IMPACT OF FORENSIC ACCOUNTING KNOWLEDGE ON FRAUD DETECTION: WITH SPECIAL REFERENCE TO SRI LANKAN CONTEXT

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ABSTRACT

There is a tendency in the growth of financial frauds across the world and to uncover those frauds, main concideration has been drawn towards the forensic accounting concepts. Consequenttly, that has been lead to conduct a study to examine the impact between forensic accounting knowledge on fraud detection.The researcher has adoped the dedcuctive approach for this study and the primary data has been collected from 165 accounting practitioners in Sri lanka. Fraud detection has been considered as the dependent variable while accounting skills, legal background, knowledge of procedures, and forensic accounting knowledge have been considered the independent variables. For the analysis purpose, descriptive statistics, factor analysis and inferential statistics such as multiple linear regression have been adopted. The findings of the study revealed that there is a significant impact in between the accounting skills, knowledge of procedures and knowledge of forensic accounting on fraud detection while there is no any significant impact between the legal background and the fraud detection.

Keywords: Forensic accounting, Fraud detection, Investigative skill, Regression analysis

1. INTRODUCTION

As per the Investopedia, Utilizing the skills of accounting, auditing, and investigating to examine the finances of an individual or business is known as forensic accounting. Forensic accounting provides the foundation to conduct accounting analysis which is needed in legal proceedings. Those professionals are taught to gaze beyond the numbers and deal with the business reality at circumstances. In courts, forensic accounting is usually used to detect frauds and embezzlement cases.

Fraud is consciously fraudulent activity to gain an advantage or generate a profit. As well corporate fraud is the equivalent of cheating in business or the financial markets. Fraudulent corporate scandals have a habit of being recurring in nature. As companies and institutions discover grey areas in the laws and regulations, they start to gain them. These advances sometimes go too far and become outright fraud.

Forensic accountants use accounting knowledge and investigative skills to calculate economic damages, business or asset valuations and provide varying levels of support, from technical analysis and data mining in a broad picture. In other words, forensic accounting mainly engages in developing litigation strategies to eliminate frauds in the public sector and private sector.

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Forensic accountants may be hired by public accounting firms' forensic accounting divisions, by firms concentrating in risk consulting and forensic accounting services, or by lawyers, law enforcement agencies, insurance companies, government organizations, or financial institutions. The demand for Forensic Accountants is rapidly increasing due to society's finely tuned consciousness and rising intolerance of fraudulent activities. Forensic accounting is beneficial for employers, practitioners, educators, and students to better understand the skills needed and improve to detect frauds. This branch of accounting will benefit employers when deciding the fraud detection mechanisms rather than using traditional auditing aspects, and consideration can be drawn toward new recruitments along in the forensic accounting field and will lead traditional accounting practitioners to enhance their skills and knowledge relevant to forensic accounting to detect frauds more efficiently and effectively and be more competitive and outstanding along in their accounting profession. And also The insights will be more beneficial to academic institutions and professional education accounting bodies to consider and integrate forensic accounting concepts into their current curriculum.

Fraud and Fraudulent cases in the country improved the demand for forensic accounting. Fraud comprised wide varies of practices out of law to possess or change the existing financial conditions for the benefit of third parties. The skills which forgers use to conduct frauds are hard to reveal. Also, the forger used to hide to alter original figures to achieve a new state that meets his needs. As a result that accountants need to have more knowledge than just accounting skills. It describes the high degree of professionalism, and deeper investigation is mandatory to implement forensic accounting.

Day by day, the number of frauds happening in the country has risen and amounts to a higher amount. To figure out these frauds, basic knowledge in the accounting field won't be enough. Forensic accounting is considered a significant field in accounting to discover scams in the global context. When it comes to the Sri Lankan context, we still question how we use forensic accounting in fraud mitigation compared to the worldwide context. As per the current scenario, a minimal number of studies have been conducted in the local context regarding this. Therefore, this study attempts to find a solution for "What is the effect of forensic accounting variables on discovering fraud in the Sri Lankan context". This study aims to find out the main dimensions in forensic accounting, which can help understand fraud detection, thereby finding forensic accounting variables' effect on discovering fraud in the Sri Lankan context.

