

Perception and Awareness of Academicians on Forensic Accounting in Virudhunagar Districts

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ABSTRACT

Approximately all segments of human life are vulnerable to frauds. Financial sector is facing challenges of fraud threats which demands serious attention and deterrent measures to combat them. Forensic accounting is a tool used to mitigate frauds. Academic fraternities around the world are revising their accounting syllabi for introducing forensic accounting in the curriculum. Present study has identified the perception and awareness of academicians on forensic accounting in Virudhunagar District. The paper has empirically examined the factors contributing towards frauds and barriers in implementation of forensic accounting in India. The study also analyzed the ways to increase the level of awareness of forensic accounting. Statistical tests like factor analysis, with principle component analysis and varimax rotation are employed in the analysis. The findings of the study showed that awareness and understanding on financial frauds and forensic accounting, curiosity and willingness to know about financial frauds etc. are key factors measuring the awareness on forensic accounting. Further it is found that presence of corruption and indiscipline in execution of law in audit and control departments; lack of awareness, experience and insufficient training of auditing professionals in litigation etc.; delayed law enforcement by judiciary; difficult to co integrate with traditional accounting due to weak infrastructure etc. are barriers in the application of forensic accounting. Lastly the study found that by increasing comprehensiveness of techniques of financial fraud detection & prevention; making easy the availability & accessibility of financial fraud literature and setting up of online teaching & learning methodology, can boost the level of awareness on forensic accounting in India.

1. Introduction

Approximately all aspects of life i.e. social, economical, business and family etc. are vulnerable to frauds. Financial sector plays an important character in the development of an economy worldwide with broad range of financial activities running through diverse sectors of the economy. India is developing as a foremost commercial opportunity and economic giant, challenges of fraud threats ought to be given serious attention and deterrent measures should be taken to combat them. According to the reports of Global Economic Crime Survey 2016, 56% of Indians observe significant raise in cybercrime and 61% of financial frauds in India are committed by employees within an organisation. The financial reporting is reporting of activities happened in the past i.e. backward looking and management needs the forward looking information as well for the forecasting and making future strategies. In such a scenario of fraud prevailing in the economy forensic accounting could prove to be a great assistance. To combat such fraud new age regulatory measures would be required. Therefore the need of curbing these frauds has come to clear light. Further, various studies have been conducted in this regard outside India but a dearth of studies was observed in Indian context. With due consideration to this, the present study is an attempt in this direction to analyze the barriers in implementation of forensic accounting in India. Beside this the study also tries to assess the awareness about forensic accounting in India.

2. Review of Literature

Caliyurt K T and Crowther D (2006) revealed that auditors with accounting ethics will know to tackle frauds and play good role in prevention and detection of frauds, its investigation and reporting. The research said that the US and Europe has taken fraud education as a set part of the curriculum in their universities. The study mainly emphasizes on fraud education by academicians of Turkey.

DiGabriele J A (2009) provided some inputs by determining a need to merge forensic accounting and auditing in the educational framework by apex regulatory bodies on the basis of unanimous concern made by both accounting academics and professionals in US.

H Y (2013) highlighted the important skills for a forensic accountant that can also be referred in framing educative and training curriculum for the profession in Indonesia and the US. The study revealed the essential nature of forensic accounting professional which comprises of few attributes related to prompt differentiation between right and wrong; fraud prevention, detection, investigation and report drafting.

Mahzan N and Lymer A (2014) found that the tool would contribute in the maximum utilization of internal audit functions as it is highly recommended audit procedures by experts. Framing and developing broader use of such technologies in the field of internal auditing and thus providing good help to professional bodies which in turn would develop this domain was recommended.

3. Objectives of the Study

The present study is an attempt in the area of forensic accounting to assess the awareness about forensic accounting and barriers in implementation of forensic accounting in India. It also throws light on the ways to increase the awareness about forensic accounting. Therefore the study examines three dimensions viz.

- I. Awareness of forensic accounting in India.
- II. Barriers in implementation of forensic accounting in India.

4. Research Methodology

The data for the study is mainly collected from primary sources. Academicians with special focus with commerce and management background were selected for seeking response from colleges in Virudhunagar District. The questionnaire consists of four sections. Section one contains questions related to demography of respondents. Section two contains question related to awareness of forensic accounting. The data analysis was done by use of software viz. Statistical Packages for Social Sciences (SPSS) 20 by IBM. Statistical tools were used for analysing data.

