunniyi (2023) claimed that technology-driven controls and competent audit committees strengthen the integrity of financial statements.

Despite the available evidence, the body of knowledge is characterized by three constraints. First, forensic accounting and internal control have been mainly analyzed as separate constructs, and as such, their joint and synergistic influence remains largely unexamined. Second, where tax compliance has been considered, analyses have been undertaken on the ordinary corporate taxpayer and not the deposit money bank, whose regulatory framework, reporting requirements, and transactional complexity differ significantly. Third, some of the most cited studies have been conducted outside Nigeria, further restricting their applicability. This study intends to fill these gaps by developing a model that investigates the interaction of both constructs simultaneously in the Nigerian deposit money bank context and provides tax compliance as the outcome variable.

III. METHODOLOGY

The study relied on a quantitative descriptive survey design. This design was appropriate for the present study as it allows for the systematic collection of numeric data from survey participants in deposit money banks and facilitates the statistical analysis of the relationships among the constructs of the study. Muijs (2004) states that quantitative research is the explanation of phenomena through the systematic collection of numeric data, which is analyzed through the application of statistical techniques. This research design is a subtype of descriptive survey research, which focuses on the observation and measurement of the perceptions of research participants without the manipulation of the context of the study, and, as such, facilitates the inferential techniques needed to assess the validity of the hypotheses under consideration.

Participants of the study were employees of selected deposit money banks in Nigeria from divisions directly involved in financial reporting, internal controls, compliance, and risk management. These divisions were the accounting divisions, internal audit units, compliance units, and risk management divisions. From the selection of the seven deposit money banks, the target population was derived and was estimated to be 900 relevant employees at the head and the major regional offices, as shown on Table 1.

Table 1: Population of Selected Deposit Money Banks

S/N	Bank	Population
1	Access Bank Plc	140
2	First Bank of Nigeria Ltd	160
3	Guaranty Trust Bank Plc	110
4	United Bank for Africa Plc	150
5	Zenith Bank Plc	130
6	Fidelity Bank Plc	80
7	First City Monument Bank Ltd	120
Total		900

Source: Field Survey, 2026

The sample for the study was determined to be 277 out of 900, using the Yamane (1967) sample size formula. In this case, N is the total number population of 900 and the margin of error (e) is at 0.05. Using the formula was as follows: $n= 900 / [1 + 900(0.0025)] = 900 / 3.25 = 277$. Respondents were chosen using purposive non-probability sampling. This was appropriate in this case, as the study aimed to get responses from people who have direct and practical knowledge of forensic accounting, internal control, and tax compliance. Also, the primary respondents were senior finance officers and key decision makers, and not the general staff.

Research Instrument and Data Collection

The main source of data was the researcher administered survey. The survey had four main sections: one section for demographics, and three sections for each construct - forensic accounting practices, internal control systems, and tax compliance. Each of these three sections had six survey items. The survey items were based on a five - point Likert scale, ranging from (1) strongly disagree to (5) strongly agree.

The survey items were purposely crafted to be concise and to the point and to minimize fatigue. The survey items were crafted to be direct, so they would be responded to thoughtfully. The instrument went through content and face validation by accounting and research methodology experts. A pilot test was done with 30 key decision makers who were selected from three deposit money banks that were outside the main sample. This was done to assess the clarity, adequacy, and the feasibility of the proposed analytical procedures. The internal consistency of the instrument was measured by Cronbach's Alpha who set the cut-off benchmark at 0.70. Ethics of research was upheld as participation was a choice, there was no risk to the participants, and there was not any collecting of personal data.

Model Specification and Method of Data Analysis

For this study, a multiple linear regression model was outlined and tax compliance was modeled as a function of forensic accounting and internal control systems. The model is as follows:

$$TC = \beta_0 + \beta_1 FAP + \beta_2 ICS + \varepsilon$$

In the model; TC is tax compliance, FAP is forensic accounting, control is of internal systems, β_0 is the constant term, β_1 and β_2 are the coefficients of the respective control and the ε is the error term.