Section 2 of the study discusses the theoretical and empirical literarture while section 3 demarcates the methodology consisted of conceptual framework and relevant hypotheses. Section 4 presents the experimental results and finally section 5 concludes the study by giving the policy implications.

2. LITERATURE REVIEW

2.1. Forensic Accounting

Forensic accounting is the specialty area of the accountancy profession which describes engagements that result from actual or anticipated disputes or litigation.

"Forensic" means "suitable for use in a court of law," and it is to that standard and potential outcome that forensic accountants generally have to work (Crumbley, Heitger and Smith, 2005).

Forensic accounting is recognized as a particular form of professional expertise and endowed with specific attributes; the recognition comes from possessing a formal certification in forensic accounting which provides symbolic value (Williams, 2002).

In the view of Howard and Sheetz (2006), forensic accounting is the process of interpreting, summarizing and presenting complex financial issues clearly, succinctly and factually often in a court of law as an expert. It is concerned with the use of accounting discipline to help determine issues of facts in business litigation (Okunbor and Obaretin, 2010). Forensic accounting is a discipline that has its own models and methodologies of investigative procedures that search for assurance, attestation and advisory perspective to produce legal evidence. It is concerned with the evidentiary nature of accounting data, and as a practical field concerned with accounting fraud and forensic auditing; compliance, due diligence and risk assessment; detection of financial misrepresentation and financial statement fraud (Skousen and Wright, 2008); tax evasion; bankruptcy and valuation studies; violation of accounting regulation (Dhar and Sarkar, 2010).

2.2. Fraud Detection

David (2005), states that fraud is not a possibility but a probability. He also explains that fraud can be better prevented if decisions are made by a group and not an individual. However, this is not the case if the group has the same interest in mind. Then fraud may not be prevented. Conversely, the group is influence by the dominant decision maker who ends up deciding everything. Russel (1978 cited in Bello, 2001) remarks that the term fraud is generic and is used in various ways. Fraud assumes so many different degrees and forms that courts are compelled to context themselves with only few general rules for its discovery and defeat. It is better not to define the term lest men should find ways of committing frauds which might evade such definitions

2.3. Forensic Accounting and Fraud Detection

Ramaswamy (2005) stated that poor corporate governance, accounting failures and problems in the corporate reporting system as the key factors which can lead to fraud. Okoye and Gbegi (2013) have conducted a study to determine the impact of forensic accountants' evaluation on management fraud detection procedures and found that forensic accountants are more effective in management fraud detection than auditors when the fraud risk is very high. Enyi (2009) has stated that all typical statutory audits should contain some elements of forensic inquiry as it is easy to recognize the frauds. But to carry out this, auditors should understand forensic accounting methods (Efiong, 2012).

Dewi et al. (2020) has conducted a study to figure out the factors which will cause frauds in the local governments in Malang region.The researchers have paid the consideration towards farud cases that occurred in local governments in Malan

region from 2017 to 2018 and has found that elements of pressure, opportunity and rationalization are always present in fraud. The measurement model revealed that the pressure had the largest effect, opportunity had the medium effect and therationalization has the smallest effect.

Okoyo et al. (2019) has conducted a study regarding forensic accounting and fraud prevention in manufacturing companies in Nigeria and have considered forensic accounting as the dependant variable while considering the fraud investigation practice, fraud litigationpractice and fraud prevention have been considered as the independent variables. The regression analysis have been deployed to figure out the experimental results and the empirical findings suggests a significantly positive relationship between fraud investigation practices and the prevention of fraud in manufacturing companies. And also the findings suggest a significantly positive relationship between fraud litigation practices and the prevention of fraud in manufacturing companies. Finally the insights of the study concludes that fraud investigation practices and fraud litigation practices are vital in the fraud prevention procedures in Nigeria.

