The Impact of Forensic Accounting Skills and Knowledge on Fraud Detection in the Sri Lankan Context: Perception of Internal Auditors

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Abstract

This study aims to find out if forensic accounting knowledge and skill matters to internal auditors' perception of enhancing fraud detection in Sri Lankan contexts. Cases of increased financial crimes in the recent past have underscored the importance of good fraud detection systems, hence the reason this is included in risk management strategy. This is an exploratory study that employs quantitative research techniques through questionnaire audit firms among select internal auditors across the big firms within Sri Lanka. This study intends to find out the opinions and perceptions of internal auditors regarding the significance and efficacy of forensic accountability tactics utilized to deter fraud within organizations through some data collection procedures. The researcher has this particular study adopted a deductive approach, with the primary data gathered. Research has been done on 122 internal auditors in Sri Lanka. Fraud detection has been considered the dependent variable; forensic accounting skills, legal background, knowledge of procedure, and forensic accounting knowledge are independent variables. To be used as a basis for further analysis, descriptive statistics will have to be presented in the report. Some of these methods include exploratory factor analysis and inferential statistics such as multiple linear regression. The findings of the study showed that there is a considerable influence as it goes on. Skills in accounting, familiarity with processes, and expertise in forensic accounting. This study would hopefully broaden the knowledge of information about forensic accounting in Sri Lanka thereby providing the roadmap in the formulation of internal audit's professional skills enhancement project, internal audit's curriculum, and organizational protocol. Firstly, it tries to address the discrepancy that exists between academic theory and on-ground experience in corporate settings. In doing so, the study offers practical advice to companies and corporations about what they can do to enhance their inner auditors' ability to detect any suspicious cases of fraud. The Sri Lankan corporate sector will gradually be enabled to handle financial crimes by building the ability of internal auditors to recognize and prevent fraud.

Keywords: Forensic Accounting, Fraud Detection, Forensic Accounting Skills and Knowledge, Regression Analysis, Internal Auditor