



A Study on Awareness of Forensic Accounting with Reference to Hyderabad City

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Abstract:

Forensic accounting, an amalgamation of investigation and accounting, serves as a vital tool for unearthing financial crimes such as embezzlement, fraud, and insolvency. Certified Fraud Examiners, known as forensic accountants, employ a structured approach encompassing client analysis, conflict checks, preparatory investigations, action plans, evidence acquisition, analysis, and report preparation. This field extends its relevance beyond the corporate sector to address personal financial disputes. The objectives of forensic accounting range from proving financial crimes and identifying culprits to preventing financial malfeasance and appraising accounting practices. Despite its significance, a survey reveals that a majority of individuals, particularly undergraduates, lack awareness about forensic accounting. This study advocates expanding education, conducting awareness programs, and leveraging social platforms to promote awareness and the adoption of forensic accounting practices. As businesses continue to grow, the demand for forensic accountants is poised to increase, enhancing financial system integrity.

Keywords : Forensic, investigation, financial, awareness

Introduction

Forensic accounting is a set of services with specialized knowledge and analytical skills to classify, summarize, analyze, interpret, findings that has to be communicated or supported in a suitable court of law. It is a combination of investigation and accounting to uncover financial crimes. Financial discrepancies include embezzlement, misappropriation of funds, frauds, insolvency. The forensic accountant is called as Certified Fraud Examiner. The steps of Forensic accounting include –

- 1) Meeting with the client for analyzing the situation
- 2) Performing a conflict check
- 3) Carrying out preparatory investigation
- 4) Developing an action plan
- 5) Acquiring relevant evidence
- 6) Perform analysis
- 7) Prepare reports in the form of charts and graphs

The accountants dealing with forensic accounting are investigate officer or forensic auditors. Their function is – criminal investigation, detection of fraud, litigation of evidence, solve the disputes between different stakeholders of the company

Forensic accounting also takes place outside the business world to solve personal family financial disputes. The scope of forensic accounting is always on the rise. Large companies will always require forensic officers to reduce risk, embezzlement of funds or even to avoid frauds.

Objectives of Forensic Accounting

The objectives of forensic accounting are as follows-

1. The main objective of forensic accounting is to prove that the financial crimes have taken place. Evidences should be gathered acting as a strong collateral
2. Identify the accountants who have committed the manipulation of the funds
3. Proving that the aggrieved party which might be a business firm/ company/ a person has incurred loss
4. Assist disputes not only of business world but even outside its jurisdiction
5. Prevention of financial crimes
6. Predicting financial crimes
7. Reducing losses
8. It can be used to appraise the work of the accountants themselves

Types of Forensic Accounting

1. Professional negligence claims
2. Bankruptcy
3. Privacy information
4. Money laundering
5. Financial theft (customers, employees, or outsiders)
6. Tax evasion or fraud
7. Securities fraud
8. Defaulting on debt
9. Corporate valuation disputes
10. Economic damages (various types of lawsuits to recover damages)
11. Divorce proceedings
12. Mergers & Acquisitions related lawsuits

Services of Forensic Accounting

There are multiple different services of forensic officer. They are namely-

1. **Litigation of support services** – the accountant analyses the report or issue raised by both the parties. Then comes up with strong evidence acting as a guarantee for proving that a financial crime has been committed
2. **Investigating services** - providing sound and solid evidence in court of law
3. **Forensic technology and computing** – provides technological support services for investigation, litigation. The team assists with the capture and recovery of electronic data for both investigation and

review, and in a manner that ensures it is admissible in both criminal and civil courts of law across different jurisdictions.