Oyebisi et al. (2018) has dne a study on forensic accounting and fraud prevention anddetection in Nigerian banking industry and have considered fraud detection as the dependant variable and the knowledge of forensic accounting as the dependant variable. This study reveals that a low level of awareness of forensic accounting could be seen in Nigerian banking industry and also the regression results suggests that forensic accounting has a significant impact on fraud prevention and detection. Furthermore Johnson et al. (2014) has conducted a study on forensic accounting knowledge and mindset on task performance fraud risk assessment by using knowledge and mindset of auditors and financial accountants as the independent variable and the task performance as the dependant variable.The researchers have used the descriptive statistics and Mann-Whitney U Test as the statistical tools and have found that there is a significant relationship between knowledge and mindset of financial accountants and auditors on task performance fraud risk assessment.

Alrawasgeh et al. (2021) has conducted a study on the role of technology for activating the use of forensic accounting in financial fraud detection. The main objective of the study was to investigate the limitations facing the use of IT in forensic accounting when discovering the financial faruds. A structured questionire which consisted of three sections have distributed among all the auditorsin public and private sector in order to gather information regarding demographic characteristics, limitations of using IT in forensic accounting and discovering financial frauds. The results of the study suggests that use of IT in forensic accounting has affected from the cost of IT infra structure, the lack of training and the high cost of IT providers. Finally the insights of the paper concludes that it will enhance and help the role of forensic accounting in the fraud detection procedure.

Digabriele (2008) has conducted a study by surveying a large sample of academics and accounting professionals in the US to analyze the skills needed for a forensic accountant. Holistic techniques on the investigation, open mind, ability to solve financial puzzles with an incomplete set of pieces, oral communication skills,

effective communication in writing, knowledge of the legal process, critical thinking, flexibility, and analytical proficiency have been crucial skills for a forensic accountant. Bologna (1984) has outlined a high degree of integrity, broad knowledge of accounting principles, business practices and processed, ingenious, objectivity and independence are the fundamental principles that forensic accountants need.

Hamdan (2018) has conducted a study to determine the effect of forensic accounting mitigation of fraud by collecting primary data from 630 accountants in Jordon via a structured questionnaire. Confirmatory factor analysis and regression were carried out, and the results suggested that forensic accounting is an effective tool to detect fraud. Enofe (2013) has done a study to examine the effect of forensic accounting on fraud detection of Nigerian firms. The data was collected via a well-structured questionnaire given to 15 firms in Benin city Edo state. Descriptive statistics, Ordinary Least Square regression, Chi-square has been used to analyze the data. The results reveal that forensic accounting services on firms affect the mitigation of fraudulent activities significantly.

Islam et al. (2011) has conducted a study to detect the effect of forensic accounting on fraud detection and corruption in Bangladesh and have administered a questionnaire to collect data among 100 accounting practitioners. The findings of the study revealed that there is a significant relationship between forensic accounting and fraud detection and alos the insights suggests that forensic accounting has been used by only limited number of multi national companies in Bangladesh. Modugu and Anyaduba (2013) have examined the forensic accounting impact on financial fraud in Nigeria and thedata has been collected via a structured questionnaire which has distributed among 143 respondants consisting of accountants, management staffs, practicing auditors and share holders. The binominal test has been used to analyze the data and the findings of the study suggests that there is a significant agreement among stakeholders on the effectiveness of forensic accounting in fraud control, financial reporting and internal control quality.

Sumartono et al. (2020) has done a study to reveal the effect of skills of forensic accountants on exposing frauds in the public sector of Indonesia. A questionnaire is distributed to the audit board at the Republic of Indonesia, and the 44 respondents returned the responses. The empirical findings show that investigative skills and business valuation significantly affect and business skills negatively impact the skills of forensic accountants when revealing frauds in the public sector. Furthermore, Abadulrahman (2019) has examined forensic accounting on fraud detection in Nigerian public sector by using selected studies conducted within Nigeria and outside of Nigeria. The data was collected from secondary sources or content analysis. The researcher found that there is a significant favourable influence exit between forensic accounting and fraud prevention. Moreover, the researcher suggested development in the legal framework to support forensic accounting.

