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Investigation Techniques, Methods, Types, and Increasing Impact of Forensic Accounting in Digital Period

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Abstract

Forensic accountants are responsible for fighting financial malpractices and fraud in organizations and businesses. Financial accounting applications are made successful through engagement in duties such as financial data analysis, preparation of reports, and testing the results before courts. Investigation involves examination of record books to determine if a financial criminal activity has occurred. Through these investigations, forensic accountants find and discover fraud and malpractices thus bringing the culprits to books. The reports filed act as evidence in courts. Forensic accounting has played an important role in fighting fraud, solving civil disputes, and helped companies avoid future crimes regarding finances.

Key words: *Forensic Accounting, Auditing, Internal Auditing*

Jel Classification: *M40, M41, M42*

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Dijital Dönemde Adli Muhasebenin Soruşturma Teknikleri, Yöntemleri, Türleri ve Artan Etkisi

Öz

Adli muhasebeciler, kuruluşlarda ve işletmelerde yanlış mali uygulamalar ve dolandırıcılık ile mücadele etmekten sorumludur. Adli muhasebe uygulamaları, finansal veri analizi, raporların hazırlanması ve sonuçların mahkemeler önünde test edilmesi gibi görevler üstlenerek başarılı hale getirilmektedir. Soruşturma, bir mali suç faaliyetinin meydana gelip gelmediğini belirlemek için kayıt tutulan mali defterlerinin incelenmesini içerir. Bu soruşturmalar sayesinde adli muhasebeciler, dolandırıcılık ve yanlış uygulamaları tespit edip ortaya çıkartarak suçluları adli sicile kaydettirir. Dosyalanan raporlar mahkemelerde delil görevi görür. Adli muhasebe, dolandırıcılıkla mücadelede, hukuk uyumsuzluklarının çözülmesinde önemli bir rol oynamış, işletmelerin gelecekte finansla ilgili suçlardan kaçınmasına yardımcı olmuştur.

Anahtar Kelimeler: Adli Muhasebe, Denetim, İç Denetim

JEL Sınıflandırması: M40, M41, M42

1. Introduction

Over the past few decades, forensic accounting has gained recognition over the controversial publication of high-profile criminal cases. Most cases being an investigation of individual or business that engage in financial malpractices. Despite being new, it is quickly transforming how company conduct their activities (Kranacher & Riley, 2019, p. 238). At most, honesty is prevailing due to the fear of being exposed by forensic accounting. Similarly, with the emergence of forensic accounting, most professionals take the course to fill the void required of workers work in forensics. Most businesses are also employing many forensic accounting experts to ensure the smooth running of their business by investigating financial malpractices that may be orchestrated with organization employees. Thus, quickly transforming the outlook and procedures within organizations in the 21st century.

Forensic accounting, also known as forensic accountancy or financial forensics, specializes in investigating and identifying financial malpractices that firms may engage in within the organization. To recognize the existence of financial report misconduct, financial accountants are forced to apply a range of skills to determine malpractices in the finance system (Crain et al., 2019, p. 338). Some of the skills range from auditing, investigative and accounting skills, which enable them to examine organizations or individuals' finances

(Rezaee & Wang, 2019, p. 269). Forensic accounting involves investigating a wide range of areas that include; investigation into economic damages arising through tort or breach of contracts. They also investigate money laundering, tax fraud and security fraud in the business (Bassey, 2018, p. 151). Other areas covered by forensic accounting are business valuation, bankruptcy and computer forensics. Moreover, forensic accountants can analyze an organization's finances and come up with an analysis suitable for usage in legal proceedings. Meaning, they pose knowledge to deal with business reality, as they look beyond mere business numbers. Hence the frequent use of financial accounting in courts to explain financial crime involving case around fraud or embezzlement of finance.