Advantages of Forensic Accounting

1. Reduces or minimises the losses of aggrieved party
2. It lowers the risk of exploitation of funds
3. Improves the brand recognition and goodwill in the eyes of stakeholders
4. It increases or enhances efficiency by analysing and providing solutions to the financial crime
5. Leads to financial stability
6. Helps to supervise the work of professionals including accountants themselves
7. Restraint from legal problems
8. Adjudication and conciliation

Review of Literature

1) Signaling Practicing Accountants To Improve Skillset And Forming Regulatory Body For Forensic Accountants In India - Prof.Shimoli Dhama

In this research paper, she has mentioned that forensic accounting has to include as a discipline. As the technology and use of computers has been on the rise accounting and auditing are easy to be manipulated or commit a fraud. She has also mentioned that with increased transparency it will reduce frauds. Benford's law is a mathematical tool to reduce frauds. The research paper also consists on how accounting has to be used as a preventive tool measure rather than for investigation.

2) Impact of forensic accounting on fraud detection - Ashwin R1 Parasuram Praveen M2 Shashank Subbaiah KK3

This research paper mentions on how forensic accounting plays a vital role in detecting frauds through conducting data analysis. The analysis has been conducted on health south having rehabilitations across the country of USA. It is mentioned that forensic accounting is not the only solution for solving or even handling the problems with huge and complex accounting data which becomes difficult to analyse.

3) Forensic accounting in india: a technique of fraud prevention and detection 1Krishan Lal Grover,
2Veena Gautam, 3Yashika Grover 1Associate Professor in Commerce, 2Research
Scholar, 3 Sr. Travel Consultant

The research paper is all about how training skills related to forensic accounting in schools and universities play a imperative role in unfolding the fraud. The paper also contains the services rendered by the forensic accountants or accounting, the different scams that have taken place in India like Harshad Mehta security scam (1991), Fodders scam (1992), Satyam scam (2008), Common wealth games (2010). There is also a brief introduction of types of frauds and different techniques to forensic accounting.

After reading multiple articles, I could draw a conclusion that **Benford's law** is a very prominent technique among forensic accounting.

Objectives of the Study

- 1) To know the concept of forensic accounting
- 2) To know the barriers on the awareness about the forensic accounting across the country

Research Methodology

Data Collection:

The research on forensic accounting and its awareness in the context of financial crimes prevention and detection will involve both primary and secondary data sources.

Primary Data Collection:

Survey Questionnaire: To assess the awareness and perceptions of individuals regarding forensic accounting, a structured survey questionnaire will be designed. The questionnaire will be distributed to a targeted sample of respondents.

Secondary Data Collection:

Literature Review: Existing literature, academic papers, research articles, and books related to forensic accounting, financial crimes, and forensic accounting education will be reviewed to provide a theoretical foundation for the study.

Online Sources: Information from reputable online sources, websites of educational institutions, regulatory bodies, and industry associations related to forensic accounting will be collected for reference.

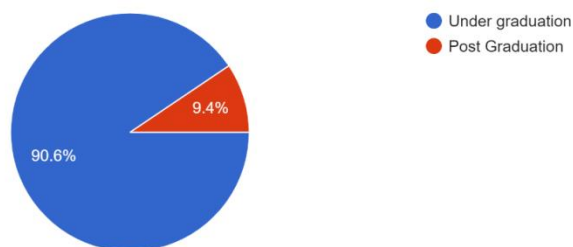
Sample Size:

The selection of the sample size for the survey will be based on the principles of random sampling to ensure representativeness. A minimum sample size of 53 respondents is targeted for the survey.