Sarker (2020) has conducted a study to evaluate the awareness and practice of forensic accounting and fraud detection in Bangladesh. The researcher has collected data by using an online survey from 12 top accounting and auditing frims, 5 multi national companies, 11 local organizations and 24 students from top four

universities of Bangladesh. The insights reveal that there is no uniform and standard rule to dtect and eradicate fraud in Bangladesh hence forensic practice can be a good start and initiation for this country. Omondi (2013) has observed the effect of forensic accounting on fraud detection of commercial banks in Kenya and has adopted descriptive research survey design and has used a sample of 47 respondents in 16 commercial banks in Kenya. The findings of the study has revlealed that forensic accounting has been used by the Kenyan banks to enhance the quality of financial reporting while reducing the frauds.

Ondigo et al. (2017) has conducted a study on effect of forensic accounting on corporate crime mitigation among listed firms in the Nairobi Securities Exchange. The researchers has adopted descriptive research design while collecting the primary data from structured questionnaire by considering the target respondnats as chief financial officersand audit managers from 61 listed firms in the NSE. The findings of the study reveals that the internal controls, segregation of duties and responsibilities have a significant effect on corporate crime mitigation.

Less considerable amount of studies have been conducted in Sri Lanka with respect to the forensic accounting. Bandara et al. (2015) have conducted a study of aptitude of internal control systems to prevent and detect financial statement frauds in Sri Lanka. The exploratory study has used structured interviews, questionaires and empirical research findings to analyze the capability of internal control systems for preventing and detecting the financial statement faruds in Sri Lankan companies. The findings of the studyhas stated that management intergrity and the soundness of internal control systems can help to reduce the probability of occurring frauds and also recommends to monitor and control the internal control systems within the organization.

Priyangika and Bandara (2017) has done a study on education, practice and perception of forensic accounting in Sri lanka and have considered the forensic accounting skills, knowledge of forensic accounting and code of ethics as the indepedant variables. The study consisited of basic response analysis and the insights of the study has provided a ground work for understanding and developing forensic accounting withinh Sri Lankan context and have highlighted the growing demand for forensic accounts with respect to the complex cross displinary nature.

Prabawo and Yogi (2021) have conducted a study to examine the undergraduate's forensic accounting in Indonesia. The researchers have adopted the qualitative research approach and primary data has been collected from the undegraduates of the Islamic University of Indonesia. The findings of the study suggested to restructure and develop the curriculum with theoretical and practical knowledge in forensic accounting.

Amiri and Babaei (2020) have conducted a study on the forensic accounting education in accounting curriculum by obtaining the valuable insights from the academicians and practioners. The data has been collected from the academicians and practioners of the Iranian Universities regarding the forensic accounting education within Iranian Universities. The findings of the study have revealed that opinions of

the academicians are go inligh with the opinions of the practioners by revealing the worthiness of the forensic accounting. Moreover, the researchers have suggested to add separate course on forensic accounting to the curriculum of Iranina Universities.

3. METHODOLOGY

The study uses the primary data for this study. The essential data has been gathered from the structured questionnaires. It has been used to collect data from professional accountants on a purposive sampling basis.The questionnaire is composed of two parts. The first part concerned with collecting data about the demographic characteristics of respondents. In contrast, the second part donated to collected about the skills of forensic accounting, tools and procedures used in forensic accounting, legal knowledge and the fields of forensic accounting. Five Likert scales have been used to measure the trends of the sample for the different items.

The study's primary data would be compiled, sorted, edited, classified, coded and analyzed using the computerized data package known as SPSS. The researcher used descriptive statistics and inferential statistics like binary logistic regression to check the effect of forensic accounting skills, knowledge of, Legal background and knowledge of forensic accounting on fraud detection. The study used Cronbach's Alfa value, Skewness and Kurtosis values, and Variance Inflation Factor to test the data set's reliability, normality, and multicollinearity.

Descriptive statistics are used to summarise the sample's information, and it does not help generalise the sample's information to the population, unlike inferential statistics. Factor analysis has used to identify the underlying factors measured by the observed variables. This technique aims to reduce much individual number of items into a fewer number of dimensions. Multiple regression analysis has used to predict the value of the dependent variable based on two or more independent variables. In this analysis, the dependent variable is modelled as several independent variables with their corresponding coefficients and the constant term.