In short, financial accounting emerged to help deal with financial crimes since it encompasses investigative techniques and accounting processes. Therefore, many organizations, business and individuals use forensic accounting to form concrete evidence of the financial crime that can be applied in a legal process (Ehioghien & Atu, 2016, p. 250). A procedure that would be possible due to forensic accounting is tracing funds, asset identification, and recovery. Forensic accounting involves identifying a mistake or malpractices. After which settling, sorting and extracting the issue for proper investigation. The findings are then recorded and report. The financial data collected is verified from the report, analyzed before concluding to present it in a court of law.

1.1. Background

It was not until 1930, that forensic accounting got its roots from, following the case of Al Capone. Al Capone considered an infamous Chicago gangster had some illegal dealings that needed to be unearthed. Frank Wilson, a CPA employee, working for the Internal Revenue Service, was placed amongst the task force appointed to find Al Capone secret dealings (Lakshmi & Menon, 2016, p. 459). Al Capone, a dangerous person, famed for his illegal activities that involved violent crimes, had failed to file his federal income tax—prompting the investigation to find out his federal income tax. Wilson was able to diligently pursue AL Capone financial record, finally indicting him for federal tax income evasion. It was in the year 1931 that eventually, Al Capone failure to declare his returns landside him in prison, thanks to the excellent work of Frank Wilson (Van Akkeren, Buckby & Tarr, 2016, p. 207). Some of the charges pressed on Al Capone include failure to pay tax, despite acquiring wealth. Besides, he owes the government \$215,080.48, money gotten from illegal gambling. Subsequently, Al Capone was slapped with a ten-year sentence for his criminal records. But most important was the

cementation of forensic accounting as an essential tool in the conviction of financial fraudsters and embezzlers.

Following the success of the Al Capone case, several cases have since applied forensic accounting to solve. Where the bulk of those case involves fraud and embezzlement. A few examples of case solved through forensic accounting are mentioned in this chapter, such as Charles Ponzi, who many outlets describe as a famous financial criminal in the United States. He ran an illegal scam that was able to make over \$5 million (Rezaee & Suen, 2016, p. 112). Officially become Ponzi scheme namesake, where Ponzi scheme involved duping investors and paying them from their investments or other investors, excluding actual profit. Another case was the Enron scandal. It came to the limelight in 2001, following sachem to render the business bankrupt. The result was so severe that it was named the most significant bankruptcy ever to be witnessed at the time. Some of the losses include; shareholders losing \$74 billion, whereas the employees also suffered terrible losses like loss of employment and retirement benefits.

1.2. Latest period

WorldCom Company got involved in fraud in 2002, and as a result, almost 30 000 jobs were lost. The fraud involved inflation of the company's assets up to \$11 billion, whereas it was less in the true sense. Upon financial auditing, it revealed that almost \$3.8 billion were unaccounted for in the business (Abdurrahman et al., 2020, p. 153). A feat that saw investors lose an amount to the tune of \$180 billion. Another case involved Bernie Madoff and his 2008 fraud. Often regarded as the largest Ponzi scheme, orchestrator of all time. The former NASDAQ chairman swindled personal investors' money to the tune of \$64.8 billion (Tiwari & Debnath, 2017, p. 79). Many of the investor's ended up losing everything they had dearly worked for as Madoff became more prosperous. However, the power of forensic accounting came hunting for him, finally landing him 150 years imprisonment. Additionally, there was the Tyco international fraud case. It involved two greedy people, CEO and CFO of Tyco international company who, after stealing \$150 million, opted to inflate the company's income to \$500 million. The case discussed shows that since its initiation, forensic accounting had impacted the industry in several ways. At least no many get away with financial fraud, embezzlement or any other cases involving financial accounting of a business or an individual.

2. Literature review

The world is evolving, and it's pretty common nowadays to hear a case solved through forensic accounting. Then what exactly do forensic accoun-

tants do? Many have linked them to fighting to end financial malpractices by individuals, business and organizations, which implies that forensic accountants work around the clock to end fraud (Akinbowale, et al., 2020, p. 1257). Fraud has continued to cost countries and people to lose more money in millions to scammers. As a way to find these fraudsters and end fraud, forensic accounting has been developed. Forensic accounting involves an accounting and investigative nature that allows it to unearth even the deadliest of financial distress and ensure all the culprits are brought to book. With the rise of technology, cybercrime has propelled the increase in financial fraud, thereby requiring forensic accounting services to help fight this growing trend.