Data were analyzed using the Statistical Package for the Social Sciences. For profiling respondents and summarizing construct responses, a criterion mean of 3.00 was used as the decision benchmark. Then, descriptive statistics were used to compute frequencies, percentages, means, and standard deviations. To check for multicollinearity, Pearson product-moment correlation was used. To test hypotheses one and two, simple linear regression was applied, and for hypothesis three, multiple linear regression was used. All analyses were conducted at a 0.05 level of significance. The null hypothesis was to be accepted when the probability value was greater than 0.05.

IV. RESULTS

Response Rate and Respondent Profile

Out of the distributed 277 questionnaires, 265 were collected, 260 were completely filled, and analyzed, and thus, the valid response rate was 93.9 percent. This response rate was significantly higher than the acceptable response rate of 60 percent for survey-based social science research and, therefore, increases the confidence of the analyses conducted. The demographic profile of the 260 respondents is detailed in Table 2.

Table 2: Demographic Profile of Respondents

Variable	Category	Frequency	Percent (%)
Gender	Male	148	56.9
	Female	112	43.1
Age	21–30 years	70	26.9
	31–40 years	115	44.2
	41–50 years	56	21.5
	51 years and above	19	7.3
Educational qualification	HND/B.Sc.	118	45.4
	M.Sc./MBA	73	28.1
	Ph.D.	16	6.2
	Professional (ICAN/ACCA/ANAN)	53	20.4
Department	Accounting	68	26.2
	Internal Audit	74	28.5
	Compliance	67	25.8
	Risk Management	51	19.6
Years of experience	1–5 years	75	28.8
	6–10 years	106	40.8
	11–15 years	51	19.6
	Above 15 years	28	10.8

Source: Field Survey, 2026

The information in Table 2 shows that 56.9 percent of respondents were male and 43.1 percent were female, which shows that gender represented reasonably in the sample. The age group that dominated the sample were those between the ages of 31 and 40 years (44.2 percent), meaning that the respondents were mostly in the age group that is actively working. Regarding education, 45.4 percent of respondents were either HND or B.Sc. holders, 28.1 percent possessed M.Sc. or MBAs, and 20.4 percent were professional accountants. This means that the respondents were educated enough to provide the needed information, and the distribution of respondents across the departments of accounting, internal auditing, and compliance and risk management was purposeful and reasonable, and in line with the purposive sampling method. 71.2 percent of respondents had worked in the banking sector for more than five years, so the respondents had enough experience and knowledge of the situation.

Reliability of the Research Instrument

Internal consistency was assessed using Cronbach's alpha, with results presented in Table 3.

Table 3: Reliability Statistics

Construct	No. of Items	Cronbach's Alpha
Forensic Accounting Practices (FAP)	6	0.872
Internal Control Systems (ICS)	6	0.885
Tax Compliance (TC)	6	0.843

Source: Researchers computation, 2026

All three constructs exhibited alpha coefficients well exceeding the 0.70 standard. The strongest of these internal control systems returned a coefficient of 0.885, and demonstrated high item concentration and cohesion with fraud reduction, segregation of duties, internal audit accuracy, as well as the compliance and monitoring elements of internal control systems. Forensic accounting systems returned 0.872, and encompassed the elements of fraud detection, data analysis and accounting, as well as the support of transparent litigation and the reduction of misstatement. Tax compliance recorded a coefficient of 0.843. The construct of tax compliance demonstrated a lower level of cohesion and homogeneity due to the disparate and varied elements of tax compliance and control systems. The results showed that the developed measurement instrument and system, in the context of regression analysis, had a good level of internal validity and reliability with respect to measurement error.

The description of the constructs was carried out and analyzed in terms of their means and standard deviations. The benchmark criterion mean was decisively set at a mean of 3.00. The results of item analyses for the three constructs are shown in Tables 4, 5 and 6 respectively.

