

Forensic Accounting – A Multifaceted Standard for Cleaner Stewardship in Weak Regulatory Environments

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Abstract:

Many third world countries are saddled with either corruption or high corruption perception index due to weak regulatory environments. Too often statutory audit has shown passive attitude towards fraud fighting and failed to provide the public the needed assurance of their preparedness to stand up to corruption and fraud. The essence of forensic accounting concerns in-depth knowledge in Information Technology, the application of evidence-gathering accounting functions and audit skills for evidentiary purposes - whether documentary and testimonial or both, prosecution and settlements. With law, therefore, the practice of forensic accounting intersects in two ways: the conduct - usually an infringement on the law, which is the focus of the engagement; and the procedures that impact the work of the accountant. In this research, the coefficient of correlation (r) of two data sets (X, Y) representing the opinion of the public on their increasing dissatisfaction with statutory audit in the fight against white-collar crimes and public opinion on the extent to which forensic accounting can improve the situation to ensure cleaner accounting respectively was found and interpreted to draw conclusions. The result, (correlation coefficient (r) – CORREL 0.36), indicates that forensic accounting has positive potential to tackle financial crimes in weak regulatory environments but the public would also largely doubt the socio-economic order that will ensure its effectiveness.

Keywords: Forensic, Accounting, engagement, audit, standards, expectation gap, control, fraud, white-collar crimes, weak, regulatory, environment.

1.0 Introduction

Accounting, in weak regulatory economies, has been the main source of corporate failure and financial statement fraud is the most commonly expressed type of fraud risk that many researchers have said companies are prone to and are most concerned about. Financial crimes have taken sophisticated dimensions in recent years. Criminals in both private and public sector organisations are always devising innovative means to beat the most experienced traditional statutory auditors leading to huge public losses and corporate failures. One of the major challenges facing the development of nations in Africa is fraudulent practices or high perception of corrupt practices among the citizens of the countries.

The importance of relevant and consistent high quality engagements for Audit and Assurance services cannot be understated. In today's global economy, corruption or corruption perception is devastating the expected socio-economic development of the regions where control and regulatory environments are weak or perceived to be weak. There is, therefore, strong public interest in high quality, relevant assurance on information beyond the audit or review of financial statements. Preparers and users alike already look to the accountancy profession to provide audit and assurance services on an expansive range of information, and this phenomenon is anticipated to continue to grow as the years, business facilities and economic circumstances also continue to grow.

The growing number of financial scandals and frauds in recent years has, therefore, made forensic accounting one of the fastest growing areas of accounting and one of the most secure career paths for accountants (Zysman 2011). Kasum *et al* (2009) empirically found that fraud and corruption are fundamental problems of third world countries and investigative or forensic accountants have a role to play, generally, but more in the public sector to stem this canker. For the above reasons, many people in Ghana today, for example, think that Forensic Accountants are required in both public and private sectors to prevent, detect and or deter financial frauds. Carpenter *et al* (2007) have argued that the future demand for audit services will be dependent upon the auditors' capability to detect and deter fraud by bringing perpetrators to book.

1.2 Aim and Objectives of Research:

There is a growing interest in forensic accounting in academic institutions and demand for forensic accounting is also expected to increase. More universities have plans to provide forensic accounting education. Forensic Accounting is, therefore, considered as important for integration into the accounting curriculum. Forensic Accounting education has been seen as being relevant and beneficial to accounting students, the business community and the accounting profession; the awareness of which, it is expected, this paper will convey.

Accountants of the future should develop keen interest in fraud investigation and therefore, need to have more skills training in forensic accounting. The academic curricula for accountancy studies also need to integrate forensic accounting.

So far, reviewed has revealed that no clear empirical research into the correlation between audit expectation gap and the relevance of forensic accounting in bridging the expectation gap. In this research, the researchers aim to fill this research gap and to develop further insight into public opinions on the relevance and the impact of Forensic Accounting in achieving effective accountability in both private and public sector organisations paying particular attention to how forensic audit functions in a weak regulatory environment. It is not only intended to contribute to the ongoing academic debate and to add to the existing knowledge but also to champion the field of forensic accounting research in a weak regulatory and control environments like Ghana.

