

## A STUDY ON PUBLIC AWARENESS AND PURPOSE OF FORENSIC ACCOUNTING IN CORPORATE GOVERNANCE

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### Abstract

Forensic accounting is sun accounting principle that focuses on recovery of financial fraud. It also encompasses other types of engagements resulting from disputes and digitations between parties. Its engagement often involves a detailed assessment of company's accounting system and process to determine whether or not the number that are presented do, in fact reflect with no fraud indicated. The study here presented is to know about the public awareness and the purposes of forensic accounting in corporate governance. It resulted that forensic accounting as an effective tool that minimizes corrupt practice and fraud cases in public sector it also evaluates the financial crimes developing in the countries. It is identified that forensic accounting more efficient tool comparing to financial accounting. It can assist management in developing future action plans to help ,prevent ,detect potential fraud.

**Keywords:** Forensic accounting, effective and efficient tool , public awareness, purpose , evaluation of financial crimes.

### 1. INTRODUCTION

Forensic accounting means the use of accounting skills to investigate fraud or an emplacement to analyse financial information for legal proceedings. Forensic accounting is an exciting and rewarding field. It helps to use our accounting knowledge and skills to investigate, find frauds and also to analyse, interpret and summaries complex financial and business matters.

They may be employed by insurance companies, banks, police forces, government agencies or public accounting firms. Forensic accountants compile financial evidence and develop computer applications to manage the information collected and communicate their findings in the form of reports or presentations. A forensic accountant is a Certified Public Accountant (CPA) who uses statistics, proven research and investigation methods, and proper documentation of evidences to research the facts of a situation, which are then presented in a formal report that can be defended in a court of law. They may seek out additional training in Alternative Dispute Resolution (ADR) due to their high level of involvement in legal issues and familiarity with the judicial system.

One of the key functions of forensic accounting is to explain the nature of a financial crime to the courts. It is an accounting principle that focuses on recovery of financial frauds. It also encompasses other types of engagements resulting from disputes and litigations between parties. Forensic accounting engagement often involves a detailed assessment of a company's accounting system and process to determine whether or not the numbers that are presented do, in fact reflect with no fraud indicated.

The objective of forensic accounting is to avoid fraud and theft and also restore the downgraded public confidence. It also formulates and establishes a comprehensive corporate governance policy. It also creates a positive work environment.

### 2. STATEMENT OF PROBLEM

The study is conducted on the topic, " A STUDY ON PUBLIC AWARENESS AND PURPOSE OF FORENSIC ACCOUNTING IN CORPORATE GOVERNANCE". The study is also conducted to know the purpose of forensic accounting as well as the different tools used. The study

also helps to identify whether forensic accounting acts as an efficient tool for discovering financial frauds. It also helps us to understand about the public view and awareness on forensic accounting.

### 3.OBJECTIVES

1. To know the purpose of forensic accounting
2. To know whether it is an efficient tool for discovering financial fraud.
3. To know the awareness and view of the public on forensic accounting.

### 4. METHODOLOGY

The study is based on both primary and secondary data. For collection of primary data questionnaire method was used. The secondary data was collected from journals, articles and various websites.

### 5. SAMPLE DESIGN

A sample of 60 was taken from the population of 150. This sample were collected on the basis of convenience.

### 6. FRAMEWORK OF ANALYSIS

The data collected was processed using different statistical tool which includes percentage method and Garrett's Ranking method in order to achieve the objectives of the study.

### 7. ANALYSIS AND INTERPRETATION

This part of analysis, we analyse the various objectives and factors of the study.

#### 1. Age classification

The following table shows the age wise classification of the respondents.

**Table 1**  
**Age classification**

Options	No of response	Percentage of response
15 - 25	33	55%
25-35	13	21.67%
35 - 45	8	13.33%
45 - 55	6	10.00%
Above 55	0	0%
Total	60	100%

Source: primary data

It is clear from the about table that ,out of 60 respondents 33 (55%) respondents belong to the age category of 15 to 25, 13 (21.67%) of respondents belong to the age category of 25 to 35, 8(13.33%) respondents belong to which category of 35 to 45, 6(10%) respondents belong to which category of 45 to 55. It is understood that the majority of the respondents comes under the age category of 15 to 25 (55%).

#### 2. Gender classification.

The following table shows the gender wise classification of the respondents.