The estimated regression equation is,

$$\gamma = \beta o + \beta 1 x 1 + \beta 2 x 2 + \beta 3 x 3 + \varepsilon$$

Where:

Y_i	= Fraud detection
$\beta_0, \beta_1 \beta_2$	= Estimated Regression Coefficients
x_1	= Knowledge of procedures
x_2	= Accounting skills
x_3	= Knowledge of forensic accounting
ε_i	= Random Error Term

3.1 Conceptual Framewok

Based on the empirical findings, the researcher has developed the below conceptual diagram.
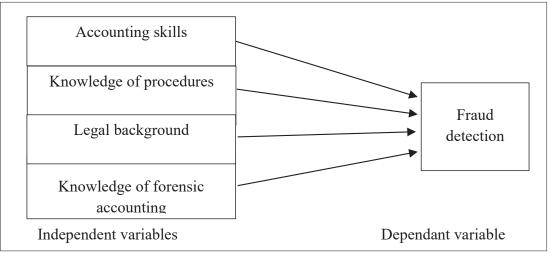
Figure I: Conceptual Framework

Source: Author created based on empirical findings

3.2 Hypotheses

The hypotheses of the study can be demarcated as follows.

H1 : There is a significant impact of accounting skills on fraud detection.

H2 : There is a significant impact of knowledge of procedures on fraud detection.

H3 : There is a significant impact of legal background on fraud detection.

H4 : There is a significant impact of knowledge of forensic accounting on fraud detection.

4. ANALYSIS AND DISCUSSION

4.1 Descriptive statistics

The researcher has used descriptive statistics as a tool to describe and provide brief summary about the features of the sample which the study has considered. Descriptive statististics is a statistical tool which help to describe, show and summarize data in a simple interpretation and more meaningful manner.

Table 01 : Output of the Descriptive data

Variable	Mean	Std. Deviation
Accounting skills	3.54	1.36
Knowledge of procedures	3.79	0.84
Legal background	3.41	1.01
Knowledge of forensic accounting	3.69	1.16
Fraud Detection	3.75	0.87

Source: Output of analysis (2021)

As per the above analysis, the mean value for the accounting skill is 3.54, and it can change either negatively or positively by 1.36. The mean value for the knowledge of procedures is 3.79. The mean can change either negatively or positively by 0.84. The mean value for the legal background is 3.41, and it can change either negatively or positively by 1.01. The mean value for the knowledge of forensic accounting is 3.69, and it can change either negatively or positively by 1.16. The mean value for the dependent variable is 3.75, and it can change either negatively or positively by 0.87.

4.2 Factor analysis

Factor analysis is a technique which can use to reduce the large number of variables in to a fewer number of outlying factors. The researcher has used principal component ananlysis by considering accounting skills, knowledge of procedures, legal back ground and knowledgeof forensic accounting as the independent variables and fraud detection as the dependant variable. Further more the researcher has performed the varimax rotation to make the output more reliable and easier to interprete. Later on, the researcher has employed KMO (Kaiser Meyer Olkin Test) to measure the sample adequacy.

Table 02: Output of the Factor analysis

Variables	Dimension	Indicator	Communalities	Loading	KMO
Independent variable	Accounting skills	AS1	0.904	0.900	0.887
		AS2	0.874	0.875	
		AS3	0.851	0.854	
		AS4	0.926	0.869	
		AS5	0.936	0.915	
	Knowledge of procedures	KP6	0.846	0.607	0.797
		KP7	0.770	0.548	
		KP8	0.935	0.877	
		KP9	0.843	0.798	
		KP10	0.795	0.686	
	Legal background	LB11	0.740	0.811	0.778
		LB12	0.677	0.689	
		LB13	0.778	0.755	
		LB14	0.847	0.906	
		LB15	0.857	0.887	
	Knowledge of forensic accounting	KFA16	0.932	0.900	0.915
		KFA17	0.892	0.824	
		KFA18	0.923	0.853	
		KFA19	0.905	0.896	
		KFA20	0.956	0.884	
Dependent variable	Fraud Detection	FD21	0.897	0.881	0.800
		FD22	0.737	0.469	
		FD23	0.839	0.644	
		FD24	0.811	0.538	
		FD25	0.802	0.522	

Source: Output of analysis (2021)

According to Hair et al. (2007), communalities for a variable should be at least 0.4 or above to say that they measure the underlying factors. As per shown in the table II, commonalities are above 0.4. Hence, we can derive that they measure the underlying factors, and no variable is needed to eliminate them from the model.

