



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH
Volume 12 Issue 6 Version 1.0 March 2012
Type: Double Blind Peer Reviewed International Research Journal
Publisher: Global Journals Inc. (USA)
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

Accountant's Perception of Forensic Accounting (Case Study of Iran)

By Hassan Evaz zadeh & Morteza Ramazani

Islamic Azad University

Abstract - Forensic accounting is considered as a specialized field of accounting relating frequently to legal problems (claims) and complaints. Forensic accountants usually called as forensic audits or detector accountants are bound to provide other specialists with required evidence in law courts. This study looks for to investigate the rate of accountants' perception of forensic accounting considering the fact that as accountants' perception of financial rules increases the number of firms which refer to law courts for their financial complaints will be reduced. Research method is descriptive based on which the author has used Lickret 5 options questionnaire to satisfy research goals. The research results indicate the low level of accountants' perception of forensic accounting methods in which the author provide some recommendations to enhance the accountants' perception of forensic accounting.

Keywords : *forensic accounting, accountants' perception, Iran.*

GJMBR - A Classification : *FOR Code: 150102 JEL Code: M41*



Strictly as per the compliance and regulations of:



Accountant's Perception of Forensic Accounting (Case Study of Iran)

Hassan Evaz zadeh^α & Morteza Ramazani^σ

Abstract - Forensic accounting is considered as a specialized field of accounting relating frequently to legal problems (claims) and complaints. Forensic accountants usually called as forensic audits or detector accountants are bound to provide other specialists with required evidence in law courts. This study looks for to investigate the rate of accountants' perception of forensic accounting considering the fact that as accountants' perception of financial rules increases the number of firms which refer to law courts for their financial complaints will be reduced. Research method is descriptive based on which the author has used Lickret 5 options questionnaire to satisfy research goals. The research results indicate the low level of accountants' perception of forensic accounting methods in which the author provide some recommendations to enhance the accountants' perception of forensic accounting.

Keywords : forensic accounting, accountants' perception, Iran.

I. INTRODUCTION

Forensic accounting is a specialized field of accounting which deals with legal claims and complaints. Forensic accountants usually called as forensic audits or detector accountants are bound to provide other specialists with required evidence in law courts.

A forensic physician is responsible to determine the cause of a victim's death by dissection and other examinations.

Also there is a need for forensic accountants to investigate the cause of a legal one's death and like a forensic physician, his profession & deals with scientific tests to help with police investigation and legal problems. The word "forensic" employs this meaning as it is in forensic medicine; therefore, the term "forensic accounting" is a translated form which is similar to "forensic medicine" in its responsibility.

Any accountant, especially in employment of a law court, plays a role like as a forensic physician but being in employment of a firm a forensic accounting appears as an agency. In other words forensic accounting eats in a domain of proxy and accounting.

forensic accountant is an agent who is familiar with financial, accounting, auditing and legal problems (affairs) acting as a referee, expert, inspector or proxy specially in financial claims and cases of financial fraud.

Author α : Political Departement, Zanjan Branch, Islamic Azad University, Zanjan, Iran.

*Author σ : Accounting and management Departement, Zanjan Branch, Islamic Azad University, Zanjan, Iran.(Corresponding Author)
E-mail: MortezaRamazani@ymail.com*

In other words, forensic accountants are considered as experienced auditors, accountants and inspectors of legal and financial documents who are employed to investigate fraudulent activity and prevent it. They also provide some services in accounting, damages, analysis.

They also try to provide services in some fields such as accounting, damages, analysis valuation and general consultation.

Forensic accountants have critical role in divorce, insurance claims, personal damage claims, fraud claims, construction, auditing of publication right and detecting terrorism by using financial precedence's.

Most of forensic accountants run parallel with proxies and rule executives in their investigation and play their role in law courts as expert with nesses. All big and small firms have special circles for forensic accounting.

Forensic accounting itself has sub branches in which some are expert in insurance claims and some are expert in personal damage, fraud, construction, affairs.

This research, based on above mention points, tries to examine Iranian accountants' perception of forensic accounting in which the research has classified his study in two categories:

1. Accountants' perception and knowledge of consultation services related to forensic accounting.
2. Accountants' perception of the source and methods of forensic accounting.