**Table 2**  
**Gender classification**

Options	No of response	Percentage of response
Male	27	45%
Female	33	55%
Total	60	100%

Source: primary data

It is clear from the about table that out of 60 respondents, 27(45%) respondents are male, 33(55%) respondents are female. It is found that majority of the respondents are female (55%).

#### 3. Awareness about forensic accounting.

The following table shows the respondents who is aware about the concept of forensic accounting.

**Table 3**

**Awareness about forensic accounting**

Options	No of response	Percentage of response
Yes	33	55%
No	17	28.33%
Don't know	10	16.67%
Total	60	100%

Source: primary data

It is clear from the above table that, out of 60 respondents, 33(55%) respondents are aware about the concept of forensic accounting, 17(28.33%) and 10(16.67%) of respondents are not aware about the concept of forensic accounting. It is found that the majority (55%) of the respondents are aware about the concept.

**4. Opinion on forensic accounting**

The following table shows the response regarding the opinion on forensic accounting.

**Table 4**

**Opinion on forensic accounting**

Options	No of response	Percentage of response
finding the fraudulent activities in organisation regarding finance	29	48.33%
it is an organisational activity	4	6.67%
it is an accounting procedure	6	10%
don't know about the concept of forensic accounting	21	35%
Total	60	100%

Source: primary data

It is clear from the above table that, out of 60 respondents, 29(48.33%) respondents have an opinion that forensic accounting is finding the fraudulent activities in organisation regarding finance, 4(6.67%) respondents have an opinion that it is an organisational activity, 6(10%) respondents have an opinion that it is an accounting procedure, 21(35%) respondent doesn't know the concept of forensic accounting. It is found that 48.33% of the respondents have an opinion that forensic accounting is finding the fraudulent activities in organisation regarding finance.

**5. Every accountant should have forensic skills and knowledge**

The following table shows whether every accountant should have forensic skill and knowledge.

**Table 5**

**Every accountant should have forensic skill and knowledge**

Options	No of response	Percentage of response
Strongly agree	22	36.67%
Agree	20	33.33%
Neutral	13	21.67%
Disagree	5	8.33%
Strongly disagree	0	0%
Total	60	100%

Source: primary data

It is clear from the above table that, out of 60 respondents 22(46.67%) respondents strongly agree, 20 (33.33%) respondents agree, 13 (21.67%) respondents are neutral and 5 (8.33%) of the respondents disagree. It is understood that 46.67% of the respondents strongly agreed that every accountant needs forensic skill and knowledge.

**6. Identify inappropriate financial transaction.**

The following table shows the response regarding forensic accounting can help in identifying the inappropriate financial transaction.

**Table 6**  
**Identify the misappropriate financial transaction**

Options	No of response	Percentage of response
Yes	42	70%
No	1	1.67%
Sometimes	16	26.67%
Neutral	1	1.67%
Total	60	100%

Source: primary data

It is clear from the above table that out of 60 respondents, 42(70%) respondents responded to Yes, 1 (1.67%) respondent No , 16 (26.67%) respondents responded sometimes and 1 (1.67%) respondent responded neutral. It is found that majority of respondents (70%) responded to Yes.

#### **7. Forensic accounting as more efficient than financial accounting.**

The following table shows the response that whether forensic accounting is more efficient than financial accounting.

**Table 7**  
**Forensic accounting is more efficient than financial accounting**

Options	No of response	Percentage of response
Yes	31	51.67%
No	2	3.33%
Sometimes	27	45%
Never	0	0%
Total	60	100%

Source: primary data

It is clear from the above table out of 60 respondents, 31 (51.67%) respondents responded to Yes, 2(3.33%) respondents responded to No, 27(45%) respondents responded sometimes. It's found that 51.67% (31) of the respondents to yes that is forensic accounting is more efficient than financial accounting.

#### **8. Forensic accounting can reduce financial frauds.**

The following table shows the response regarding forensic accounting can reduce financial frauds.

**Table 8**  
**Forensic accounting can reduce financial frauds**

Options	No of response	Percentage of response
Strongly agree	18	30%
Agree	30	50%
Neutral	12	20%
Disagree	0	0%
Total	60	100%

Source: primary data

It is clear from the above table that out of 60 respondents, 18(30%) respondents strongly agree,30(50%) respondents agree, 12(20%) respondents are neutral and no respondents disagreed. It is clear that 50% (30) respondents agree that forensic accounting can reduce financial frauds.

#### **9. An effective tool for discovering financial frauds**

The following table shows the response of the respondents regarding whether forensic accounting is an effective tool for discovering financial frauds.