1.3 Problem Statement

In many African jurisdictions like Ghana, where lapses are not uncommon in the regulatory system, there have been several financial impropriety and accounting scandals in both private and public sectors in which stakeholders' expectation to obtain a successful prosecution of suspects have failed after statutory audit. This failure, probably, is because the traditional statutory audit failed to provide sufficient evidence capable of obtaining criminal prosecution against the suspects and has led to several debates (Sarfin, 2010) and political upheavals in several quarters in Ghana about the effectiveness of statutory audit (Sarup 2004).

According to International Federation of Accountants (IFAC), (2009) the auditor's opinion on the financial statements deals with whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. Such an opinion is common to all audits of financial statements (Handbook of International Auditing, Assurance, and Ethics Pronouncements, Ed. 2009).

The traditional auditor's responsibility for fraud detection has been a 'passive philosophy' and this is summarized by the Lord Justice Lopes' ruling, in the UK, given in the 1896 Kingston Cotton Mill case (re Kingston Cotton Mill Company (No.2)): '*An auditor is not bound to be a detective, or ... to approach his work with suspicion, or with a foregone conclusion that there is something wrong. He is a watchdog, not a bloodhound*' (Sarup 2004). IFAC's International Standards on Auditing (ISA, 240) states that, 'The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.' This buttresses the point that in traditional statutory audit, the auditor has no responsibility with regards to fraud prevention, detection or deterring.

Although, recently, ISA 240 (Redrafted) has tried to increase the auditor's responsibility regarding fraud detection, it states it, however, that: 'An auditor conducting an audit in accordance with ISAs is responsible for obtaining reasonable assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.' The auditor's opinion, hence, does not assure, for example, the future viability of the entity nor the efficiency or effectiveness with which management has conducted the affairs of the entity (IFAC 2009, ISA 200).

As stated above, in today's global economy, there is strong public interest in high quality, relevant audit and assurance information that go beyond the audit or review of financial statements. Preparers and users alike already look to the accountancy profession to provide audit and assurance services on an expansive range of information, and this phenomenon is anticipated to continue to grow as the years, business facilities and economic circumstances also continue to grow. Therefore, there are concerns that auditors and the public hold different beliefs about the auditors' duties and responsibilities and the messages conveyed by audit reports. This is a widespread concern which is often referred to as the "expectation gap" between the auditing profession and the public (Dorrell 2008). This research diagnoses the expectation gap and assesses whether or not, in the view of the public, forensic accounting holds key to tackling or bridging of the gap of public expectation in traditional audit.

1.4 Research Questions:

The research is designed to address the following research question:

To what extent, in the view of the public, will forensic accounting improve upon the weaknesses in traditional statutory audit?

2.0. Literature Review:

According to Zysman (2011), Forensic accounting is, refutably, relatively new area in the accounting profession. Carpenter (2007) has asserted that traditional statutory audit has failed to provide the sufficient and appropriate 'watchdog' service to the economy, hence failure to successfully prosecute many white-collar crimes. Although companies are legally required to be audited, with 'professional scepticism' (ISA, 240) in order to detect financial fraud, statutory audits do not always detect wrongdoing because the traditional purpose for audit to enable independent accountant to express an opinion on the 'true and fairness' of prepared financial statement (Owojori and Asaolu, 2009).

In recent years, some corporate collapses and the subsequent implication of the reporting auditors have highlighted the audit expectation gap. Apparently, public misperceptions are a major cause of the legal liability crisis facing the accounting profession. Given the significance of the expectation gap, it is not surprising therefore that prior research on the expectations problem is substantial (Golden, Skalak, and Clayton 2006). Sarfin (2010) avers that the failure of statutory internal and external audits has led to a greater need for forensic accountants to investigate fraud and therefore finds it needful to examine why the statutory-audit system in a weak regulatory environment often fails to catch fraud, and how to improve accountability by promoting forensic-accounting standards.

According to Renick (2007) generally, the term 'forensic accounting' is used to describe the wide range of investigative work which accountants in practice could be asked to perform. The work would normally involve an investigation into the financial affairs of an entity and is often associated with investigations into alleged fraudulent activity. Forensic accounting refers to the whole process of investigating a financial matter, including potentially acting as an expert witness if the fraud comes to trial (Weaver, 2010).

A Forensic Accountant analyses, interprets, summarizes and presents complex financial and business related issues in a manner which is both understandable and properly supported (Zysman, 2011). Rezaee *et al* (2004) also note that Forensic Accountants can be engaged in public practice or employed by insurance companies, banks, police forces, government agencies and other organizations. According to Kasum (2009) a Forensic Accountant is not only involved in investigating, analysing financial evidence, communicating their findings and assisting in legal proceedings, including testifying in court but also, sometimes, engages in **developing computerized applications** to assist in the analysis and presentation of financial evidence and preparing visual aids to support trial evidence.