Table 4: Descriptive Statistics for Forensic Accounting Practices

S/N	Item	Mean	SD
1.	Forensic accounting practices enhance the detection of fraudulent transactions in the bank	3.82	0.95
2.	The use of forensic data analytics improves the identification of financial irregularities	3.94	0.91
3.	Forensic accounting promotes transparency in the financial reporting of the bank	3.88	0.91
4.	Forensic investigation provides reliable evidence that supports litigation and regulatory processes	3.91	0.90
5.	The application of forensic accounting reduces the incidence of material misstatement	3.85	0.95
6.	Forensic accounting strengthens compliance with regulatory and statutory requirements	3.84	0.95
7.	Grand Mean	3.87	0.72

Source: Researchers computation, 2026

Table 4 presents agreement on all six items measuring forensic accounting with item means from 3.82 to 3.94 and a grand mean of 3.87. The highest-rated item was the use of forensic data analytics in the identification of financial irregularities, while the lowest item (still in the agreement range) was the identification of fraudulent transactions. The consistently high scores show that respondents viewed forensic accounting as an effective tool for fraud detection, transparency, evidence, and compliance with the law and regulations.

Table 5: Descriptive Statistics for Internal Control Systems

Code	Item	Mean	SD	Decision
1.	The internal control system of the bank effectively reduces the occurrence of fraud	3.93	0.99	Agree
2.	Segregation of duties is properly enforced across departments in the bank	3.94	0.99	Agree
3.	Internal audit reviews ensure the accuracy and reliability of financial records	3.95	0.93	Agree
4.	Monitoring mechanisms within the bank promptly detect control breaches	3.90	0.96	Agree
5.	A strong internal control system improves the bank's overall regulatory compliance	3.89	0.95	Agree
6.	Weak internal controls increase the bank's exposure to financial mismanagement	3.96	0.92	Agree
	Grand Mean	3.93	0.76	Agree

Source: Researchers computation, 2026

The grand mean of the internal control systems construct was 3.93, with item means that span 3.89 to 3.96, as illustrated Table 5. The respondents, particularly, noted that the presence of weak internal control systems increases the risk of the financial resources being mismanaged and that the review of financial records by internal audit adds assurance to the accuracy and reliability of the records. The findings mean that the respondents considered the separation of duties, supervision, and internal audit procedures as significant in the protection of resources and the enforcement of rules.

Table 6: Descriptive Statistics for Tax Compliance

S/N	Item	Mean	SD	Decision
1.	The bank consistently remits its tax obligations to the relevant authorities as and when due	3.80	1.01	Agree
2.	The bank accurately reports its taxable income in line with statutory requirements	3.85	1.00	Agree
3.	Strong internal control systems improve the bank's level of tax compliance	3.79	0.97	Agree
4.	Forensic accounting practices reduce tax evasion and enhance compliance in the bank	3.86	0.99	Agree
5.	Effective tax compliance positively influences government revenue generation	3.93	0.88	Agree
6.	Weaknesses in the bank's systems contribute to disputes with tax authorities	3.79	0.95	Agree
	Grand Mean	3.84	0.72	Agree

Source: Researchers computation, 2026

Table 6 shows strong agreement with all tax compliance items, with a grand mean of 3.84. The most popular idea was that positive tax compliance promotes government revenue, and then came the

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idea that forensic accounting decreases tax evasion. From these results, respondents seemed to believe that tax compliance is achieved through the reporting and payment of tax on time, and through effective control systems; however, it was noted that gaps in the control system can lead to tax compliance disputes. Considering everything, the most positive response was given to the control systems (mean = 3.93), then forensic accounting (mean = 3.87), and then tax compliance (mean = 3.84). All these means are in the area of high agreement.

Correlation

Before analysis with regression, Pearson Product-movement correlation was used to analyze the degree and direction of the relationship of the variables. The results are shown in Table 7.

Table 7: Pearson Correlation Matrix

Variable	FAP	ICS	TC
Forensic Accounting Practices (FAP)	1		
Internal Control Systems (ICS)	0.499**	1	
Tax Compliance (TC)	0.572**	0.528**	1

Source: Researchers computation, 2026

*** Correlation is significant at the 0.01 level (2-tailed).*

Tax compliance has a positive and significant correlation with forensic accounting practices ($r = 0.572, p < 0.01$) as well as internal control systems ($r = 0.528, p < 0.01$). As seen in Table 7, the two predictors are positively correlated ($r = 0.499, p < 0.01$). The moderate strength of the correlation of these two predictors falls far below the level of correlation that would raise multicollinearity issues and would allow inclusion of both predictors in a single regression. These predictors offer initial evidence for the relationships that are being proposed.