The varimax rotation has been performed on the data as the unrotated loadings for factors are challenging to interpret. The rotated factor loadings have been shown in the above table. The thumb rule says that the factor loading should be above 0.4 to be considered significant, but some researchers have adopted 0.7 as their cut off. As per the above table, all the factor loadings are above 0.4, and the majority of the factor loadings have exceeded 0.7 (Maskey et al. 2018).

KMO (Kaiser Meyer Olkin) test is a measure of sampling adequacy used to denote the proportion of variance in the variables that might cause underlying factors. As per the thumb rule, KMO values between 0.8 and 1 indicate the sampling is adequate, and KMO values less than 0.6 indicate the sampling is insufficient and that remedial action should be taken. As per the above analysis, KMO values are above 0.7 and can derive to the conclusion sample is adequate to proceed with.

4.2.1 Reliability of the concepts

Cronbach's Alpha can be defined as follows. According to Kelleher et al. (1997), Cronbach's Alpha value is calculated to test the internal consistency reliability of the instrument. For this study, the result of reliability analysis as follows.

Table 03: Output of the reliability analysis

Variable	Cronbach's Alpha
Accounting skills	0.966
Knowledge of procedures	0.928
Legal background	0.909
Knowledge of forensic accounting	0.954
Fraud Detection	0.912

Source: Output of analysis (2021)

Since the Cronbach's Alpha value is higher than 0.7, the questionnaire can be considered as reliable.

4.3 Tessting of Regression assumptions

4.3.1 Normality test

Field (2009) used Skewness and Kurtosis to measure normality. Skewness and Kurtosis values should be near zero to have normalcy in the data set. Skewness and Kurtosis test output for this study is as follows.

Skewness and Kurtosis values imply that the data set usually has distributed because the values are around zero.

Table 04: Output of the data normality

Variable	Skewness	Kurtosis
Accounting skills	-0.876	-0.684
Knowledge of procedures	-0.902	0.121
Legal background	-0.331	-0.972
Knowledge of forensic accounting	-0.995	-0.333
Fraud Detection	-0.762	0.248

Source: Output of analysis (2021)

4.3.2 Multicollinearity

Fariba et al. (2013) and Nursanti and Djamari (2015) checked multicollinearity using VIF (Variance Inflation Factor) output. Researchers have expressed that there is no multicollinearity if the VIF value is less than 5.

All variables VIF factors are less than 5.it provides enough evidence to express that there is no multicollinearity situation in the data set.

Table 05: Output of the Multicollinearity

Variable	VIF
Accounting skills	1.541
Knowledge of procedures	2.480
Legal background	1.441
Knowledge of forensic accounting	2.064

Source: Output of analysis (2021)

4.4 Results of the Regression

The researcher has used the model summary to report the strength of the relationship between themodel and the dependant variable.

Table 06: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.842[a]	.708	.701	.47709	1.871

Source: Output of analysis (2021)

As per the model summary, variations of the dependant variable of the model (fraud detection) can be explained up to 71% from the variations of the independent variables (knowledge of procedures, accounting skills, legal background, forensic

accounting knowledge). And also, the Durbin Watson statistics is a number which can use to test the auto correlation in the residulas from a statistical regression analysis. According to the above table, DW statistic of the above model is below than 2. Hence it can derive to the fact that there is no auto correlation in the sample.