Similarly, forensic accountants ensure the courts are fed with well and elaborated evidence of financial criminal activity. It ties the element of investigation, after which it analyzes and reviews it before the court. The work is also always tiresome and quite detailed; thus, forensic accountants' results with other team members ensure the job well done. Some of the professionals they work with are the lawyers, who give the case and law enforcement agencies the legal art (Deilami, Soltani & Omrani, 2018, p. 12). Other stakeholders involved include; insurance companies, financial institutions and also accountants involved in other categories. Those involved in forensic accounting are expected to be professionals vast with planning, execution, and good at computation and analyzing numbers. Besides, a person pursuing forensic accounting should be inquisitive and confident in their undertakings. Some of their typical; duties as forensic accountants include; race funds by engaging in forensics research, analyzing financial data, reporting preparation, and testing before a court of law. Forensic accounting performs various roles depending on the incident or in the case, as shown below.

2.1. Litigation

One of the main categories that have witnessed the use of forensic investigation is litigation. The workings of forensic accounting have influenced several litigations. They are used in litigation if the case in question needs quantifications to be done on the damages incurred (Hegazy, Sangster & Kotb, 2017, p. 46). The parties involved may decide to settle the dispute amicably or through the use of courts from the quantifications. The damage is quantified, and the party incurring the losses can either be paid. For example, it may involve a dispute over compensation and benefits amongst a given group of businessmen or individuals. If the case escalates to court hearings, a forensic accountant may be required to help solve the stalemate. In the scenario, the forensic accountant investigates the amount involved and quantifies how the

compensation and benefits should be made to each individual. Therefore, a forensic expert is required in litigation to aid in quantifications of damages or profits.

2.2. Criminal investigation

They are used to determine an occurrence of crime or the likelihood that a crime might occur or the level of intent that a crime might occur. Examples of the crimes that may be under investigation of forensic accounting experts may be quoted as theft by employees in an organization, security and insurance fraud (Huber, 2017, p. 32). The offence can also be interfering with financial information to gain access to steal. Forensic accounting is complex, thus, are primarily used in complex or high-profile crimes. Crimes that involve a lot of money at stake (Rehman & Hashim, 2019, p. 639). Across the years, several high-profile criminal cases have been in the limelight for using forensic investigation to solve their issues. The examples of such a case are Madoff, the largest Ponzi scheme that saw Madoff defraud personal investors a lot of money. The case was dissected and solved with forensic accounting, making it easy for the courts to make rulings without being biased. Hence forensic accounting has continued to play a vital role in criminal investigation since, through it, high profile criminal cases have been solved, and offenders served well for the misfortunes they caused.

2.3. Insurance industry

The insurance industry employs a forensic accountant to help solve stalemate of vehicle accident or even medical malpractices case. Forensic accounting is used in insurance to ensure the correct quantification of economic damages due to vehicle accidents. The forensic accountant can determine losses that arise from vehicle accidents (Okoye & Ndah, 2019, p. 109). They give the quantity that is destroyed, making it easy for compensation on the part of those insured. The insurance company can make decision concern compensation more efficiently and correctly since they are informed of the extent of economic damage resulting from accidents. Hence forensic accounting is essential in ensuring insurance companies do not undergo losses in compensation. Instead, they are well informed on the amount of losses and only compensate the level of the damages.

2.4. Other fields

Forensic accounting has been used in divorces case. They can unearth hidden assets in divorce cases. Besides, they can help provide their services in matters to do with breach of contract or breaches of warranty. Moreover,

forensic accounting is used in cases involving construction claims, trademark, and patent infringements.