II. LITERATURE REVIEW

Morteza Ramazani and Hossein Refiie Atani (2010) studied the accountants' perception of prevention methods of fraud. In this research they examined accountants' perception of forensic accounting which demonstrates the low extent of accountant's perception of forensic accounting. Forensic accounting is considered as one of the factors in fraud prevention. (James L, 2006)

Forensic accounting expert testimony has been experiencing a higher level of assessment since the codification of the Daubert standard within the Federal Rules of Evidence under rule 702. Harrison (2001) identifies this issue by using judicial opinions evaluating expert witness' testimony and suggests that many judges have become increasingly skeptical of the

neutrality of expert witnesses. A leading cause for this incredulous perception of the expert witness from the Court is when legal counsel seeks to contain litigation costs by having the forensic accounting expert participate in dual roles. The term dual roles in this context is demonstrated as a sole forensic accounting expert performing consulting and expert witnessing services for the compensating litigant. Pedneault (2009) has recognized, in "everyday litigation" attorneys are inclined to use a single expert in both roles of consultant and expert for economic reasons. This type of monetary compromise during the pre-trial stages of the litigation cycle does not emerge without potential threats to an expert's lack of prejudice.

KPMG's Fraud Survey (2003) reveals that more companies are: recently experiencing incidents of fraud than in prior years; taking measures to combat fraud; and launching new antifraud initiatives and programs in response to the Sarbanes-Oxley Act of 2002 (KPMG 2003). PricewaterhouseCoopers' (PWC) 2003 Global Crime Survey indicates that 37 percent of respondents in 50 countries reported significant economic crimes with the average loss per company of \$2,199, 930 (PWC 2003). These survey results underscore the importance of forensic accounting practice and education. Prior research (Rezaee 2002; Crumbley 2001; Peterson and Reider 1999, 2001; Rezaee et al. 1996; Rezaee and Burton 1997) reviews the literature on forensic accounting practices, certifications, and education. These studies also provide evidence indicating that forensic accounting education has evolved from being limited, to continuing professional education sessions for practicing accountants, to a current state of being offered as a credit course by several universities. Buckhoff and Schrader's study (2000, 135) finds, "adding a forensic accounting course to the accounting curriculum can greatly benefit the three major stakeholders in accounting education—academic institutions, students, and employers of accounting graduates."

Prior related studies are classified into two groups. The first group consists of studies that examine course syllabi to determine the coverage of forensic accounting including fraud investigation education. Groomer and Heintz (1994) analyze the topics covered in internal auditing courses in the United States and Canada and find that fraud related topics were taught in more than 31 percent of examined internal auditing courses. Rezaee et al. (1996) examine the coverage of forensic accounting in the accounting curriculum and find that only a handful of universities offer a fraud and/or forensic accounting course, and suggest that the accounting curriculum provide a knowledge acquisition base in forensic accounting as part of curriculum changes in response to the mandated American Institute of Certified Public Accountants (AICPA) 150-hour accounting program. Peterson and Reider (2001)

review forensic accounting course syllabi of universities and analyze the level of course offering, learning objectives, content of forensic accounting courses, and course requirements.

III. RESEARCH OBJECTIVES

This research tries to follow the objectives as follow:

1. Examination the extent of accounts' perception of forensic accounting.
2. To provide some recommendation in order to enhance accountants' perception of forensic accounting.

IV. RESEARCH METHODOLOGY

The research methodology used in this study is based on both survey and description methods. So far accurate answer to the research questions, the authors design and developed a questionnaire which it is the most suitable for this study. A survey questionnaire was completed by the accountants of Iranian Company at the end of 2011. The questionnaire contains 3 parts namely (A).The Factors of forensic accounting services (B). The factors of forensic accounting resources.

V. THE RESEARCH HYPOTHESES

- 1- Iranian accountants have great knowledge of forensic accounting services!
- 2- Iranian accountants have great knowledge of resource and methods of forensic accounting!

VI. RESEARCH VALIDITY AND RELIABILITY

Considering the fact that an ideal Test must include some distinctive feathers as objectivity, ease performance, applicability, easy explication, validity and reliability, the two lest ones are the most important features in every test.

Research has used Cronbach's Alpha to examine the research reliability based on Table No.1 the value of Cronbakh's Alpha, measured by SPSS software, is $0.88 > 0.70$ which indicates the reliability of the test and describes the validity of the responses. In order to examine the offer one week test reliability, 10 questionnaires were sent again to those addresses the results indicated the uniform responses during a week which show the reliability of the questions.