4.4.1 Significance of the model

Table 07: Results of the regression

Predictor	Coefficient	P Value
Constant	0.385	0.031
Knowledge of Procedures (KP)	0.556	0.000
Accounting Skills (AS)	0.286	0.000
Legal Background (LB)	-0.040	0.240
Forensic Accounting Knowledge (FAK)	0.117	0.012

Source: Output of analysis (2021)

When considering about P-value, it implies a significant level. The P-value of the knowledge of procedures, accounting skills, and forensic accounting knowledge is 0.000, 0.000 and 0.012, respectively. It provides enough evidence to prove a significant impact between knowledge of procedures, accounting skills, and forensic accounting knowledge on fraud detection. But P-value for the legal background is 0.240, and it is above the significant value. Therefore, legal background did not significantly impact fraud detection.

4.4.2 Fitted model

As per the above analysis, the legal background has been removed from the final model because of insignificancy. The below Model has been selected as the final fitted regression model.

Fraud detection= 0.385 + 0.556 x_1 + 0.286 x_2 + 0.117 x_3 + ε

β_0 describes that it is expected to detect 0.385 when there is no impact of independent variables. At the same time, β_1 describes that fraud detection can be increased by 0.556 if knowledge of procedures increases by 1 unit. β_2 describes that fraud detection can be increased by 0.286 if accounting skills is increased by 1 unit. β_3 describes that fraud detection can be increased by 0.117 if forensic accounting knowledge increases by 1 unit.

4.5 Hypotheses Testing

Based on the above analysis, the outcome can be restricted as follows.

Table 08: Hypotheses testing

Hypothesis	Result
H1 : There is a significant impact of accounting skills on fraud detection.	Accepted
H2 : There is a significant impact of knowledge of procedures on fraud detection.	Accepted
H3 : There is a significant impact of legal background on fraud detection.	Rejected
H4 : There is a significant impact of forensic accounting knowledge on fraud detection.	Accepted

Source**:** Output of analysis (2021)

5. DISCUSSION

Hamdan (2018) states that demand for forensic accounting has been risen due to the increase of frauds day by day. Also, he has shown this field as a worthy and special area for improving performance and mitigating fraud. With the emergence of this new area, the researcher has conducted the study by considering a sample of 165 professional accountants from Sri Lanka.

Based on the existing literature, a conceptual framework has been developed by considering the accounting skills, knowledge of procedures, legal background and forensic accounting knowledge. To detect fraud, mere knowledge in theoretical accounting won't be sufficient in the present scenario, and it should be integrated with both forensic and legal aspects. To run investigations, figure out facts and responsibilities offrauds, find controversial and conflict areas, and collect evidence to support these cases, more expert knowledge will be needed.

Initially, the model for the study has been developed by considering accounting skills, knowledge of procedures, legal background and forensic accounting knowledge. Later on, the legal background has been removed from the model based on the results of the multiple regression. The knowledge of procedures has shown the highest effect on fraud detection, and forensic accounting skills have significantly impacted fraud detection. In a nutshell, the results have shown that forensic accounting is crucial and more critical when detecting frauds.

The study's empirical findings go in line with Handam (2018) findings, which elaborates the significance of forensic accounting on fraud detection and moreover confirm the importance of accounting skills, knowledge of procedures and knowledge of forensic accounting on detecting the frauds while showing the less importance of legal background in determing the fraud detection. The results also support Gbegi (2013) view, which restricts the efficiency of forensic accountants on fraud detection over traditional accountants and auditors. Okoyo (2019) has revealed that there is a siginificant positive relationship between forensic accounting knowledge and the

fraud prevention. The same finding has been accepted by the Oyebisi (2018) who has conducted a research on forensic accounting and fraud detection in Nigerian Banking Industry. Furthermore Johnson et al. (2015) have confirmed that there is a strong relationship between fraud detection and knowledge and skills of forensic accounting by conducting a research on forensic accountant and skills requirements for task performance fraud risk assessment in the Nigerian Public sector. The study will go line with theoretical and empirical findings and do not lead to any controversy.

6. CONCLUSION

The impact of forensic accounting plays a vital role when considering fraud detection. In this paper, the researchers attempt to investigate the effect of forensic accounting on fraud detection in Sri Lanka based on the primary data collected from 165 respondents.

