



## A RESEARCH SYNTHESIS ON FORENSIC ACCOUNTING USING PRISMA MODEL

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### ABSTRACT

**Purpose** – This article aims to project the existing gap in the literatures of Forensic Accounting by analyzing Review of Literatures in the concerned field.

**Design/Methodology/Approach** – The study secondary data collected from a sample of 23 research articles which have been piloted in the broad area of forensic Accounting.

**Findings** – With the help of the facts and theoretical analysis, this article reveals the significance of encompassing the Forensic Accounting in the field of education. It focuses on throwing the light on the importance and incorporation of Forensic Accounting in detecting the fraud. It is mandatory to provide special training to the authorities who deal in detecting the Financial Frauds in the corporate sectors.

**Originality/Value** – In accordance with the published literatures it is obvious that numerous studies have been conducted in analyzing the applicability of Forensic Accounting in detecting Frauds. This article is the comprehensive study which aims in projecting the importance of the Forensic Accounting in fraud detection.

**Keywords** -ForensicAccounting, published literatures, comprehensive study, fraud detection

**Paper Type** – Research Paper

### 1. Introduction

The need for the administration of the Forensic Accounting has come into force due to the number of corporate frauds in the world. These corporate scandals result in the wearing away of the confidence of the investors. (Wijerathna, A. G. H. S. K. and Perera, H. A. P. L., ‘p:106)



These corporate frauds had gained the attention of the investors because this affects their return on investment. Even the large companies had been caught red handed because of the poor control over the frauds in the organizations. The financial fraud and scandals can be avoided if the companies adopted Forensic Accounting in preparing their financial statements. (Kalikant Mishra *et al.*, 2020, p: 4016)

Studies have shown that the financial crimes increase in the corporate sector. Due to the increasing financial fraud, the Forensic Accounting has become the hot topic in Industries, Education and Research. (Dr. Yasmin Begum Nadaf, (2023)). It is mandatory to apply Forensic Accounting which is the blend of auditing, investigating and accounting knows how. This is used to detect the white-collar crimes which happen in the corporate sector (Gurleen Kaur, Debhjit Mukherjee, 2023, 'p: 25)

The tremendous increase in the white-collar crimes and fraudulent activities are due to the negligence of the professional accountants and the auditors. Because they are not capable to detect the financial accuracy and the misrepresentation of facts. The new arena in accounting has paved the way for the detection of the misrepresentation of the financial records which can be done by the Forensic Accountant in the recent days (Sumeet Gupta, 2022, 'p:43)

Kautilya Arthashastra, an Indian Philosopher has first time introduced the term 'misappropriation'. This term refers to nearly forty well known misappropriations that take place everywhere including corporate sector. A Forensic Accountant should be aware of the various types of frauds that happens in corporate world and should possess the knowledge of detecting it (Ms.Nirali Dave, Dr.Dharini Patel, 2023, 'p: 17)

Forensic Accountant uses investigative techniques in assessing the hidden assets, trace the embezzlement of funds, consequences of the fraudulent activities in the companies. They possess the skill in solving the explaining the difficult financial matters and produce the evidence in the court for the proceedings because Forensic Accountant incorporate the proficiency in accounting principles, auditing and analyzing the financial records (Dr. Yasmin Begum Nadaf, 2023, 'p:153)

In current scenario it is understood that the role of investigator and Forensic Accountants differ in corporates when detection of fraud is concerned. Auditors are there to analyze the financial



records and give their opinion whether the financial records comply with the accounting standards and principles. But the role of Forensic Accountant is detection of frauds and the suspicions of frauds in the corporate (B.Kaura , R. Bansalb,2022, ‘p:3355)

Forensic Accounting is known for its better assessment and examination of the financial documents to prove the financial frauds in the corporate sectors (Dr.Manisha Verma, Dr.Rajanikanth Verma, 2022, ‘p:56). Since the detachment of ownership from the companies leads to the periodical checking of the authenticity of the financial documents, Forensic Accountant make every effort to detect the dishonest transaction from the company’s records (Dr. Pradip Kumar Das, 2020, ‘p:59).

Various auditors have found in league with their respective management. The failure of the audit, corporate governance and the internal control could be rectified with the help of implementing the Forensic Accounting information system in preparing the financial statements (Kalikant Mishra,Prof. M. Khalid Azam,Dr. S.O.Junare,Ed.s, 2021, ‘p:4016).

## **2. Literature Review**

Wijerathna, A.G.H.S.K, et al (2020) conducted a systematic review by collecting the literature samples from various sources between the year 2015 to 2020. The author states that the use of Forensic Accounting is increasing because of the increase in corporate financial scandals in the organization. The data has been collected and it is used to analyze the significance of implementing the Forensic Accounting at the college level. A “Research Synthesis” methodology is used by dividing the process in 8 levels. The study concludes that it is crucial to incorporate the Forensic Accounting. With conclusions as the base, the study recommends to incorporate Forensic Accounting to curtail the financial scandals, applications of Forensic Accounting and the purpose of Forensic Accountants in auditing.

