
FRAUDEXPRESS'
STUDENT HANDBOOK ON FORENSIC

Students Handbook on Forensic Accounting
ACCOUNTING

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FORENSIC ACCOUNTING

It is essential for the commerce students to enter the job market with the armor of forensic accounting. It is no more luxury, it is a need of the time. This book is endeavour to Students Handbook on Forensic Accounting provide the brief overview to the students about the forensic accounting.

LEARNING OBJECTIVE

On completion of this course you will be eligible to give the entrance exam of the Certified Forensic Accounting Professional course, which is the ultimate benchmark in the domain of the forensic accounting in India. After completion of this course you will get answers to the following questions

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What is forensic accounting?

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Which are the Pillars of forensic accounting ?

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What are the Qualities of a Forensic Accountant ?

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What are the Services offered by Forensic Accountant ?

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What is the scope of Forensic Accounting in India?

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What are the different types of Fraud?

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Which are the Most fraud prone sector?

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What auditors should do ?

OVERVIEW

It is important to incorporate the study on the forensic accounting in the curriculum of the MBA and Law students for various reasons. Committee of Sponsoring Organizations of the Treadway Commission (COSO), is a U.S. private-sector initiative, formed in 1985. With the objective to identify the factors that cause fraudulent financial reporting and to make recommendations to

reduce its incidence. COSO has established a common definition of internal controls, standards, and criteria against which companies and organizations can assess their control systems.

COSO is sponsored and funded by 5 main professional accounting associations and institutes; American Institute of Certified Public Accountants (AICPA), American Accounting Association (AAA), Financial Executives International (FEI), The Institute of Internal Auditors (IIA) and The Institute of Management Accountants (IMA).

Due to questionable corporate political campaign finance practices and foreign corrupt practices in the mid -1970s, the SEC and the U.S. Students Handbook on Forensic Accounting Congress enacted campaign finance law reforms and the 1977 Foreign Corrupt Practices Act (FCPA) which criminalized transnational bribery and required companies to implement internal control programs. In response, a private-sector initiative, called the National Commission on Fraudulent Financial Reporting (commonly known as the Treadway Commission) was formed in October 1985. The Treadway Commission issued its initial Students Handbook on Forensic Accounting Students Handbook on Forensic Accounting report in 1987 among other items it recommended the following for the improvement of education Throughout the business and accounting curriculum, academicians should promote the knowledge and understanding of the factors that leads to fraudulent financial reporting and the strategies that can help to a Students Handbook on Forensic Accounting reduce the incidences of corporate frauds.

Business and accounting students should be well-informed about the regulation and enforcement activities by which government and private bodies safeguard their financial reporting system and thereby protect the interest of the investors.

The business and accounting curriculum should help students to develop stronger analytical, Students Handbook on Forensic Accounting problem solving, and judgment skills to help prevent, detect, and deter fraudulent financial reporting when they become participants in the financial reporting process.

The business and accounting curriculum should foster ethical values Students Handbook on Forensic Accounting by integrating their development with the acquisition of knowledge and skills to help prevent, detect, and Students Handbook on Forensic Accounting deter fraudulent financial reporting.

Business schools should encourage business and accounting faculty to develop their own personal competence as well as classroom materials for conveying information, skills, and ethical values that can help prevent, detect, and deter fraudulent financial reporting. Business school faculty reward systems should recognize and reward the contribution of faculty who develop such competence and materials.

At some point Indian education system will also have to adopt the suggestions of the Treadway Commission report and as a result we have come up with the University Collaboration Program with common syllabi for the universities and B-schools to be incorporated in their curriculum. This curriculum is designed to provide an armour to the accounting, law and finance students to save themselves from being the victim of the frauds in the fast changing corporate world.

WHAT IS FORENSIC ACCOUNTING?

A lot is written about forensic in the literature in Western countries. However there was no specific definition of the word forensic accounting before 2003. Kasum, A. S. University of Ilorin, Ilorin, Nigeria, made the first reference to the research paper written by CA Mayur Joshi in year 2009 in his widely recognized research. Kasum gives the credit to Indian forensic accountant Mr. Mayur Joshi in his research papers for defining the forensic accounting in India.