Descriptive statistics and inferential statistics have been employed to analyze the data. The results of the regression analysis imply that there is no impact of the legal background to the fraud detection, and only accounting skills, knowledge of procedures and knowledge of forensic accounting are having a significant effect on the fraud detection

Based on existing literature, the researcher developed the conceptual framework considering only accounting skills, knowledge of procedures, knowledge of forensic accounting and legal background to investigate the impact of these factors on fraud detection concerning the Sri Lankan context. In terms of significance,the study focuses on skills needed to perform fraud detection and have identified forensic accounting as a vital aspect. In light of most recent changes in the business environment and accounting profession, researchers can pay their attention towards availability of forensic accounting services and education in the Sri Lankan context.

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APPENDIX

QUESTIONNAIRE

We are conducting a research on the topic "Impact of Forensic Accounting Knowledge on Fraud Detection; with Special Reference to Sri Lankan Context". Please be kind enough to give your kind corporation to fill this questionnaire based on your views. Further I assure that this information will be only used for the research purpose and your response will be kept strictly confidential.

Part 1: Demographics

This section will analyze on the demographic variables of the study sample. Please indicate your answers for the below questions:

1. Gender (Please tick √)

☐ Male   ☐ Female

2. Age (Please tick √)

☐ 20 – 25   ☐ 26 – 30   ☐ 31 – 40   ☐ 41 – 50   ☐ Over 51

3. Highest academic qualification (Please tick √)

☐GCE O/L   ☐GCE A/L   ☐Certificate/Diploma   ☐Basic Degree

☐Postgraduate Diploma   ☐MBA/M.Sc.   ☐ Ph.D.

4. Professional qualifications (Please tick all that apply √)

☐ICASL   ☐ACCA   ☐CIMA

Other (Please Specify) ....

5. Current Designation (Please Specify)...............................

6. Years of experience in the Accounting Profession (Please tick √)

☐ 1 – 5 years   ☐ 6 – 10 years   ☐ 11 – 15 years   ☐ more than 16 years

7. Years of experience in the Forensic Accounting Profession (Please tick √)

☐ No Experience   ☐ Less than 1 year   ☐ 1 – 5 years   ☐ 6 – 10 years

☐ 11 – 15 years   ☐ more than 16 years

Part 2: Role of Forensic Accounting

Forensic accounting skills

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
8	Basic accounting skills are very important to be a successful forensic accountant					
9	Certification for forensic accounting is very important to insure capabilities to discover fraud					
10	Deep experience of financial statement analysis and interpretation is crucial to practice forensic accounting					
11	Experience of fraud detection capabilities is very important to be successful forensic accountant					
12	Deep audit experience is very important for successful forensic accounting					

Knowledge of procedures

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
13	Analytical skills are very important to seek the origin of accounts					

14	Data mining skills are very important					
15	The language of business is very important skill for forensic accountant.					
16	Writing communication skills are very important for forensic accountant					
17	Verbal communication skills are very important for forensic accountant					

Legal background

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
18	Background of criminal law is very important for forensic accountant					
19	Knowledge of case procedures is important for forensic accounting					
20	Knowledge of civil procedures and evidence rules is important to handle forensic accounting					
21	Enforcement of law knowledge is important					
22	Knowledge of testifying if very important for forensic accounting					

Knowledge of forensic accounting

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
23	The ability to perform conflict check is very important in conducting forensic accounting					
24	Running investigations in fraud cases is very important in forensic accounting					
25	Finding conflict areas and finding evidence is very important in forensic accounting					
26	Determining responsibilities is very important to approve fraud					
27	Connecting analysis with other documentation is very important in discovering fraud					

Part 3: Role of Detecting Frauds

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
28	Fraud mitigation depends on practicing forensic accounting as profession					
29	The use of deep analysis of forensic accounting help in fraud discovering					
30	Forensic accounting is very crucial to minimize fraud in developing countries					
31	Practicing forensic accounting a specialty improves fraud management					
32	Forensic accountants with law background improve the chance to investigate in fraud cases					