

## **The Effect of Forensic Accounting on Financial Fraud**

### **Detection: Sri Lankan Context**

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#### **Abstract**

Every day, fraud and fraudulent activities are increasing, and the concept of Forensic Accounting comes in combating against to that increasingly frauds. Because the visibility of forensic accounting services is required to prevent fraud and fraudulent activities globally. Forensic accounting uses accounting, auditing and investigative skills to examine the finance of an individual or company. As well as the impact of forensic accounting plays a vital role when considering financial fraud detection. So, this study has conducted to examine the effect of forensic accounting practices on financial fraud detection in Sri Lanka. The research has conducted by using the primary data which has been collected from fifty-five (55) respondents via distributing the structured questionnaire to achieve the research objective. Forensic Accounting Skills, Forensic Fraud Investigation, Forensic Fraud Litigation and Knowledge of Forensic Accounting have been considered as independent variables and Financial Fraud detection has been considered as the dependent variable. Descriptive statistics, factor analysis and multiple linear regression have been adopted for the analysis purpose by using the Statistical Package for the Social Sciences (SPSS). The findings of the study indicated that there is a significant impact between forensic accounting skills and knowledge of forensic accounting on financial fraud detection. Also, it has shown that there is no significant impact between forensic fraud investigation and forensic fraud litigation on financial fraud detection. However, the study reveals that forensic accounting practices affect the level of financial fraudulent activities. As well as the research concludes that the use of forensic accounting knowledge and forensic accounting skills are important in fighting against financial fraud in both the public and private sectors of Sri Lanka.

**Keywords:** Forensic Accounting, Financial Fraud Detection, Forensic Accounting Skills, Forensic Fraud Investigation, Forensic Fraud Litigation, Knowledge of Forensic Accounting