Data Analysis

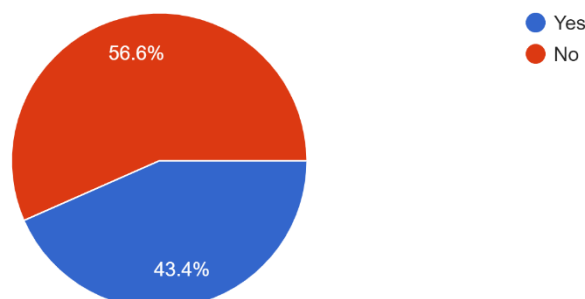
Results of the survey

Student of
53 responses



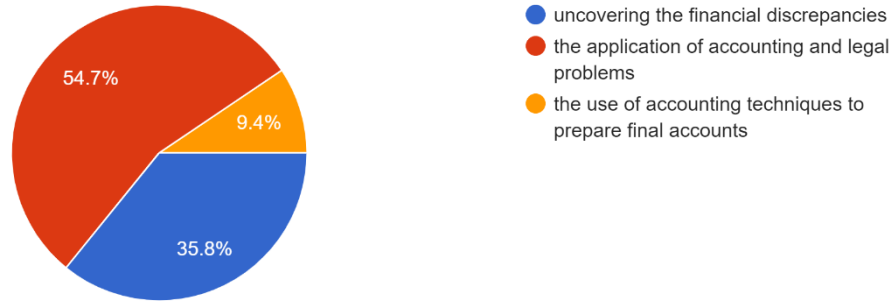
Are you aware about what forensic accounting is?

53 responses



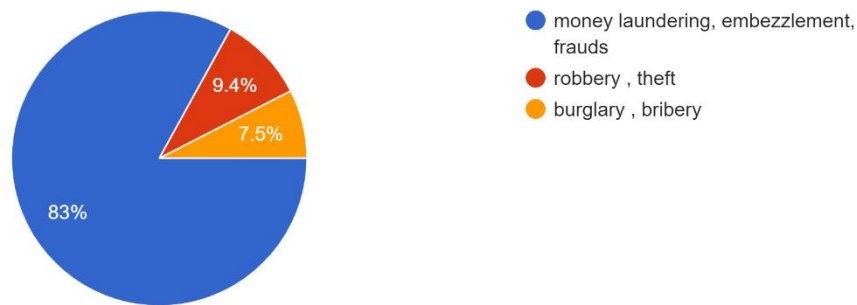
If you are aware, what according to the options below is forensic accounting ?

53 responses



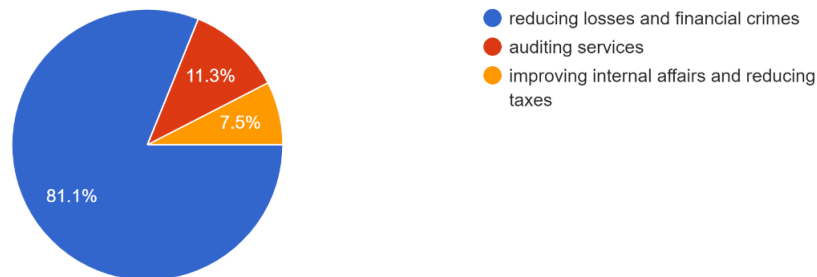
What kind of crimes do you think forensic accounting deals with?

53 responses



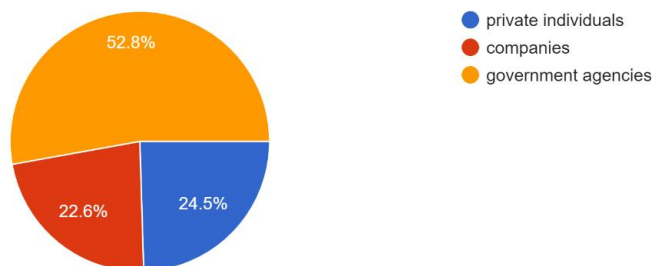
how does a business benefit out of forensic accounting services ?

53 responses



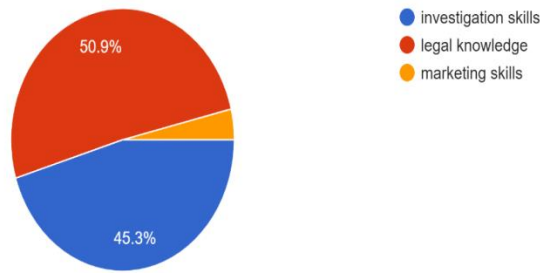
who employs forensic accountants?