3. Applications of forensic accounting

Here is a list of various forensic auditing procedures that encompasses forensic accounting. Various forensic accounting disciplines are shown with these examples; securities fraud, debt defaulters, bankruptcy, evasion of tax, fraud, money laundering, divorce proceedings, financial theft, and privacy information, amongst others.

3.1. Earnings of forensic accountants

The future always looks bright for those seeking to pursue a course in forensic accounting, owing to the excellent pay that accompanies the excellent work. Although to be an excellent forensic accountant, one has to have a keen eye for numbers and background knowledge in accounting. Reports also indicate that accountancy and forensic accounting jobs would have a 6% increment by 2028. Therefore, all people pursuing the course stand a chance of getting more jobs soon. Some states indicate that I would rise by 20% since the growth is much faster.

Salaries awarded to forensic accountants differ depending on the level of experience and specialization. Most forensic accountants are certified accountants whose maiden salary as of 2018 was \$70,500. Nevertheless, their salaries keep adjusting as they specialize or as they gain more experience in the field. An accountant may specialize to become either a forensic accountant or CPA, certified public accountant (Balios et al, 2020, p. 65). In the case of experience, their salary increases with an experienced person in the field. For example, a forensic accountant with 0 to 1-year experience gets a salary to the tune of \$57 000. Those with between one to four years of early career gets a sum of \$62,000. Mid careers, from five to nine years, experienced forensic accountants get a salary of \$80,000. The highest-paid forensic accountants are those with 10 to 19 years of experience in the related field, taking home \$87,000. As such, young and upcoming forensic accountants have nothing to be worried about due to the promising loads of work and a satisfying salary.

3.2. Career jobs for forensic accounting

Many jobs are waiting for forensic accountants in the outside world. Due to their knowledge, they can work with other professionals in various industries. Some of those jobs that are available to them include; they can work in insurance companies. Several insurance companies are employing forensic accountants to ensure they keep records of their financial reports away

from any kind of malpractices by employees or management (Bhasin, 2013, p. 18). Various banks also employ forensic accountants; this may be since they are accountants in nature. They first studied accountancy before specializing in pursuing forensic accounting, qualifying to work as accountants in banks. Besides, they can get employed in police forces to help with the forensic investigations that always faces the police force. Many police forces are tasked with investigations involving fraud or embezzlement, where a forensic accountant will come in handy to solve the puzzle. Other employment entities include; public accounting firms and other government agencies.

3.3. The works of forensic accountants

Forensic accountants a wide range of activities, but they broadly fall into two categories that are litigation and investigation. Here work revolves between the two aspects. They are either investigating an issue where they apply their accounting knowledge or testifying before a judge the case at stake. Therefore, the works of a forensic accountant can be summarized into those two broad categories of litigation and investigation. However, they perform several activities ranging from tax fraud, bankruptcy and money laundering, among others.

3.3.1. Litigation support

It means solving a case through the use of legal means such as a court. The parties present the economic issue involved in the plan to try and win the case. When such a case involves a forensic accountant expert, they calculate both parties' damages to resolve the stalemate. Litigation support aims to bring agitating parties into an agreement before the issue escalates to a court case. The case may escalate to a court case, where the forensic accountant is called to the courts as an expert witness to testify (Chukwu et al., 2019, p. 5). Forensic accountants are expected to understand the court's rules and make concise and clear testimony that courts easily understand before making rulings. To ensure court proceedings are carried well, the forensic accountant must be skilled in legal matters and understand legal standards. Besides, they should be able to understand the standards of the courtroom. They should also communicate the findings in a more precise and straightforward way to understand the laypeople. And gain should have the ability to calculate damages.