Cronbach's Alpha	N of Items
.850	25

VII. DESCRIPTIVE STATISTICS

Frequency	Description	Frequency	Percent
Gender	Male	143	70.1
	Female	61	29.9
Age	30 to 35	189	92.6
	36 to 45	15	7.4
Education	Diploma	25	12.3
	Ass Diploma	15	7.4
	Bachelor	139	68.1
	Master	25	12.3
Experience	1 to 4	73	35.8
	5 to 9	90	44.1
	10 to 14	41	20.1

VIII. TEST HYPOTHESES

In order to test all hypotheses following accept and reject hypotheses were proposed:

$$H_0: \mu > 3 \quad \text{Accept}$$

$$H_1: \mu \leq 3 \quad \text{Reject}$$

a) Test of First Hypothesis

Considering T value -0.116, df= 203 and sig = 0.708 > 0.05, H₀ is reject and H₁ is accepted (Table No.3) than we can state that Iranian accountants have no knowledge of forensic accounting services.

b) Test of Second Hypothesis

Considering T value -0.116, df= 203 and sig = 0.708 > 0.05, H₀ is reject and H₁ is accepted in meaningful level 0.05 (Table No, 3). Therefore we can claim that Iranian accountants' have no knowledge of sources and methods of forensic accounting.

Description	Test Value = 3				
	t	df	Sig.(2-tailed)	Mean Difference	Result
First Hypothesis	-0.116	203	0.708	-.00445	Reject
Second Hypothesis	0.526	203	0.575	.02548	Reject

IX. RESEARCH RESULT AND FINDINGS

This research tries to provide the results of survey research obtained From 204 accountants, t test results indicates the low extent of accountants; perception of services, method and sources of forensic accounting stemming from poor informed and training provide by firms' financial managers and their limited knowledge of forensic accounting methods.

X. RECOMMENDATIONS

We can propose some recommendations based on subject importance and results obtained from research data as follow:

1. Performance of training courses, general and private, for accountants in order to enhance their perception of financial rules and forensic accounting.
2. To provide necessary tainting in fraud and its prevention.
3. Encourage active personals to learn financial rules of crimes and their application.
4. Standardization of forensic accounting source to help accountants' perception.
5. Providing a good database of financial fines and its prevention method.
6. Establishment of consultation society for accountants in forensic accounting.
7. To provide courses in forensic accounting basis a university.
8. To hold specialized seminars in forensic accounting.

REFERENCES RÉFÉRENCES REFERENCIAS

1. Buckhoff, T. A., & Schrader, R. W. 2000. The teaching of forensic accounting. *Journal of Forensic Accounting*, 1.1, 135–146.
2. Crumbley, D. L. 2001. Forensic accounting: Older than you think. *Journal of Forensic Accounting*, 11.2, 181–202.
3. Groomer, S. M., & Heintz, J. 1994. A survey of advanced auditing courses in the United States and Canada. *Issues in Accounting Education*, 9.1 (Spring), 96–108.
4. Harrison, J.L. (2001). Reconceptualizing the Expert Witness: Social Costs, Current Controls and Proposed Responses. *Yale Journal on Regulation*, 18, 253, 1-46.
5. James L. Bierstaker, Richard G. Brody, Carl Pacini, "Accountants" perceptions regarding fraud detection and prevention methods", *Managerial Auditing Journal*, Vol. 21 No. 5, 2006.
6. KMPG Forensic. 2003. *Fraud Survey 2003*. Montvale, NJ.
7. Pedneault, S. (2009). *Fraud 101 Techniques and Strategies for Understanding Fraud*. John Wiley & Sons Inc. Hoboken, NJ.

8. Peterson, B. K., & Reider, B. P. 1999. Fraud education of accounting students: A survey of accounting educators. *The National Accounting Journal*, Winter, 23–30.
9. Peterson, B. K., & Reider, B. P. 2001. An examination of forensic accounting courses: Content and learning activities. *Journal of Forensic Accounting*, 2.1, 25–42.
10. PricewaterhouseCoopers (PWC). 2003. Global economic crime survey 2003. Available at <http://www.pwc.com/extweb/ncsurvers.nsf>.
11. Ramazani, M. Rafiei Atani, H. 2010. Iranian Accountants Conception of the Prevention Methods of Fraud And Offering Some Recommendations To Reduce Fraud In Iran. *Global Journal of Management and Business Research*, 10 (6), 31-45.
12. Rezaee, Z. 2002. Forensic accounting practices, education, and certifications. *Journal of Forensic Accounting*, 3.2, 207–223.
13. Rezaee, Z., & Burton, E. J. 1997. Forensic accounting education: insights from academicians and certified fraud examiner practitioners. *Managerial Auditing Journal*, 12 (9), 479– 489.
14. Rezaee, Z., Reinstein, A., & Lander, G. H. 1996. Integrating forensic accounting into the accounting curriculum. *Accounting Education*, 1 (2), 147–162.g