Likewise, businesses are faced with a number of challenges that make best practices in log management an increasingly important part of an overall enterprise IT security systems. Accountants are required to be able to investigate in log management systems; to establish compliance, risks, legal issues, forensics, storage and operations based on the requirements of applicable regulations and standards, guidance from legal counsel, business and operational objectives, and risk analysis (RSA Security Division of EMC, 2013). In modern information intensive businesses where there is increasing requirements of today's regulated environment and a new breed of more advanced attacks, forensic auditors equipped with skills that include the ability to investigate controls of work environments where vast amounts of data is generated by more and more systems are needed (DiGabriele, 2008).

Weaver (2010) discusses Forensic accounting process to include **forensic investigation** and **forensic auditing**. Forensic investigation refers to the practical steps that the forensic accountant takes in order to gather evidence relevant to the alleged fraudulent activity. Forensic auditing covers a broad spectrum of activities, with terminology not strictly defined in regulatory guidance. It involves the examination of evidence regarding an assertion to determine its correspondence to established criteria carried out in a manner suitable to the court (Renick, 2007). An example would be a Forensic Audit of sales records to determine the quantum of rent owing under a lease agreement, which is the subject of litigation (Zysman, 2011).

Forensic accountants are, therefore, experienced auditor and/or accountant trained to be able to identify fraud indicators; they are also trained in the areas of investigation, detection, and various specialised auditing techniques. These are professionals with proven integrity and with ability in specialized skills in rules of evidence and the law, analytical and investigative skills, identification of patterns of abuse, excellent interpersonal with excellent communication skills, and outstanding organizational skills, (Harris and Brown 2000).

According to Kranacher et al (2008) Forensic accounting is likely to be similar in many ways to a statutory audit of financial information, in that it will include a planning stage, a period when evidence is gathered, a review process, and a report to the client. The difference would be to discover if a fraud had actually taken place, to identify those involved, to quantify the monetary amount of the fraud (i.e. the financial loss suffered by the client), and to ultimately present findings to the Board of client and potentially to court.

In DiGabriele (2008), financial (external) audit is typically about the process of evaluating compliance of a financial statement (account) with a set of regulatory standards. Though the well-publicised Sarbanes-Oxley Act 2002 (SOX) in the USA incorporates concepts and procedures to deter and catch fraud in as part of internal control and financial statement audit, the ultimate concern of financial audit still remains ultimately as to provide a reasonable assurance that a material misstatement in the financial statement has not occurred (Singleton et al, 2006). According to Durkin cited in Crumbley (2009), forensic accounting is different from traditional audit because:

- i. Forensic accounting does not limit the scope of engagement based on materiality unlike traditional auditing standard (per ISA 320)

- ii. Forensic accounting does not also accept sampling as evidence compared to traditional audit (per ISA 530)
- iii. Forensic Accounting does not assume management integrity. Instead, it seeks the best legal evidence through peculiarly additional procedures which are interviews and inspection of documents for details such as investigative handwriting analysis in order to execute litigation services.

More often than not users of financial statements hold the view that auditors are responsible for fraud prevention and detection (Jennings *et al.*, 1993). The accuracy and reliability of a financial statement guarantee, however, does not reside with the traditional financial statement auditor. The financial statement auditor also does not guarantee so. The above reside first and foremost with those charged with governance of the organisation the auditor's role is only secondary (Golden, Skalak and Clayton, 2006). The traditional auditor only provide and opinion on the 'truth and fairness' of financial statement prepared in accordance with relevant standards. In an assurance engagement services, the auditor is limited to only 'reasonable assurance' or 'negative assurance' opinions, as note earlier above. These phrases in themselves are considered confusing and do not presuppose any impression and willingness to catch fraud. This is mostly the root source of **Audit Expectation Gap**.

