

## Forensic Accounting Services : The Requisite Knowledge and Skill

RESHMA KUMARI TIWARI\*  
PADUM CHETRY\*\*

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### Abstract

The increase in occurrences of employee and management fraud, embezzlement, and various other financial crimes, alongside the declining audit quality standards, has led to the emergence of a distinct field known as forensic accounting (FA). It systematically examines financial transactions and business scenarios to uncover the truth and develops an expert opinion regarding potentially fraudulent activities. The expertise of a FA professional extends beyond accounting, encompassing diverse knowledge domains such as statistics, psychology, information technology, and human behavior. The study aims to identify the drivers behind the increasing demand for FA services and the requisite skills and knowledge sets a FA professional must possess. The findings are based on responses gleaned from 600 respondents. The results showed that the demand for various FA services would increase accounting and auditing knowledge is considered as most important knowledge domain for FA professionals.

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### I. Introduction

THE SCANDALS INVOLVING Satyam, ABG Shipyard, Punjab National Bank, and the investigations into the securities and investment banking sectors demonstrate the scope of fraud in the Indian setting (Bhasin, 2013, Gangwani, 2020). Fraud and crime are at an all-time high, leading to an increasing demand for forensic accounting (FA) (Tiwari and Debnath, 2017)). Fraudsters have grown increasingly sophisticated in evading detection through diverse tools and resources (Gao, 2010), rendering conventional fraud detection systems inadequate against evolving fraudulent behaviours and cyber-attacks (Glover and Aono, 2010). This has necessitated legal regulations enforcing international standards across audit, risk management, and internal control systems.

\* Assistant Professor, Tezpur University, Department of Commerce, Napaam, Tezpur Assam 784028, INDIA.

\*\* Assistant Professor, The Assam Royal Global University, The Royal School of Commerce, The Department of Commerce, NH3, Opposite Tirupati Balaji Temple, Betkuchi Guwahati, Assam 781035, INDIA.

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crucial in fraud investigations, enabling FAPs to analyse complex data efficiently and consume manual analysis (Merryman, 2012). FAPs also need data mining and computer forensics expertise to navigate computerised environments (Pearson and Singleton, 2008).

- xiv. *Cognitive skills*: Factor 14, i.e., cognitive skill, has the highest loadings for two other variables. The skills under this factor are analytical, logical and critical thinking, common sense, and practical wisdom. Common sense, practical wisdom during the investigation, and diverse analytical skills are critical attributes for successfully carrying out the FA investigation (Van Akkeren, Buckby and MacKenzie, 2013).

## V. Conclusion

This study investigated the factors contributing to rising FAS demand and the essential skills and knowledge required by FAPs. Results confirm a clear upswing in demand, particularly for investigative and non-scientific testimony services (95.2 per cent and 76.7 per cent, respectively). Factor analysis identified four major demand drivers: increasing business complexities and fraudulent activities, anti-fraud measures, engagement-specific factors, and management failure and insurance fraud. Accounting and auditing emerged as the most crucial knowledge domain, consistent with DiGabriele (2009) and Singh (2012), while the top ten skill sets identified align with Salleh and Ab Aziz (2014), Bhasin (2007, 2013), Davis, Farrell and Ogilby (2009), McMullen and Sanchez (2010), and Okoye and Akamobi (2009). Fourteen skill factors were further extracted, affirming that FAPs require a mixture of accounting, auditing, legal, statistical, IT, and psychology knowledge.

As a limitation, respondent biases inherent to primary data may affect the findings. Future research should employ larger, more diverse, and internationally representative samples, and encompass qualitative ethnographic studies of both the demand and supply sides of FASs to gain a more comprehensive understanding of this emerging field.

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