3.3.2. Investigation

This involves going back to the book of accounts to examine whether a criminal activity occurred or not. Such criminal practices are always perpetrated

by either employees or employers of various organizations. They include; employee or employer theft cases, money laundering and falsifying records. For civil matters, the forensic investigation involves bringing to light hidden assets, mainly if the case encompasses secession or divorce. It also includes investigating financial crimes committed in business or by individuals. Such case usually forces forensic accountants to trace, and discover malpractices in the line of financial accounting (Asaolu, Akinkoye, & Akinadewo, 2020, p. 7). The problem identified is then analyzed to give a clear picture of the situation. After which a report is written, in explanation of the same. Where discovery simply means identifying and tracking down the sources of any suspicious accounts. At the same time, analysis is the backbone; it requires determination of the crime committed by fraudsters through crunching of numbers. Finally, the report requires that the forensic accountants make clear and specific evidence of the study's findings before presenting them before an authority.

3.3.2.1. Steps in carrying out a forensic investigation

Forensic accounting involves vital four steps in carrying out its duties. Despite the nature of crime investigation, be it fraud or embezzlement of funds. Review of an insurance claim by a client may also be in lieu of a divorce proceeding or money laundering cases (Suleiman & Ahmi, 2018, p. 10). Regardless of the type of crime under review, forensic accounting takes four similar significant steps in all its investigation. The method helps in bringing out the truth that is hidden in numbers. Illustrations of the methods are shown below, from making out an investigation, evidence acquisition, and report preparation to court testifying.

3.3.2.1.1. Mapping investigation

A forensic accountant starts the first process by preparation. Where preparation entails having a clear picture of the result in mind. From there forensic accountant prepares a master plan to guide throughout the whole process of forensic investigation (Fadilah et al., 2019, p. 169). Some of the inclusion in the master plan may contain activities such as plan a meet up with a client to get his or her views concerning the dispute (Sumartono et al., 2020, p. 191). Doing further research of all aspects of the conflict to get an apparent intrigued about the subject matter. Ensuring all financial documents are located and well organized. Besides, the plan may contain the identification of inconsistencies or the anomalies that appear in the investigation.

3.3.2.1.2. Gathering of evidence

Evidence is vital for the success of any investigation. Forensic accountant even possesses skills that enabled them to analyze complex financial issues. Therefore, they work around the clock to obtain as much information as possible to help solve stalemates (Sorunke, 2018, p. 38). For instance, forensic accountants have used various tool and techniques to obtain evidence. Some of those techniques' ad tools may include; be vast with accounting skills as it may assist in reading financial records. It ought to be a good analyst since it requires identifying patterns, reaching clues, and having numbers speak the truth. Another skill is the computer auditing technique, the ability to face suspects and to admit their misconduct and interviewing skills used on individuals in the case.

3.3.2.1.3. Report

It comes immediately after gathering enough evidence. Information gotten from the evidence is arranged logically and straightforwardly that is easily understood. However much the report is discredited by the oozing sides, it should be held until passing judgment. It should seek to answer some of the following questions (Saha, 2014, p. 29). Explain whether there was evidence of fraud or misuse of funds, giving the type. Giving the timelines on when the fraud occurred and how it happened, and its concealment from people. Plus, it should provide the perpetrators and the amount of loss incurred and damages if there exists. The report also recommends how to prevent further loopholes that may exist.

3.3.2.1.4. Testifying

A forensic accountant may be forced to testify before a court to seal the case further in a scenario where a case reaches the court. Their presence in the courtrooms giving their expertise, serves to give report authenticity as they synthesize the data to more consumable units. Since forensic accounting has its terms and vocabularies, an expertise explanation would explain it in a layman's language. Making short, clear and precise.

3.3.2.2. Investigative techniques in forensic accounting

Forensic accountants utilize some techniques on their investigations.

3.3.2.2.1. Reviewing and background checks of the document.

The documents that are made public have to be scrutinized to get the required information to obtain information. After checking the information made public, backgrounds are done on the company engaging in illegal

dealings to gather additional information (Oyedokun, Enyi & Dada, 2018, p. 8). The past information embedded in the company's databases may help retrieve important information that can be analyzed and crime spotted. Public documents are considered to be any information available in public databases. Besides, any information from corporates records is regarded as a public database. Other public databases go for any legally available information on the internet.