Audit expectations gap exists when external auditors' understanding of their role and duties is different as compared with the expectations of user groups and the general public. Likewise, jurors acting as important professional in any legal lawsuit are biased towards the view that the auditors actively search for the smallest fraud and this explained why the jurors often the auditor responsible on occasions when a company failed or a fraud is uncovered (Burton *et al.*, 2013). This showed that jurors have held the auditors to a much higher standard than what is laid down in the auditing standards. Therefore, the main elements of expectation gap, according to Woolf, (2011) exist in the following ways:

- i. **Standard expectation gap:** This is where users have expectations that audit work is more prescriptive in nature and that they must strictly abide by the rules prescribed, however, there are wide ranging standards for the auditors to follow than expected.
- ii. **Performance expectation gap:** This exists because users hold a view that auditors' standards of performance has fallen below required standard.
- iii. **Liability Expectation gap:** This arises where users' understanding of the auditor's liability and who the auditor to liable to are misconceived.
- iv. **Fraud detection and prosecution expectation gap:** This also leads on from auditors' liability gap and it is the misunderstanding of whose responsibility is the detection of fraud and taking action as a result of the detected fraud.

Humphrey *et al* (1993) noted that 'auditor's responsibilities concerning fraud have been a recurrent problem as it is clear that public's expectations on this issue was not satisfied'. Auditors, it is clearly indicated in the public opinion, must therefore be responsible the detection and prevention of fraud. In view of the above, the new and improved audit standards, in response to the scandalous events on auditors, attempt to increase the auditor's responsibilities regarding the detection and prevention of fraud and errors. ISA 200 (Revised and Redrafted), '*Overall Objective of the Independent Auditor and the Conduct of an Audit in Accordance with ISAs*', states that Auditors have to 'plan and perform an audit with professional scepticism, recognizing that circumstances may exist that can cause the financial statements to be materially misstated. ISA 240 (2010), '*The auditor's responsibilities relating to fraud in an audit of financial statements*', adds more by redefining the auditor's responsibility in respect of the detection and prevention of fraud, however, the standard still gives the auditor only a secondary responsibility in respect of the detection and prevention of fraud. Those charged with governance of the entity continue to be charged with the primary responsible for fraud prevention and detection (Anomah *et al*, 2013) and this has not provided adequate cure for the age-old audit expectation gap.

In Carpenter *et al* (2008), it was observed that in the aftermath of accounting scandals, financial crimes, and business collapses, there is rapidly growing specialty of forensic accounting and it continues to define itself. The need for Forensic Accountants in government, industry, and public accounting continues to grow (Singleton *et al*, 2006). There is also an incredible need within law firms for the specialized skills of Forensic Accountants. Litigation often involves multiple, complex accounting and legal issues that overlap and intertwine and Forensic Accountants with broad business backgrounds and forensic experience are a vital resource to the litigation team to provide valuable insight into financial issues (Harris, 2011).

"Too often, accountants are called to the stand by authorities and then are ripped to shreds during cross-examination. That's because accountants, used to working largely by themselves in back rooms, are often woefully unprepared for the withering legal and technical evidentiary challenges delivered by opposing attorneys" (Dorrell 2008). "Individuals often misunderstand and misapply probabilities, but what should also concern those giving testimony is the fact that even if jurors understand the probabilities, they may fail to apply them accurately. Therefore, proper utilisation of a specific and consistent methodology is of key importance in testimony since a judge can throw away an entire testimony because the testimony can be challenged or the

sitting judge is unable to comprehend or he or she has lost faith in the expert witness”, (Niedermeier et al (1999), cited in Bressler, 2011).

Forensic accountant are becoming very instrumental in the functions of legal practitioners. According to Warshavsky (2013), attorneys can benefit from the services of forensic accountants the following four general phases:

- i. *“Foundational:* Forensic accountants provide assistance in the case’s development and discovery stages and assist in defining the financial framework of the case. They also assess the quality of the evidential documents in order to determine which information might be relevant.
- ii. *Interpersonal:* During this phase, forensic accountants conduct interviews to aid in planning and executing the collection of case data; in addition, they perform background research on the people and entities relevant to the matter.
- iii. *Data collection and analysis:* Forensic accountants accumulate data and marshal the necessary analytical tasks to either support or refute the theories presented. If requested, they also assist in any hearings, conferences, and settlement negotiations.
- iv. *Expert report and trial:* In this stage, all of the forensic accountant’s conclusions during the assignment are aggregated, followed by the submission of a report and possible testimony at deposition or trial.”

The results of reviews by Kasum et al (2005) found that fraud and corruption are fundamental problems of third world countries. It was empirically found that investigative or forensic accountant has a role to play, generally, but more in the public sector. They recommended the strengthening of forensic accounting institution and utilization of their services in public sector of developing nation's economies.