WaleedEltayab Omer Khalid (2024) hasprepared this article in view to find out how Forensic Accounting might improve the efficiency of accounting systems in banking sector in Sudan, specifically in relation of the financial crisis brought by the conflict that broke out on April 15<sup>th</sup> and the resulting damages in banking infrastructure. The study uses the structured questionnaire to collect the data and analysis has been made through Factor Analysis, Karl



Pearson Correlation Coefficient and Simple Regression. The study concludes a positive relation between Forensic Accounting and Accounting Information System. It recommends to align the Forensic Accounting practices by focusing on awareness among banking sector to utilize the Forensic Accounting tools effectively.

James.A.DiGabricle, et al, (2020) integrate the literatures and the court rulings pertaining to Forensic Accounting subjects to identify the areas which requires more study and better understanding of the nature of Forensic Accounting for future research.

OlubusolaOdeyenni, et al, (2024) focused on the development of various methods in the digital era. The study emphasizes how financial crimes are always changing, necessitating creative and adaptable solution from forensic accountants to avoid fraud through digital platforms. The study concludes that Forensic Accounting is vital as far as Financial fraud is concerned.

Losita Eberechukwu Daraojimba, et.et., (2023) identifies different types of financial fraud prevalent in US by focusing the impact of increasing technological advancements. The study analyses the limitations and shortcomings of the Forensic Accounting practices by concentrating the need for the enhancement of skills and Forensic Accounting tool. The research leads to the further exploration of the long term effectiveness of new technologies in Forensic Accounting.

Esraa Esam Alhsrasis (2023) states the mindfulness of Forensic Accounting in Jordan. This article surveys the academician's views and thoughts towards the performance of Forensic Accounting tools and techniques in preventing the fraud and detecting the fraudulent practices. Data has been collected through questionnaire and the study finds that the academicians have low level of awareness on the Forensic Accounting and its importance. It further suggests the need to combine the Forensic Accounting education within the accounting progression.

Zardasht Abubaker Qader Barzinji, et al, (2022) expresses that the internal control in an organization has a negative impact in reducing the prevention of fraud in an organization. Therefore, steps should be taken in implementing the effective internal control to detect the fraud. In accordance with this the data has been collected through questionnaire and the testing is done using SPSS. The findings were that most of the preventive factors are not considered in detecting the frauds in the organizations. It concludes that further research is needed to find how Forensic Accounting could help in detecting the financial frauds.



### 3. Methodology

Secondary data is used to analyze existing literature reviews on Forensic Accounting. The methodical approach states that financial fraud is grueling and one must know the intensity of it. Baljinder Kaur, et al, (2023). The synthesized research gives the distinguished value of Forensic Accounting incorporated by the systematic review method followed by empirical approaches provided by various literature reviews. Nourhene Guellim, et al. (2024).

### 4. Findings & Suggestions

- From the above analysis, the study shows that the company's Internal Audit Department should be vigilant in detecting the frauds.
- Since the Internal Audit Department is primarily responsible in detecting the fraud, they should be educated about the significance and the implementation of the Forensic Accounting in the companies.
- The study also reveals the fact that since the impact of Forensic Accounting in identifying the fraud is not realized, the frequency of the occurrence of the fraud is more in the companies.
- The knowledge of legal proceedings are not known to many of the auditors, the company fails to understand the legal impact on its day to day operations.
- The companies are careless in managing the financial documents which leads to lose its authenticity.
- With the help of the details taken from the databases, it is evident that prevention of the fraud is not a reactive process but a forward thinking process.
- While the applicability of the Forensic Accounting gives a positive results in the developing countries, Forensic Accounting is still in the embryonic stage in India.
- The study is limited to the private sector because of the fear of losing their confidentiality when the documents are published publicly.



- Proper training should be conducted to the Forensic auditors to inculcate the importance of the Forensic Accounting.
- Workshops should be conducted and awareness sessions can be organised in the companies by raising awareness regarding corruption and malpractices in the companies.

## **5. Conclusions**

Increasing widespread presence of financial fraud in corporate sector emphasizes the urgency for the effective measures to be taken to battle the white-collar crimes. This article focusses on the significance of the performance and applicability of Forensic Accounting in detecting the financial crimes in an organization. Through a combination of literature review and empirical data analysis, it is evident that the incorporation of Forensic Accounting methodologies can significantly improve companies' capabilities to detect and mitigate fraudulent activities.

Key observations reveal that many current Internal Audit Departments often lack the essential training and awareness required for the proficient application of forensic accounting methods. Consequently, numerous organizations remain susceptible to financial misrepresentation and fraud. This study underscores the importance of specialized training programs designed to equip auditors and financial professionals with the necessary skills to recognize warning signs and implement effective fraud detection strategies.

Furthermore, it is essential to foster an environment of openness and responsibility within corporate governance frameworks. Establishing thorough internal controls must be a top priority for organizations, and they must make sure that all staff members are aware of the repercussions of financial fraud and the need of upholding moral principles.

In summary, although the path toward the widespread implementation of Forensic Accounting in India is still evolving, the insights from this study advocate for a proactive stance. By emphasizing training, strengthening internal audit functions, and raising awareness about the consequences of financial misconduct, organizations can enhance their defences against fraud and maintain integrity in their financial reporting. Continual research and teamwork with



stakeholders are crucial for enhancing the efficiency of Forensic Accounting in the corporate sector, leading to a more transparent and responsible business setting.

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