Test of Hypotheses

H_{01}: Forensic accounting practices have no significant effect on tax compliance in deposit money banks in Nigeria.

Table 8: Regression Results

Model Summary	R	R²	Adj. R²	Std. Error
	0.572	0.327	0.325	0.591
ANOVA	Sum of Squares	df	F	Sig.
Regression	43.876	1	125.561	0.000
Residual	90.120	258		
Total	133.996	259		
Coefficients	B	Std. Error	Beta	t (Sig.)
(Constant)	1.616	0.202		8.014 (0.000)
Forensic Accounting Practices	0.573	0.051	0.572	11.205 (0.000)

Source: Researchers computation, 2026

Table 8 indicates that forensic accounting significantly impacts positive tax compliance ($\beta = 0.572$, $t = 11.205$, $p = 0.000 < 0.05$). With a 0.327 coefficient of determination, forensic accounting practices explain 32.7% of the changes in tax compliance, and the model is significant ($F(1, 258) = 125.561$, $p < 0.05$). An unstandardised coefficient of 0.573 indicates that an increase of 1 unit in the practice of forensic accounting leads to an increase of 0.573 units in tax compliance. The null hypothesis is therefore rejected.

H_{02}: Internal control systems have no significant effect on tax compliance in deposit money banks in Nigeria.

Table 9: Regression Results

Model Summary	R	R²	Adj. R²	Std. Error
	0.528	0.278	0.276	0.612
ANOVA	Sum of Squares	df	F	Sig.
Regression	37.309	1	99.563	0.000
Residual	96.687	258		

Total	133.996	259		
Coefficients	B	Std. Error	Beta	t (Sig.)
(Constant)	1.887	0.199	—	9.474 (0.000)
Internal Control Systems	0.497	0.050	0.528	9.978 (0.000)

Source: Researchers computation, 2026

Based on the data in Table 9, positive and significant influences on tax compliance are exerted by internal control systems ($\beta = 0.528$, $t = 9.978$, $p = 0.000 < 0.05$). Internal control systems show positive and significant influences on tax compliance. Approximately 27.8 percent of the variance in tax compliance is explained by the model, and its significance is statistically affirmed ($F(1, 258) = 99.563$, $p < 0.05$). The null hypothesis is therefore not accepted.

H_{03}: There is no significant joint effect of forensic accounting practices and internal control systems on tax compliance in deposit money banks in Nigeria.

Table 10: Multiple Regression Results

Model Summary	R	R²	Adjusted R²	Durbin–Watson
	0.637	0.405	0.401	2.169
ANOVA	Sum of Squares	Df	F	Sig.
Regression	54.331	2	87.636	0.000
Residual	79.665	257		
Total	133.996	259		
Coefficients	B	Std. Error	Beta	t (Sig.)
(Constant)	1.048	0.214		4.909 (0.000)
Forensic Accounting Practices	0.412	0.056	0.411	7.410 (0.000)
Internal Control Systems	0.304	0.052	0.323	5.811 (0.000)

Source: Researchers computation, 2026.

Table 10 shows that forensic accounting practices and internal control systems, when combined, positively and significantly influence tax compliance. The model was significant ($F(2, 257) = 87.636$, $p = 0.000 < 0.05$) and accounted for 40.5% of the variation in tax compliance ($R^2 = 0.405$; adjusted $R^2 = 0.401$). Forensic accounting practices ($\beta=0.411$, $t=7.410$, $p < 0.05$) and internal control systems ($\beta=0.323$, $t=5.811$, $p < 0.05$) both contributed to the model. The residuals were free from autocorrelation and the null hypothesis was rejected.