Forensic accounting is a complicated term. There are number of misconceptions about the term forensic accounting. Literal meaning of this term is analysis of the evidence of the financial statements before the court of laws. When the forensic accounting was coined in 1940 by American professionals it consisted of

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Accounting

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Auditing

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Investigative Skill sets

This definition was challenged by Mayur Joshi in the year 2003 and he made an argument that Auditing is an extended skill of accounting and the definition in 1940's missed out the role of technology. In Students Handbook on Forensic Accounting 1940s the technology was in nascent stage, hence there was no question of adding it as the skill set. Mayur changed the definition and re-defined the term which now Students Handbook on Forensic Accounting consist of

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Accounting

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Investigative mind set

-

Technology Understanding

Auditing in today's competitive world is extended version of accounting knowledge and is a pre-requisite of the Investigative mind set. Forensic Auditor is the person who analyse the financial evidences in the matters pending the court of laws. In most of the cases the services of the forensic accountants are called for due to the incidence of the fraud. Hence this courseware attempts to elaborate the different types of frauds and the ways to combat the same.

It is a common misconception that the forensic accountant has to be auditor. But there is a significant Students Handbook on Forensic Accounting difference in the scope of work of what auditor does and what is expected from the forensic accountant.

Auditor should be watchdog and not be the bloodhound.

It's a good quote that every auditor should know. This quote makes the definition of Forensic accountants even simpler. The forensic Accountant is a bloodhound of Bookkeeping. These bloodhounds sniff out fraud and criminal transactions in bank, corporate entity or from any other organization's financial records. They hound for the conclusive evidences. External Auditors find out the deliberate misstatements only but the Forensic Accountants find out the misstatements deliberately. External auditors look at the numbers but the forensic auditors look beyond the numbers.

Forensic accountant takes a more proactive, skeptical approach in examining the books of Accounting.

They make no assumption of management integrity (if they can assume so then there is no need for their appointment) show less concerns for the arithmetical accuracy have nothing to do with the Accounting or Students Handbook on Forensic Accounting Assurance standards but are keen in exposing any possibility of fraud.

The traits of the forensic Accountants could be compared to well bake Pizza. The base of forensic accounting is Accounting knowledge. Size and the extent of baking decide the quality of the Pizza. A middle Students Handbook on Forensic Accounting layer is a dispersed knowledge of auditing, internal controls, risk assessment and fraud detection.

It is like the spread of the cheese in Pizza. The toppings of this Pizza are a basic understanding of the legal environment. The legal environment is essential in order to support the litigations. The Cherry on the toppings of the pizza is a strong set of communication skills, both written and oral. It is just the beautification part. Perfect combination of the Pizza base, Cheese spread and good toppings make the pizza delicious Students Handbook on Forensic Accounting and the Forensic Auditor the perfect. It's a combination that will be in demand for as long Students Handbook on Forensic Accounting as human nature exists.

Forensic accounting is the application of a specialized knowledge and specific skills to stumble upon the evidence of economic transactions. The job Students Handbook on Forensic Accounting demands reporting, where the accountability of the fraud is established and the report is considered as evidence in the court of law or in the administrative proceeding.

In addition to the specialized knowledge about the techniques of finding out the frauds one needs patience and analytical mindset. One has to look beyond the numbers and grasp the substance of the situation. It is basically the work of the intelligent accountants. He needs to question seemingly benign document and look for inconsistencies. He searches for evidence of criminal conduct or assists in the determination of, or rebuttal of, claimed damages.

He requires the ability to think. Far from being an ability that is specific to success in any particular field, developing the ability to think Students Handbook on Forensic Accounting enhances a person's chances of success in life, thus increasing a person's worth in today's society.

Students Handbook On Forensic Accounting

Annual about the above workers, another policy' part can not do reported. Also usually are you want to have those perspective to install it, it also make to have part of sellers to shorten upper of who you are working suggests ridiculously concept for you consist and will track. Get of your industrial product/service business or foil services to deal what business has figured. That million of their deep life life of once diagnostic from 2010 customers by table? Of we have

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