Fraud Risk assessment enables the forensic accountant to concentrate on areas where an organisation’s susceptibility to fraud is very high. Kranacher et al (2008) as well a few authorities on fraud investigation agree on three main elements of fraud risks often referred to as the **‘fraud triangle’**: Opportunity, Motivation or (Pressure) and Rationalisation. Opportunity exists if a firm discovers a weakness or a loophole in the regulatory environment and takes advantage of it. Pressure involves any external factor pushing the criminal to engage in fraud and rationalisation is involved with the availability of means to excuse oneself from probity (Carpenter *et al* 2008).

The tool available to the Forensic Accountant (Auditor) to prove all cases is evidence. According to Silverstone and Sheetz (2007) evidence can be categorised into two main categories: by direct and circumstantial and by nature. Testimonial evidence is an actual witness in the form of testimony is an open court is a direct testimony while statements obtained in the form of papers, films, charts and pictures is known as documentary evidence.

“The ‘evidence’ collected or prepared by a forensic accountant may be applied in many different contexts:

- i. As evidence in an internal corporate investigation that leads only to internal discipline, or no action whatever;
- ii. As evidence in a professional disciplinary hearing or other administrative proceeding, such as an administrative enforcement proceeding by regulatory authorities;
- iii. As expert opinion evidence of value in a civil action between private parties; or
- iv. As evidence in some phase of a criminal action” (Curtis, 2008).

In Singleton *et al* (2006) fraud investigated by a forensic accountant is categorised into the following:

Corruption: There are three types of corruption fraud: conflicts of interest, bribery, and extortion. Research shows that corruption is involved in around one third of all frauds.

Asset misappropriation: By far the most common frauds are those involving asset misappropriations, and there are many different types of fraud that fall into this category e.g. cash theft, inventory fraud and fraudulent disbursements of funds.

Financial statement fraud: The two types of fraud most relevant are misstatements arising from fraudulent financial reporting often carried out with the intention of presenting the financial statements with a particular bias, for example concealing liabilities in order to improve any analysis of liquidity and gearing and misstatements arising from the misappropriation of assets (Golden, Skalak, Clayton, Pill, 2011).

According to Xianghua (2010), as a result of the false accounting information, the society and the economy suffers large loss, and the survival and development of the accounting industry is largely impacted, and investors’ benefits are largely damaged, and the social public would largely doubt the social economic order. Carpenter (2007) asserts that when the harm of false accounting information develops to some extent, lawsuit aiming at the false accounting information will occur. This would make accounting knowledge and legal knowledge to collide, and many situations which cannot integrate completely would occur and single accounting knowledge or single legal knowledge would be unable to solve problems effectively.

Because the accounting information lags behind the economic activity, the time limitation exists in the accounting reflecting the economic operations, and because modern faking and embezzlement technology is more and more advanced, registered accountants only could show their opinions about the ‘true and fairness’ and

validity of the former financial report, and the identification function of the auditing has been largely limited (Owojori et al 2009). The problem of developing third world nations are that it is common in public sector, which affect a lot of citizen and in most cases perpetrators get away with the act of financial frauds because only it's on few instances are the nefarious act uncovered on-time, investigated, prosecuted and adequate punishment awarded for them (Kasum et al 2005).

3.0. Methodology

The researchers believe that a survey into this area is apt because this research was aimed at finding the relationship between the degree of satisfaction with traditional statutory audit and expectation of users of audit information. To ensure authentic responses, the researchers administered the questionnaire by interview method where by respondents' responses were recorded. 20 structured questionnaires were designed to solicit responses from various respondents. 10 of the questions were designed to obtain respondents' opinion on their confidence levels in traditional statutory audit (denoted as X data set) and the other 10 questions were designed to seek the opinion of the respondents on whether or not any confidence gap in the data set X could be mitigated by forensic accounting (denoted as data set Y). The design of questionnaire in this way was with the motive of finding the correlation co-efficient (r) between the falling confidence in traditional audit (X) and whether Forensic accounting could be deemed to be a reasonable solution to the problem (Y).

The equation for the correlation coefficient (given as r) is:

$$\text{Correl}(X, Y) = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}}$$

Where \bar{x} and \bar{y} are the sample means AVERAGE (array1) and AVERAGE (array2).

The correlation coefficient (r) measured was purported to enable the researcher make inferences and conclusions to buttress the various literature reviewed. These conclusions would assist the researchers to respond to their research questions.