3.3.2.2.2. Interviews

Interviews are essential tools in forensic accounting as it turns unwilling people to sources of information. By carrying out an interview, one can obtain clear information due to the clarifications that come with interviews. Before carrying an interview, an interviewer should first understand the magnitude of the interview to be carried (Moid, 2016, p. 30). This the interviewer does by assessing the importance of the research and interview to be questioned. The interviewer then prepares question in regards to the survey topic carried. Discussion art of the forensic accounting survey should take a keen interest in figuring out the magnitude of the crimes and finding out the culprits involved in the crime investigated.

3.3.2.2.3. Information to be from trustworthy sources

Information should be limited to those taken from confidential and trustworthy sources because they do not mislead in most cases. Whereas information from other sources may be inaccurate and misleading, making it difficult to obtain information to execute a case (Prakash, 2013, p. 105). Additionally, information taken from confidential sources should be confidential, and even those giving access to the information should be kept private and confidential shield entirely from the limelight. To pursue cases and win, revealing perpetrators, a forensic accountant should seek to have as many confidential sources as possible: the more hidden sources and the correct result.

3.3.2.2.4. Evidence analysis

Evidence gathered should be analyzed to reveal the extent of crime and perpetrators involved and provide possible solutions to the incident. The evidence obtained should be placed under scrutiny to get the correct information (Ocansey, 2017, p. 384). Analysis of information enables the forensic accountant to understand the extent to which fraud is committed. Besides, it also helps get the culprits involved in committing the crime against an organization or a business. The analysis also helps obtained information

concerning how to secure the companies databases from future financial scammers. Additionally, aids installing various progressive measure that can prevent the occurrence of crimes in the future.

3.3.2.2.5. Surveillance

It is the method used to track evidence and finally obtained fraud in the organization. Either done electronically or physically, it is conducted keenly to ensure no information is overlooked. The primary method of carrying surveillance implies that information from public databases and confidential sources are tracked to gather information (Mitrić, Stanković, & Lakićević, 2012, p. 42). Some of the information tracked and monitored could be the personal emails and messages sent by employers and employees of the organization. Tracking allows perpetrators of the act to be easily obtained. Hence surveillance is a critical technique method of acquiring information in forensic accounting.

3.3.2.2.6. Using undercover techniques for gathering information

Undercover refers to investigating without the knowledge of the offender until enough information is gathered. It is often regarded as a dangerous method and should only be used as a last resort if all other methods fail. Undercover investigations should involve professionals since they are vast with where, how and when to gather information (Jimmy, Gokul, & Jayashankar, 2018, p. 1983). Also, the undercover technique is hazardous since any slight mistake may lead to the failure of the whole process. For example, a small mistake may alert the offender that something is amiss and decide to tamper with all the information required. Thus, leaving no traces of information to constitute a criminal act committed. Undercover should be used as a last resort in trying to gather information about any criminal offence. Moreover, it should be carried with professionals to avoid committing mistakes that may alert the offender who may eventually varnish.

3.3.3. Financial statements analysis

Analysis of financial statements is key to finding committed frauds and embezzlement of the company's finances. Companies always summarize all their financial details in the financial statements submitted either quarterly or yearly. Therefore, the analysis of these financial statements may be an eye-opener to scam or fraud in this statement (Kumshe, Umar, & Imam, 2018, p. 76). Economic conditions have made various governments implement stricter measures in the business. In turn, the company has become more sophisticated in their dealings over the last decades. Even as the conditions get sophisticated,

the more the evolving of fraud. Necessary measures need to be taken to end fraud and, therefore, the requirement of forensic accountants. Many businesses require the services of forensic accountants to deal with the issue of fraud and misuse of business finances. Thus, forensic accountants should be left to analyze business financial statements and come up with suitable ways to keep them away from fraudsters and embezzlement of finances.

4. Methods of forensic accounting

There are four methods prevailed and widely accepted as tools of forensic accountants while performing their duties.