5. Empirical Analysis and Interpretation:

1. Analysis of demographic profile of the respondents

Table 1 Profile of the respondents

| Particular | Frequency | Percent |
|--|-----------|---------|
| Gender | | |
| Male | 34 | 45.33 |
| Female | 41 | 54.66 |
| Age | | |
| Less than & Upto 30 years | 22 | 29.33 |
| 31 years – 40 years | 34 | 45.33 |
| 41 years – 50 years | 13 | 17.33 |
| Above 51 years | 6 | 8 |
| Highest Educational Qualification | | |
| Post Graduation | 8 | 10.66 |
| M/Phill | 43 | 57.33 |
| Ph.D. | 22 | 29.33 |
| Any Other | 2 | 2.66 |
| Income (monthly in INR) | | |
| Below 20000 | 33 | 44 |
| 20000-30000 | 24 | 32 |
| 30000-40000 | 14 | 18.66 |
| Above 40000 | 4 | 5.33 |
| Present Designation | | |
| Professor | 6 | 8 |
| Associate Professor | 25 | 33.33 |
| Assistant Professor | 42 | 56 |
| Other | 2 | 2.66 |

| Teaching Experience | | |
|----------------------------|----|------|
| Less than 3 years | 15 | 20 |
| 3 years – 6 years | 18 | 24 |
| 6 years – 9 years | 22 | 29.3 |
| 9 years- 12 years | 10 | 13.3 |
| 12 years – 15 years | 6 | 8 |
| Above 15 years | 4 | 5.33 |

From table 1 it can be interpreted that out of 75 members, 54.66% were females and the lies in the age of 30 – 40 years with 45.33% and 57.33% of respondents with M.Phil qualifications of educational Status and 44% of respondents were earning below Rs. 20,000/- as a monthly income and 56% of respondents were holding the designation of Assistant Professors and 29.3% having 6 to 9 years of teaching experience.

2. Analysis of variables related to awareness of forensic accounting

**Table 2
Awareness level of respondents about forensic accounting**

| Particulars | Frequency | % |
|-------------------------------------|-----------|------------|
| Aware about Forensic | 32 | 42.6 |
| Not aware about Forensic Accounting | 43 | 57.3 |
| Total | 75 | 100 |

From table 2 it can be interpreted that out of 75 academicians 42.6% of the respondents were aware about the concept of forensic accounting and 57.3% were not aware about it. Though forensic accounting is not a new concept to the world but in India it's relatively a new phenomenon. Only approximately half of the academicians are aware on the issue and for rest half forensic accounting still remains niche consulting.

3. Analysis of variables related to barriers offorensic accounting

**Table 3
Barrier in Implementation of Forensic Accounting**

| | Mean | SD | Variance |
|---|-------|-----|----------|
| The carrying out of forensic accounting tool is expensive | 13.5 | 4.4 | 19.0 |
| Corrupt tendencies of finance expert to detect financial fraud | 11.25 | 4.3 | 18.9 |
| Weak educational system to co-integrate traditional accounting with forensic accounting | 10.25 | 6.2 | 38.9 |
| Technology of forensic accounting techniques is difficult to implement | 14.75 | 5.2 | 26.9 |
| Lack of awareness regarding forensic accounting | 15.5 | 5.1 | 25.7 |

| | | | |
|--|-------|-----|------|
| Forensic accountants requires training regarding investigation Lack of training institutions for investigation and litigation | 10.25 | 5.9 | 34.9 |
| Lack of experience on the part of expert of accounting and auditing | 13.25 | 3.6 | 12.9 |
| Lack of transparency | 12 | 4.2 | 18.0 |
| Lack of awareness regarding forensic accounting | 12.25 | 6.6 | 43.6 |

Table 3 depicts barriers in implementation of forensic accounting. From this, lack of awareness regarding forensic accounting score highest mean of 15.5% and followed by technology of forensic accounting score 14.75% and the least score (10.25%) goes to weak training institutions.

6. Findings

Hence it is found that are presence of corruption and indiscipline in execution of law in audit and control departments; lack of awareness, experience and proper forensic accounting training of auditing professionals in litigation etc.; delayed and weak law enforcement by judiciary; difficult to co integrate with traditional accounting due to weak

infrastructure and advanced technology are acting as main barriers in the application of forensic accounting.

7. Conclusion

The results of the survey to analyse the level of awareness of forensic accounting among the academicians provide unique descriptive evidence from perception of academicians. The findings of the survey indicate that more than half of the academic fraternities in India are aware about the concept of forensic accounting. It was found that awareness and understanding on financial frauds and forensic accounting, curiosity and willingness to know about financial frauds and effectiveness of fraud awareness training are key factors to measure the awareness on forensic accounting. Further in the analysis it is found that are presence of corruption and indiscipline in execution of law in audit and control departments; lack of awareness, experience and proper forensic accounting training of auditing professionals in litigation etc.; delayed and weak law enforcement by judiciary; difficult to co integrate with traditional accounting due to weak infrastructure and advanced technology are acting as main barriers in the application of forensic accounting. Further it was found that the level of awareness regarding forensic accounting can be increased by increasing comprehensiveness of techniques of financial fraud detection & prevention; easy availability & accessibility of financial fraud literature; setup of online teaching & learning methodology; sponsoring program on various media for financial fraud literacy and encouraging initiatives of the Government and judicial bodies.

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