250 respondents in the categories of 50 businessmen, 50 accounting tutors in various tertiary institutions, 50 practising chartered accountants, 50 students (accounting majors) and 50 financial journalists were interviewed for their opinions. The aim was to solicit their affirmative opinions on the entire 20 structured questionnaire. The questionnaires were structured such that the affirmative responses of the questions were the responses of interest to the researchers.

4.0 Analysis

The questionnaire and their respective percentages of "YES" responses are set out in **Table 1** in the Appendix attached. "NO" responses were ignored. The percentage responses were converted into their corresponding weights (probabilities) in a table as also set out in **Table 2** in the attached appendix. The purpose was to strike out the correlation coefficient of the two arrays of Prob. (X, Y) where Prob. X represent the probability that respondent believe that traditional statutory audit has disappointed the public and Prob. Y represents the view that Forensic Accounting will have an impact in tackling the expectation gap. Using pre-written spreadsheet formula for finding correlation coefficient for the two arrays of data, the correlation coefficient Prob. (X, Y) is **0.36** as demonstrated in **Figure 3** in the appendix attached.

4.1 Interpretation and Findings:

The correlation analysis of the variables Prob. (X, Y) has shown that there is moderately low positive coefficient of correlation (**0.36**) between increasing public disappointment with the work of traditional audit and the desire for a fiercer 'blood-hound' type forensic accounting in weak regulatory economies. In other words, as the trust and reliability in traditional audit assignments fall below expected standards (X), there is a sceptical expectation or uncertain linear public interest in forensic accounting (Y) for cleaner and more reliable accounting and audit in places where the control is weak or perceived to be weak.

The reason for the above finding is in agreement with the literature by Carpenter (2007) that traditional statutory audit has failed to provide the sufficient and appropriate 'watchdog' service, hence failure to successfully prosecute many white-collar financial crimes. The moderately positive correlation coefficient result, also, coincides with the assertion by Kasum et al (2005) that the problems with statutory auditing in developing third world nations are that in most cases perpetrators get away with the act of financial frauds especially in public sector which affects a lot of citizens. It's only on few instances that nefarious act are uncovered on-time, investigated, prosecuted and adequate punished. In contrast, it is revealed in the reviewed literature that forensic accounting is a blend of expertise in accounting and audit. Forensic Accountants are also skilled in investigation of computer information systems such as investigations of computer log files for evidentiary purposes. They also have broad criminal and civil law background as well as strong communication skills required for evidence

gathering. For the timely prevention, deterring and detection of fraud they are unlike traditional 'watchdog' auditors, rather, they are more of the 'blood-hounds' accountants who can assist actively in fraud prosecutions. The public, though, look to a more rigorous forensic accounting to bring sanity yet doubt that the social order can support the effectiveness of their roles in a system infested with widespread white-collar crimes or highly perceived to be infested with widespread corruption, bribery and fraud. Xianghua (2010), also found, likewise, that as a result of the false accounting information, the societies with weak control systems suffer and the economies have suffered large losses, and the survival and development of the accounting industry have been largely negatively impacted, investors' benefits have been, for long time, largely damaged, and the social public would largely doubt the social economic order that will foster cleaner accounting. Hence, stakeholders in public and private firms in weak control environments are sceptical in all forms of accounting and in auditing.

5.0 Conclusion and Recommendations

If traditional auditor's role is increasingly falling below expectation, it stands to reason that the role of the auditor should be expanded and enriched to meet the expected standards of the public. Forensic Accounting is an emerging area in accounting that requires attention in a country like Ghana, where the control environments are not strong and are rated high in the world's corruption perception index in both private and public sectors. The Auditor of Public Sector institutions should be empowered to investigate and prosecute fraud when detected for example. This will call for the reorientation of the public sector staff and redesign of the training of auditors. With several failed attempts by government to prosecute effectively corrupt officials based on traditional statutory audit report, this research has proved that stakeholders are no more confident in the functions of the traditional audit and assurance service providers. Lack of experts and consultants in forensic accounting to appropriately profile a financial crime may be a reason for the failure.

It is recommended for Ghana to amend its Company Code 1963 to redefine fraud and financial crimes to capture current trends and make it compulsory for auditors to report any fraud found in their client company to the registrar of companies and other appropriate independent bodies such as the Economic and Organised Crimes Office (EOCO) for action instead of those charge with governance who, often are either complicit or are at a loss as to how to deal with discovered financial crimes. Auditors should attract charges of criminal omission of duty with serious penalties if found complicit in any attempt to cover up and or be subjected to tortious suits and claims should they fail to comply with this new requirement. This new measures may mitigate and bridge the audit expectation gap.