4.1. Indirect and direct methods

The direct method is also known as the transaction method. Here, the forensic accountants are tasked with examining cancelled contracts, invoices, checks, etc. Subsequently, the financial accountant's interview employees and management over the same issue, such as public records and agreements within the business (Kramer, Seda, & Bobashev, 2017, p. 261). On the other hand, the indirect method encompasses varied forensic techniques under its umbrella. Such methods used by the indirect method are the Cash T method. Besides, there is a bank and net worth method. The several methods applied by the indirect method assist the forensic accountants in solving various litigation issues. They give information on what happened to the income or cash available in the business. Therefore, both the direct and indirect investigation methods are essential in varied fields to assist the forensic accountant in obtaining given information.

4.2. Cash T method

It is an indirect method of forensic accounting that involves comparing the values of money Spent against money received. Always used to determine an understated income by either an individual or a company. It is, therefore, easy to understand the cash T method since it compares the money incoming against money going out. Hence financial accounting is used to compare the income received and income spent to identify any claims of misappropriation of funds or fraud.

4.3. Net worth method

To measure the company's net worth, a forensic accountant needs to have a clear picture of the company's assets and liabilities. This is so because the net worth method involves calculating the total assets owned by a company and subtracting the company's total liabilities from the assets. The number

from the subtraction represents the net worth of the company (Nigrini, 2020, p. 238). The net worth obtained for several periods is compared for some level of consistency. If there is inconsistency, then forensic accountant may pursue to find the cause of differences in the net worth.

4.4. Bank deposit method

It is a tool used to analyze the total deposits made across one year against expenses made in the same year. Forensic accountants analyze the deposits made against the expenses of the same financial year and subtract to arrive at the value for deposits. Subsequently, net profits are arrived at through subtraction from redeposited checks and transfer between accounts from the total deposits made in a financial year. A forensic accountant has to determine the critical use of resources by tracing or searching for information regarding bank deposits of a company. The information gathered by the forensic accountant from the bank deposits and the expenditures of a given year is compared to unknown sources to check for any claim of fraud or embezzlement of finances.

5. Impacts of forensic accounting

Forensic accounting has helped fight a fraud case in civil dispute and family law. With the new rise of cyber-attacks, fraud cases have been on the rise. It is prompting the need for necessary measures to tame such acts. Thus, the formation of forensic accounting to checked into the issue of fraud. A lot of cases involving fraud reported over the last few decades have been solved through forensic accounting. Making forensic accounting an essential tool in the fight against fraud in many businesses or organizations.

Furthermore, forensic accounting has been an essential instrument in cases where there is a misuse of company funds or its employees are defrauding it. Some employees always tend to misuse company funds or defraud some of its significant assets (Alshurafat et al, 2019, p. 355). After that, it inflates the company's assets to cover for their misappropriations. In such scenarios, forensic accounting is essential to draw and analyze the amount of money misuse or defrauded from the company. An example of a fraud case was that of Tyco international fraud case. The CEO and CFO decided to fraud the company \$ 150 million and later inflated the company's assets to \$500 million.

The presence of forensic accountant reduces the cases of crimes and mismanagement of business. People are scared that with the rise of forensic accounting, it is not easy to manipulate finance and go scot-free. Instead, one gets caught sooner or later and pays dearly for the losses, thanks to forensic

accounting technology (Domino, Giordano & Webinger, 2017, p. 637). The fear has since made many shies from engaging in financial crimes or any other crimes that may be investigated through forensic accounting, which in return has seen a reduction of crimes committed or misappropriation of finances meant for business or organizations. Therefore, forensic accounting plays a vital role in the reduction of crimes and mismanagements.

It has seen tremendous growth in companies as they are no fears of misuse of the company's resources. Companies benefit the most from the training of forensic accounting experts. The forensic experts are mainly trained to root out any possible threat to criminal activities, which boosts the company's accountability (Enofe, Okpako & Atube, 2013, p. 62). With forensic accounting, fewer criminal threats are seen on companies because most of them fear the aftermath of engaging in criminal activities. The forensic accountant, through some processes, can root them out for charges in courts. Many companies are growing as they are not affected by any criminal acts.