**Table 9**

**An effective tool for discovering financial frauds**

Options	No of response	Percentage of response
Yes	36	60%
No	2	3.33%
Sometimes	18	30%
Don't know	4	6.67%
Total	60	100%

Source: primary data

It is clear from the above tables that out of 60 respondents, 36(60%) respondents responded to Yes, 2(3.33%) respondents responded to No , 18 (30%) respondents responded to sometimes and 4 (6.67%) respondents responded don't know. It is found that 60% (36) of the respondents responded that forensic accounting is an effective tool for finding financial frauds.

**10. Forensic accounting sector in public sector**

The following table shows a response of the respondents regarding with the need of forensic accounting sector in public sector.

**Table 10**

**Forensic accounting sector in public sector**

Options	No of response	Percentage of response
Yes	43	71.67%
No	2	3.33%
Sometimes	14	23.33%
Prefer not to answer	1	1.67%
Total	60	100%

Source: primary data

It is clear from the above table that out of 60 respondents, 43(71.67%) respondents responded yes , 2 (3.33%) respondents responded no, 14(23.33%) respondents responded to sometimes and 1(1.67%) responded prefer not to answer. It is found that majority 43(71.67%) of the respondents agreed that forensic accounting sector needs more in public sector.

**11. Reasons for need of forensic accounting**

The following table shows the reasons for the need of forensic accounting.

**Table 11**

**Reasons for need of forensic accounting**

Reasons	Garrett's mean score	Rank
To minimise the corrupt practices and fraud cases in public sector	10.86	I
It evaluates the extent of financial crimes in developing countries	8.65	II
It can assist management in developing future action plans to prevent and detect potential frauds.	8.25	III
It helps in identifying solutions and detect problems that otherwise may go and remain unnoticed	6.76	IV
It enhances operational efficiencies, protecting and organisational reputation and best interest.	5.77	V

Source: primary data

It is clear from the above table that majority of the sample opine that Forensic Accounting helps to minimise the corrupt practices and fraud cases in public sector (with a mean of 10.86), then it evaluates the extent of financial crimes in developing countries (with a mean of 8.65). After that, it can assist management in developing future action plans to prevent and detect potential frauds (with

a mean score of 8.25), then it helps in identifying solutions and detect problems that may otherwise remain unnoticed (mean score of 6.67). Finally, the least opined reason for need of Forensic Accounting is that it enhances operational efficiencies, protecting and organisational reputation and best interest (mean score of 5.77)

## **8.FINDINGS**

1. It was found that majority of the respondents(55%) comes under the age category of 15- 25.
2. It was found that majority of the respondents were female(55%).
3. Out of the total respondents,it was found that 55% of the respondents are aware about the concept of forensic accounting.
4. It is found that majority of the respondents have an opinion that forensic accounting helps in finding the fraudulent activities in the organisation related to finance.
5. From the analysis, it was clear that majority of the respondents(22) strongly agree that every accountant should have forensic skills and knowledge.
6. It was clear from the analysis that, majority of the respondents (42) responded that Forensic Accounting helps in identifying the misappropriation in financial transactions.
7. Majority of the respondents(51.67%) responded that Forensic Accounting is more efficient than financial accounting.
8. It is analysed that, most of the respondents (50%) agree that Forensic Accounting can reduce financial frauds.
9. It was found that 60% of the respondents responded that Forensic Accounting is an effective tool for discovering frauds.
10. Majority of the respondents(71.67%) have an opinion that Forensic Accounting sector needs more in public sector.
11. Majority of the respondents are of the opinion that Forensic Accounting helps to minimise corrupt practices and fraudulent cases in private sector.

## **9. SUGGESTION**

1. It is suggested to conduct small workshops and awareness classes in business institutions as well as educational institution that can play a major role in raising public awareness in society regarding corruption and malpractices.
2. It is suggested that every account in an institution can be provided with an education and training section which will help to develop the skill and knowledge in them regarding forensic accounting.

## **10. CONCLUSION**

Forensic accounting helps to use your accounting knowledge and skill to investigate, to catch criminals. It also analyse interpret and summarise the complex financial and business matters. The purpose of forensic accounting is to find the fraudulent activities and bring awareness in public. It is also found that it plays a major role in public sectors. It is an effective tool for finding misappropriation and also minimise the corrupt practices and fraud cases in public. It also helps in evaluation of financial crimes in developing countries. It enhances operational efficiencies, protecting and organisational reputation and best interest.

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