V. SUMMARY OF FINDINGS

The first finding suggests that strengthening forensic capabilities in the areas of fraud detection, forensic data analytics, and the provision of investigative evidence will increase a bank's level of tax compliance. This finding is consistent with Adegbenro and Aderemi (2023), who stated that the use of forensic accounting in Nigeria positively relates to the generation of tax revenues, and Ibrahim and Dahida (2025), who stated that forensic accounting practices in Nigeria reduce tax fraud and improve tax compliance of firms. Similarly, this finding is consistent with the work of Oluwaseun and Babatunde (2022), who stated that forensic tax auditing practices enhance revenue mobilisation from Nigerian deposit money banks. When viewed from the perspective of the Fraud Triangle, this finding suggests that forensic accounting practices raise the perceived probability of detection, which constrains the opportunity and weakens the rationalisation of non-reporting of tax.

The second finding suggests strongly that improved internal control systems positively impact tax compliance. This incorporates strong control systems such as internal Audit reviews and ongoing management which result in more accurate financial records and, by implication, more accurate assessments of tax obligations and payments. This aligns with Adeniyi and Oluwaseun (2022) that state internal control systems enhance the quality of financial reporting in Nigerian commercial banks, and with COSO (2013) that states reliable reporting and compliance result from having a strong control environment. This also relates to Doyle et al. (2007) that state internal control deficiencies result in poor financial reporting and greater risk of reporting errors. The impact is even more direct in this case, and that is the quality of the control systems determines the quality of the records, while the quality of the records determines the tax exposure and compliance.

The two mechanisms, accounting for 40.5% of the variation in tax compliance, is the most analytically important conclusion of this work. In contrast to the 32.7% and 27.8% variance explained by the mechanisms in isolation, this finding shows a complementary relationship between the two mechanisms. Internal control systems build barriers and preventive documentation to facilitate accurate tax reporting. On the other hand, forensic accounting provides the ability to investigate undocumented and reported tax manipulations, which have eluded barriers. The finding describes the theoretical integration of this study. In this case, agency theory provides the basis to understand the monitoring integration, while institutional theory provides the legitimacy, and fraud triangle the behavior. The finding adds to Dada and Owolabi (2023) in that it specifically focuses on the deposit money banks, and illustrates the two mechanisms combined to shape compliance, as opposed to the mechanisms in isolation. Forensic accounting provides the most significant, identifiable impact in a joint model where control systems provide a base level of prevention that is inconsistently reinforced. In such a case, forensic accounting systems may provide more value than preventive systems.

VI. CONCLUSION

This study was concerned with the relationship between forensic accounting practices and the structure of internal control systems with tax compliance in deposit money banks in Nigeria. Primary data was collected from 260 professionals working in the areas of accounting, internal audit, compliance, and risk management within seven banks. The results show that both practices are important for tax compliance. Each practice has a meaningful contribution to the outcome of tax compliance, and together, they demonstrate a more significant influence, evidencing their complementary nature in the context of this study. Forensic accounting provides the investigative and analytical skills to address the issue of manipulation of taxable income, while the internal control systems provide the supporting mechanisms and dependable records to facilitate accurate tax assessments and the subsequent payment of tax. It can be concluded that deposit money banks that are focused on improving tax compliance and enhancing their overall contribution to the government's tax system and public finances are required to simultaneously develop both forensic accounting and internal control systems and frameworks. This study has attempted to address the existing gap in the literature by showing that, in the context of the Nigerian banking system, both practices can be applied together to improve tax compliance.

VII. RECOMMENDATIONS

i. Deposit money banks are encouraged to create and adequately fund specialized forensic accounting units and to staff these units with qualified forensic accountants. Additionally, they are encouraged to implement forensic data analytics in the continuous financial surveillance to improve fraud detection and to facilitate compliance with tax obligations.
ii. An effective segregation of duties, regular internal audits, and strengthened systems of control and reconciliation, ought to be integrated into the existing internal control systems of the bank, to reduce the risk of misstatements affecting tax compliance.
iii. Banks, having regard to the proven complementarity of the mechanisms, should pursue an integrated compliance framework that is reconciled with the outputs of forensic accounting and linked with internal control systems, in which investigative outcomes are used to strengthen preventive controls, and do not remain in isolation in case reports.

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