53 responses



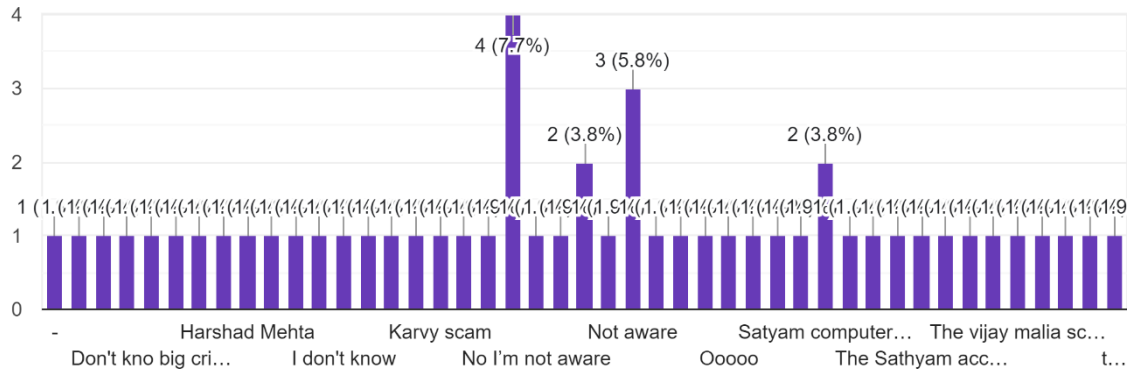
which among the following skills are required for a forensic accountant?

53 responses



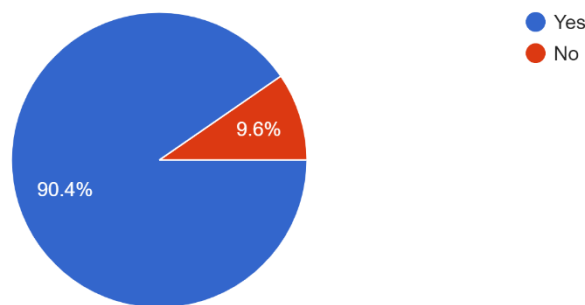
if you are aware of accounting crimes, state one scam that has taken place in India related.

52 responses



Do you think forensic accounting should be a prevalent subject among under graduation/post graduation

52 responses



Interpretations

According to the survey conducted the following the interpretations drawn –

- 1) The responders of the survey were of majorly Under graduation
- 2) 56% of the responders are not aware of which makes it the majority over 42 % aware.
- 3) The survey report also says the application of accounting and legal problems and not uncovering the financial discrepancies.
- 4) The financial crimes dealt by forensic accountants was money laundering, frauds, embezzlement according to the responders

- 5) Most of them also have the idea that forensic accounting services are used for reducing losses and financial crimes.
- 6) The report shows that the skills required for a forensic accountant are majorly investigation skills followed by legal knowledge
- 7) The scams stated by the respondents are – Satyam computers, Harshad Mehta scam and some amount of responders aren't aware about the same
- 8) They also feel that the subject awareness related to forensic accounting should be introduced in curriculum of either Under or Post graduation.

Suggestions

Few suggestions that I can draw from the research paper and the report are –

- 1) The education related to forensic accounting must be widened.
- 2) Workshops, online courses and seminars must be conducted in order increase the awareness among the mass
- 3) Students who can be potential accountants should be suggested to attend conferences and industry events
- 4) Social platforms should be used at their utmost utility to spread awareness and reap the benefits of awareness

The establishment of companies increases with time, henceforth forensic accountants will be needed and will be in demand

Conclusion

In conclusion, through exploration majority amount of people are not aware about Forensic accounting, its uses, qualification. Forensic accounting has majorly helped uncovering the financial discrepancies among the companies. By increasing the awareness the stakeholders can work more transparently ensuring integrity towards financial system.

References

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