It has enabled companies to save money, energy and time. First forensic accounting works to ensure no money is lost at all cost, and accountability prevails. It does not allow those individuals or companies who squander cash to get away with those practices but instead ensure accountability of all funds (Prabowo, 2021, p. 5). Again, concerning energy, it spares the company energy required to follow up and down on fraud cases as it instils fears amongst people on how hard it is to get away with any malpractice. The energy the company would have used in following fraudsters is put into good use. In the same way, it saves companies time and allows them to develop their brands fully.

Forensic accountants help in the implementation of strategies that help avoid future frauds or funds misuse. They are trained to come up with effective strategies that can deny fraud in the near future and misuse of finance (Özcan, 2019, p. 1748). When these strategies are implemented, fraud becomes a thing of the past. Therefore, forensic accountants are essential because they save companies and individual businesses from collapsing due to fraud or misuse of finance. They establish strategies that give no room for loopholes and effectively curb fraud.

It is also essential in civil cases forensic accounting. It helps analyze and clarify before the court the accountancy problems involve, for instance, in cases involving financial misappropriation for big companies (Eliezer & Emmanuel, 2015, p. 73). Understanding the fraud or misuse of funds in such a case requires the expertise of a forensic accountant. They synthesize the information available in the company's financial account, record and analyze

it before testing in a court of law. Thus, forensic accountants are essential in representing accountant problems in courts since they are exercised in the field.

It is crucial in settling asset dispute in family law. Forensic accounting is vital in the quantification of assets to understand compensation. In family law, the forensic accountant determines the assets available for compensation and benefits (Olaoye & Olanipekun, 2018, p. 34). Proceed to quantify and assess the rate of compensation. Through it, divisions of assets to family members become easier without any conflicts arising. Hence making it an essential instrument in solving assets disputes amongst family members. Therefore, it is crucial to deploy forensic accounting at any time in the division of assets involving family disputes.

Nevertheless, it also solves the cases that involve child support issues and reveals hidden assets. At times people lie about their financial capacities to evade issue such as child support contributions. Here, forensic accounting comes in handy to reveal all the hidden treasures and reveal the accurate identity of a person concerning their wealth (Rehman & Hashim, 2019, p. 646). It enables the court to decide amicably on the amount of child support that should be contributed, without any bias. In relieving the hidden assets, forensic accounting ensures people don't make false claims that are not financially. Instead gives a clear picture of a person's assets.

6. Conclusion

In the 21st century, organizational procedures are being transformed by forensic accounting. Forensic accounting is being used for publication of controversial high profile criminal cases which majorly involve investigations of financial malpractices by individuals or organizations. Forensic accounting is playing a critical role of transforming the way businesses operate. As a result, it has contributed to honesty in businesses due to fear of being exposed by forensic accounting. A number of skills used by financial experts to release misconduct and financial malpractices and these skills include accounting, auditing and financial investigation. Forensic accounting requires that financial experts investigate a range of areas such as economic damages due to breach of contract, tax fraud, money laundering, security fraud in an organization, business valuation, computer forensic and bankruptcy. Forensic accounting is also used in analyzing the finances of a business hence coming up with suitable use of legal proceedings.

6.2. Contribution of the study

Forensic accounting, if we compare the other sub-units of accounting, doesn't have a so long history. The purpose and achievement of the study to contribute to the literature a wide summary of latest position of the discipline, forensic accounting. Through this study, the readers can get the overall perspectives of forensic accounting.

6.3. Limitations of the study

This study is intended to enlighten general perspectives of Forensic Accounting discipline under the latest structures. On the other hand, as it is mentioned in the study, this discipline has very essential specific fields to be analyzed and improved. More specifically, as for future studies, it can be proposed that having researches in criminal investigations, insurance applications, banking operations, digital investments, money laundry, and digital games.

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