Forensic accounting training has, therefore, become more relevant and it's required for better fraud investigations since Forensic Auditors are more appropriately equipped than the traditional auditors in the field of fraud investigation and detection. With the increasing realisation that corrupt practices or perception of corruption and the unethical use of sophisticated Information technologies in African economic environments are serious set-backs to general economic development, curricula developers, current researchers and academics in accounting must be interested and be doing more of this research to make accounting and audit experts relevant for a cleaner African economies.

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APPENDIXES:

Table 1:

<i>No. of questions</i>	<i>Questions on Expectation Gap</i>	<i>No. of (YES) Responses (X)</i>	<i>Question on Forensic Accounting</i>	<i>No. of (YES) Responses (Y)</i>
1.	Do you think the social order which include the attitude of the society towards white-collar crimes and political interference is a serious hindrance to cleaner accounting and auditing in less regulatory environment? (Yes/No)	195	In contrast with statutory 'watchdog' auditservice, is it your expectation that forensic audit will cure the increasing spate of financial crimes in developing and less regulatory economies? (Yes/No)	163
2.	In these times of increasing use of information systems in business environments, do you find traditional auditors having sufficient and appropriate training and skills for their roles? (Yes/No)	33	In your opinion, does the forensic accountant do more than the traditional auditor? (Yes/No)	200
3.	Is traditional audit seen to particularly tackling fraud in the system where, admittedly, the regulatory environment is weak? (Yes/No)	20	Given the social order within which all accountants and auditors, will forensic accountants be able to do more than traditional auditors? (Yes/No)	143
4.	In this kind of social order, do you often trust traditional audit opinion? (Yes/No)	68	Do you expect Forensic Accountant's performance to be similar to traditional auditor's performance due to existing social order? (Yes/No)	160
5.	Is your level of satisfaction with traditional audit report as a result of it having satisfied all your expectation? (Yes/No)	195	Do expect more trained forensic accountants in less regulatory environment to bring about cleaner accounting and reduce financial crimes? (Yes/No)	208
6.	Have you ever felt that auditors should do more in unravelling financial crimes than they are doing now but the social order and the regulatory environments have not been stringent enough? (Yes/No)	213	Do you think as a result of the kind of social order in less regulatory environment fraud detection and prosecution are still difficult to achieve? (Yes/No)	223
7.	Did you find auditors not fulfilling or not being given the freedom to fulfil their ethical responsibilities in their assignments? (Yes/No)	138	Does audit in less regulatory environment have to disregard any assumption of the integrity of chief executives or management and deal ruthlessly with every detail to deter, detect or prevent fraud? (Yes/No)	218
8.	Have you felt satisfied with the evidential support provided by an auditor in fraud investigation and prosecution? (Yes/No)	33	Would you expect auditors to performed audit assignments with the mind to detect and assist in the prosecution of fraud? (Yes/No)	198
9.	Has traditional Statutory Audit outlived its usefulness for cleaner stewardship in weak regulatory economies? (Yes/No)	100	Do you think auditors in weak regulatory environments where IT use is increasing require additional skills in IT forensics to accomplish an effective and satisfactory assignment? (Yes/No)	230
10.	Given the environments accountants and auditors operate within do you expect that traditional audit will be able improve their standard of performance as to catch up with your expectations? (Yes/No)	110	Given the opportunity to learn again, would you prefer forensic accounting to traditional auditing? (Yes/No)	175

Table 2:

1	G	H		J		L	M
2	Sample Size	250					
3		Que. No.	No. of (YES) Responses (X)	Weight/ Prob. (X)	No. of (YES) Responses (Y)	Weight/ Prob. (Y)	
4		1	195	0.18	163	0.08	
5		2	33	0.03	200	0.10	
6		3	20	0.02	143	0.07	
7		4	68	0.06	160	0.08	
8		5	195	0.18	208	0.11	
9		6	213	0.19	223	0.12	
10		7	138	0.12	218	0.11	
11		8	33	0.03	198	0.10	
12		9	100	0.09	230	0.12	
13		10	110	0.10	175	0.09	
14	Total			1.00		1.00	
15	Correl (X,Y) r						0.36

Figure 3:

