

## CHAPTER 3

### Development of Forensic Accounting Regulation and Education

#### 3.1 Introduction

Vividly evident as it is, the demand for FA services is growing at an incessant pace (Rezaee & Burton, 1997; Huber, 2012; Bhasin, 2013; Rezaee et al., 2015; Kramer et al., 2017). The major reasons behind this being increasing cybercrimes (Federal Bureau of Investigation, 2019), growing business complexities (E&Y, 2018), rising demand for Big data / forensic data analytics (Rezaee & Wang, 2019), scaling merger and acquisition cases (Huber, 2012), mounting non - performing assets, surging organizational disputes, bankruptcy, insolvency, and money laundering cases. For rendering byzantine services as such, FA professionals are being compensated at lucrative rates (Association of Certified Fraud Examiners, 2020). To cater to the multifarious and multifaceted needs of clients, distinct and designated FA wings/departments are created not only by the large accounting firms, but also by many medium-sized and boutique firms (Bhasin, 2013). The clientele base for FA services includes law firms, government, law enforcement agencies, insurance companies, banks, corporate houses etc. (Gray, 2008). It is therefore pertinent that the FA professionals must play a duty of care to these agencies as they are entrusted with public trust.

It is quintessential to note that there are no prerequisites to become a forensic accountant as the field is multidisciplinary in nature. Holding the predominant mainstay in the profession, Chartered Accountants continue to render the services of FAs. However, this supply is dependent on the contribution of education and research to fulfill the market demand (Ismael & Babiker, 2016). Over the years, myriad empirical studies have been carried out highlighting the key competencies (DiGabriele, 2008), characteristics, skills, and knowledge required for efficient delivery of FA services (Kranacher et al., 2008; Davis et al., 2010; Van Akkeren et al., 2013; Prabowo, 2013; Hegazy et al., 2017). Several studies also suggest curriculum design for making industry ready FA professionals (West Virginia University, 2007; Daniels et al., 2013; Lang et al., 2014; Rezaee & Wang, 2019).

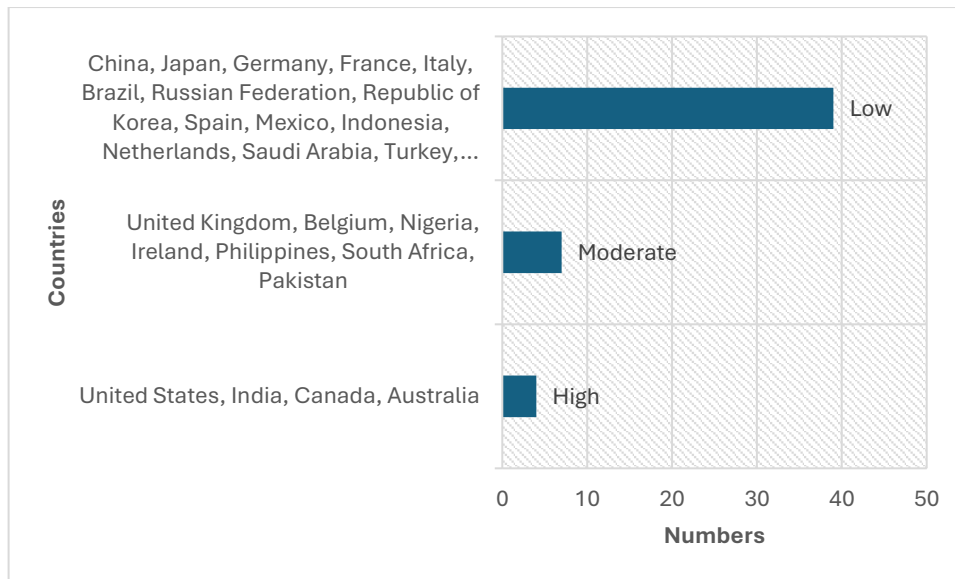
FA is a specialized area which requires specialized professionals (Arslan, 2020). However, the disparity in the legal status, professional qualification and regulatory norms

hinders the growth prospects of the profession (Huber, 2013). It leads to information asymmetry amongst the stakeholders with respect to the quality of FA services and adequacy of the fee charged. Hence, FAE and FAR are vital for the sustainable growth and development of the burgeoning area of FA.

The current chapter is an attempt to fill the gap in existing literature by presenting a holistic picture about the status of FAE and FAR in the global context. This chapter is divided into two sections- section one deals with the status of FAR and section two deals with the status of FAE.

### **3.2 Status of FAR**

Following the methodology as discussed in chapter 2, Figure 3.1 reveals that the four countries namely the United States, India, Canada, and Australia are reckoned with high level of FAR. In the USA, the Forensic and Valuation Services Executive Committee of AICPA issued a Statement on Standards for Forensic Services (SSFS 1) in 2019 (AICPA, 2019) effective from January 1, 2020. These standards guide the delivery of litigation or investigation services but consulting or attestation services are outside its purview. SSFS 1 exclusively forbids a member from providing an opinion on the occurrence of fraud while delivering forensic services. CPA Canada issued standard practices for IFA engagement in 2006 which rolled out on March 1, 2007. It applies to members as well as non-members engaged in forensic engagements. ACFI Canada also issued certain standards for their Certified Forensic Investigators for conducting investigative engagement. In Australia, the Accounting Professional & Ethical Standards Board Limited (APESB) issued revised APES 215 FA Services in July 2019 which were enforced from January 2020. APES 215 apply to members only and include expert witness services, lay witness services, consulting, expert services, and investigation services. Following the footsteps of developed countries India issued 20 FAIS which were made mandatory from July 1, 2023 to members of ICAI providing FAS.



**Figure 3.1: Level of FAR**

**Source: Author's Compilation**

Further, the findings demonstrate that in seven countries some codes of conduct, guidelines, directives, and procedures on FA practice exist. In the UK, the professional bodies like the Institute of Chartered Accountants in England and Wales (ICAEW), Association of Accounting Technicians (AAT) UK are offering FA services under their existing standards, policies, and byelaws. However, the profession is largely unregulated in the UK (Hegazy et al. 2017). Again, the Institute of Fraud Auditors (IFA) of Belgium has issued ethical code, professional standards and guidance for forensic auditors and other IFA members. The code of conduct considers the need of integrity, righteousness, selflessness, diligence, objectivity, accountability, openness and leadership while performing forensic audit activities. Similarly, in Nigeria, the Institute of Forensic Accountant of Nigeria (IFAN) has a set code of conduct for its members. However, FA profession in Nigeria lacks uniform coordination, training, certification, and accreditation standards. This is plausible as FA in Nigeria is in its incipient stage and has not gained statutory recognition (Damilola, 2015). In case of Ireland, the Chartered Institute of Public Finance & Accountancy (CIPFA) has issued a “forensic analysis of the Police and Crime Bill” in 2016. But the document could not be accessed ([www.charteredaccountants.ie](http://www.charteredaccountants.ie)). However, the highlights of the document mentioned about the counter fraud center services rendered by its members. Furthermore, the members are providing services in areas like FA, auditing, capital projects and value for money. In South Africa, The Institute

of Commercial Forensic Practitioners (ICFP), a self-regulatory body to cohere, co-ordinate and regulate the commercial forensic profession, has set standards on professional conduct. For practicing FA, minimum three years of experience in commercial forensic without any examination or professional qualification is desired (Hegazy et al., 2017). In Philippines, to become a certified forensic accountant, one must complete the Certified Forensic Accountant program by the Institute of Certified Forensic Accountants. The institute has code of conducts which need to be adhered to by its members. Furthermore, in Pakistan, the Institute of Forensic Accountants of Pakistan (IFAP) deals with FA engagements and has a code of practice for the professionals working in the field.

Out of the selected countries, thirty-nine countries were assigned the code ‘zero’ as the extent of FAR was found to be low (Figure 3.1). Few countries like Brazil, Singapore, Hong Kong, Iraq, and Peru have initiated tiny steps towards FAR which in turn may bring significant changes in years to come. Conselho Federal de Contabilidade is one such professional institute in Brazil. “Standard on auditor’s responsibilities relating to fraud in an audit of financial statement” of Singapore dilates the scope for appointing forensic and IT experts (Singapore Standard on Auditing, 2016). The Hong Kong Institute of Certified Public Accountants (HKICPA) has set up a forensic interest group for developing services in the specialized field. Further, 36 percent members of HKICPA undertake roles in non-traditional functions like consulting, FA, and insolvency (Wang et al., 2016). Ministry of Finance and Board of Supreme Audit of Peru presents the annual financial report to Parliament which can be termed as FA of revenues of Govt. (Hadi et al., 2018). Furthermore, in Peru, the Office of the Attorney General, the Peruvian National Police, and the Offices try to eliminate major money laundering and terrorist financing by incorporating FA.

The widespread multinational enterprises and cross-border trade calls for the increased level of harmonization in FA practice. International standards on FA in line with International Financial Reporting Standards can play a pivotal role in ensuring quality and credibility of FA services.

### 3.2.1 Specific Standards on FA

As discussed, there are four countries namely; USA, Australia, Canada and India, which have specific standards prescribed by professional bodies on FA (Figure 3.2) (Tiwari et al., 2022). Country-wise description is presented below:

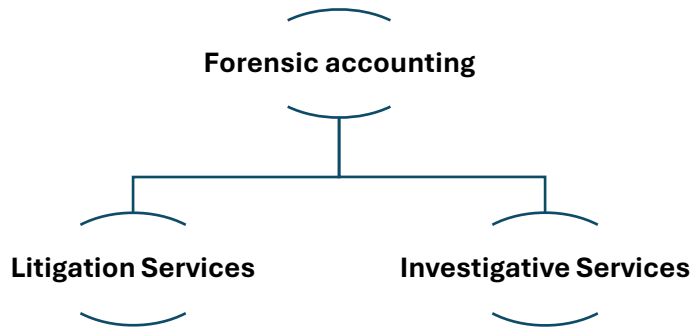


**Figure 3.2: Evolution of FA Standards**

**Source: Author's Design**

#### 3.2.1.1 United States of America

The AICPA is the most influential body and has large membership not only in USA but also around the world. In July 2019, AICPA has issued professional standards known as “The Statement on Standards for Forensic Services No. 1 (SSFSNo-1)” for members who perform forensic services engagements. The Forensic and Valuation Services Executive Committee of AICPA is responsible for issuing these standards. The standards took effect from January 1, 2020. Rudimentarily, these standards safeguard the public interest by protecting and enhancing the quality of practice of members providing FAS. Nevertheless, it should be noted that these standards are only advisory recommendations for the implementation of professional norms. Consequently, professionals must also take into consideration additional governmental rules and professional standards that can be relevant to the specific undertaking. The AICPA has provided a definition for FAS as encompassing non-attestation services that require the utilization of specialized expertise in accounting, auditing, finance, quantitative methods, specific legal domains, as well as research. Additionally, FAS involves the application of investigative skills to gather, analyze, and assess evidential material, and to interpret and convey the resulting findings. FAS encompass both investigation services and litigation services. Hence, the standards contain provision only for providing litigation and investigation services and not consulting services.



**Figure 3.3: Types of FA in USA**

**Source: Author's Design**

Litigation services encompass all forms of conflict resolution, including formal litigation and alternative dispute resolution. This includes the provision of professional services such as serving as an authoritative witness, consultant, impartial party, mediator, or arbitrator in an ongoing or potential legal or regulatory case, with the aim of facilitating the resolution of conflicts between involved parties before a decision-maker or regulatory entity. In contrast, a member of an investigative service is engaged to gather, analyze, assess, or interpret the findings when the different stakeholders - such as auditors, regulators, the board of directors, or any other client - need help coming to a constructive conclusion. Moreover, AICPA Management Consulting Services Executive Committee has separate standards on consulting services namely Statement on Standards for Consulting Services No. 1. However, once an engagement meets the definition of forensic services, the standards relating to consultancy services will not apply.

The most important determinants of the application of these standards will be the reason for which the member was engaged, rather than the skill set used or services given. The standards will not be applicable to an internal assignment where an employee member is providing professional services to the employer. For instance, if a member carries out forensic services in conjunction with an attestation engagement, SSFS No 1 will not be applicable. Moreover, a member can offer data analysis services in a non-legal or non-investigative engagement. However, similar data analysis services may be provided in the context of a lawsuit or investigation assignment. The standard will be applicable in the second circumstance and not in the first.

There are four general standards and three additional standards to be followed by the member (public practice) while performing FAS. The general standards are actually drawn from the “General standard rule” of AICPA Code of Professional Conduct (AICPA, 2014). These include:

*Professional competence:* The member should only take on services that he or she or their firm can reasonably expect to be carried out with professional competence.

*Due professional care:* The member must use due professional care while providing professional services.

*Planning and supervision:* The member should adequately plan and supervise their work, including developing a clear understanding of the client's needs and objectives.

*Sufficient pertinent data:* The members are required to gather and document evidence in a manner that is reliable, relevant, and sufficient to support their conclusions.

Therefore, SSFS 1 provides a framework for members to provide high-quality, ethical services that are reliable and credible in a legal context. Along with the above-mentioned general standards, AICPA also provides some additional standards. These guidelines account for the specifics of FAS, wherein a member's ability to provide services to a customer may be constrained by that client's level of understanding. They are

*Interest of the client:* In accordance with the AICPA Code of Professional Conduct, the member should act in the best interests of the client by making reasonable efforts to realize the objectives set out in the engagement letter.

*Understanding with client:* The member must come to an agreement with the client on the parties' responsibilities as well as the nature, scope, and restrictions of the services to be provided. If circumstances materially change during the engagement, the agreement must be modified.

*Communication with client:* The member must communicate with the client about any potential conflicts of interest relating to the "integrity and objectivity rule" of the code, significant reservations about the engagement's advantages or scope, and significant discoveries or occurrences.

It must be noted that a only a trier of fact determines if any fraud exists; implying that a member providing forensic services is not permitted to provide an opinion on the ultimate determination of fraud. However, if the FAS provider is himself/herself the trier of fact, this provision will not be applicable. Furthermore, based on objective review of all the information, a FAS provider may offer expert opinion on whether evidence supports particular components of fraud or other laws or not.

### *3.2.1.2 Canada*

The Canadian Institute of Chartered Accountants (CICA), founded in 1902, aims to establish principles for disciplines such as accounting, auditing, insurance, and finance, while establishing relationships with both national and international stakeholders (Altinsoy, 2011). In addition, other Canadian professional organizations, such as CAs and the National Association of Certified Fraud Examiners (NACFE) who provide FA credentials to individuals (Arslan, 2020). CICA also controls professional accounting information through interviews, inspections, and publications, collaborating with educational institutions and the government for effective regulation (Pazarçeviren, 2005). In 1998, CICA founded the Alliance for Excellence in Investigative and Forensic Accounting (IFA Alliance) to offer specialized certification for CAs in investigations and FA. The Standards Committee of the IFA Alliance was responsible for developing standards to ensure the consistency and comparability of IFA practices nationwide. These standards primarily aim to safeguard public interest by providing a foundational code of conduct for CAs involved in IFA engagements, supplementing the Rules of Professional Conduct issued by Provincial Institutes/Ordre of CAs.

IFA standards are categorized into six series: IFA 100 (Introduction, definition, and applicability), IFA 200 (Engagement acceptance), IFA 300 (Planning and scope of work), IFA 400 (Evidence gathering), IFA 500 (File documentation), IFA 600 (Reporting), and IFA 700 (Expert testimony). These standards complement, rather than replace, the ethical



norms established by CICA and serve to distinguish between investigative and FA engagements and practices.

IFA procedures refer to the actions that an IFA practitioner takes to achieve the objectives of a particular engagement. This includes the practitioner's professional qualities, successful project execution, and report composition. IFA standards act as a conceptual guide to applying professional judgment rather than providing comprehensive practical guidelines, thus offering flexibility for adapting principles to the unique circumstances of each FA engagement. Given the diversity of FA engagements, the application of professional accounting skills, investigative capabilities, and an investigative mindset must be tailored to each case, requiring a high level of professional discretion to determine best practices.

Further, IFA standards also defined the competencies "professional accounting skills," "investigative skills," and an "investigative mindset." Accordingly, proficiency in documenting, recording, reporting, managing, and controlling business activities, alongside the ability to identify, obtain, examine, and evaluate relevant information, is crucial for an IFA practitioner. Further, investigative skills encompass understanding the relevant context, including laws and regulations; identifying, obtaining, and evaluating different types of information; recognizing motives, intent, and methods for concealing information; and understanding how such information can serve as evidence. These skills are essential for completing FA engagements. Beyond technical expertise, an IFA practitioner must develop an "investigative mindset." This includes identifying and evaluating relevant issues, assessing the validity of underlying assumptions, and focusing on substance over form by evaluating the true economic reality of transactions. Developing and testing hypotheses is also fundamental, enabling practitioners to address investigative issues comprehensively.

IFA standards require that, where applicable, portions of a professional engagement that meet the definition of an IFA engagement must adhere to IFA standards. However, these standards do not replace existing rules or laws applicable to a specific engagement. The standards also provide guidance on engagement acceptance, specifying that IFA practitioners are responsible for defining the engagement's scope, objectives, and terms. Any significant changes must be documented in a supplementary engagement letter. IFA standards also emphasized on "independence" and "objectivity", and requires that

practitioners must disclose any potential conflicts of interest to clients in advance. If concerns arise about their ability to fulfil responsibilities, practitioners should consider their professional obligations, seek legal counsel, and potentially withdraw from the engagement. Each IFA engagement is unique, requiring a tailored approach. The standards guide practitioners on using professional judgment to determine the engagement's objectives, scope, limitations, and resources. If expertise beyond the practitioner's capacity is required, an external expert can be brought in, with prior client notification. Practitioners are accountable for the work of their staff or subcontractors, and findings must be communicated accurately in various forms including written, oral, or visual, depending on the engagement requirements. Conclusions should remain within the defined scope, adhering to established principles and drawing upon the practitioner's expertise. Further, IFA standards advocate about the expert testimony service. The expert testimony is a service provided by IFA practitioners to tribunals. IFA standards stated that practitioners must provide independent, unbiased assistance without assuming an advocate's role and must clearly communicate when an issue falls outside their expertise. Transparency with the tribunal regarding all facts, assumptions, and limitations is essential to build trust and ensure the credibility of testimony.

### *3.2.1.3 Australia*

The Accounting Professional & Ethical Standards Board Limited (APESB) is responsible for approving standards and aims to keep professionals updated with the latest technical requirements of professional standards. APESB recently approved changes to APES 215 Forensic Accounting Services (APES 215 FAS), which was first published in December 2008 and amended in December 2013 and December 2015. The changes to APES 215 FAS are intended to improve the clarity and relevance of the standard, and to align it with international standards. The revised version of APES 215 FAS was released in July 2019. The purpose of APES 215 is to outline the professional and ethical responsibilities of members concerning FAS, including engagement/assignment, independence, expert witness services, quality control, and documentation.

The definition of FAS includes the following services:



**Figure 3.4: Definition of FAS**

**Source: Author's Design**

APES 215 apply to all members of professional bodies such as CAs of Australia and New Zealand, CPAs of Australia, and the Institute of Public Accountants. The members must comply with Part 1 of the Code, which includes the fundamental principles, conceptual framework, public interest obligations, and relevant laws and regulations. According to APES 215, in the event that a member has rendered or is currently rendering expert witness services to a client or another client, and subsequently receives a request to provide professional services, it is advised that they decline the engagement if the third party determines that the intended objective of the proposed professional services conflicts with their prior professional services.

Regarding the acceptance of engagement, a member needs to adhere to other standards in addition to the APES 215 while accepting or performing the FAS. As an illustration, it is important for practitioners to meticulously record and effectively convey the specifics of their engagement to the respective client, adhering to APES 305 Terms of Engagement. Furthermore, it is necessary for a member to conform to Section 320 Professional Appointments of the Code when undertaking Financial Advisory Services (FAS). In doing so, the member must comply with APES 320 Quality Control for Firms to ensure the implementation of a quality control system. Additionally, the member must adhere to Section 330 of the Code, which pertains to fees and other forms of remuneration, when calculating professional fees.

Moreover, while providing expert witness the IFA practitioner should consider that expert witness to the court is of paramount importance than any other duty to client. He/she should thus provide independent and unbiased assistance with the help of his/her expertise. He/she should not take the role of advocate. Again, if an issue falls outside their expertise, he/she should make it abundantly clear. Furthermore, according to the APES 215, it is explicitly stated that a member is prohibited from intentionally causing another individual to make a false or deceptive statement in relation to FAS. If a member provides express opinion orally or in written form based on false information, the member shall inform immediately to the court or the client regarding the same. In such circumstances, a member can issue a supplementary report. Moreover, a member shall not charge contingent fee (a fee which is predetermined on the basis of outcome of the service performed by the firm) while performing expert witness services or FAS (with the exception of engaging in expert witness services; a role that necessitates the independence of the member).

#### *3.2.1.4 India*

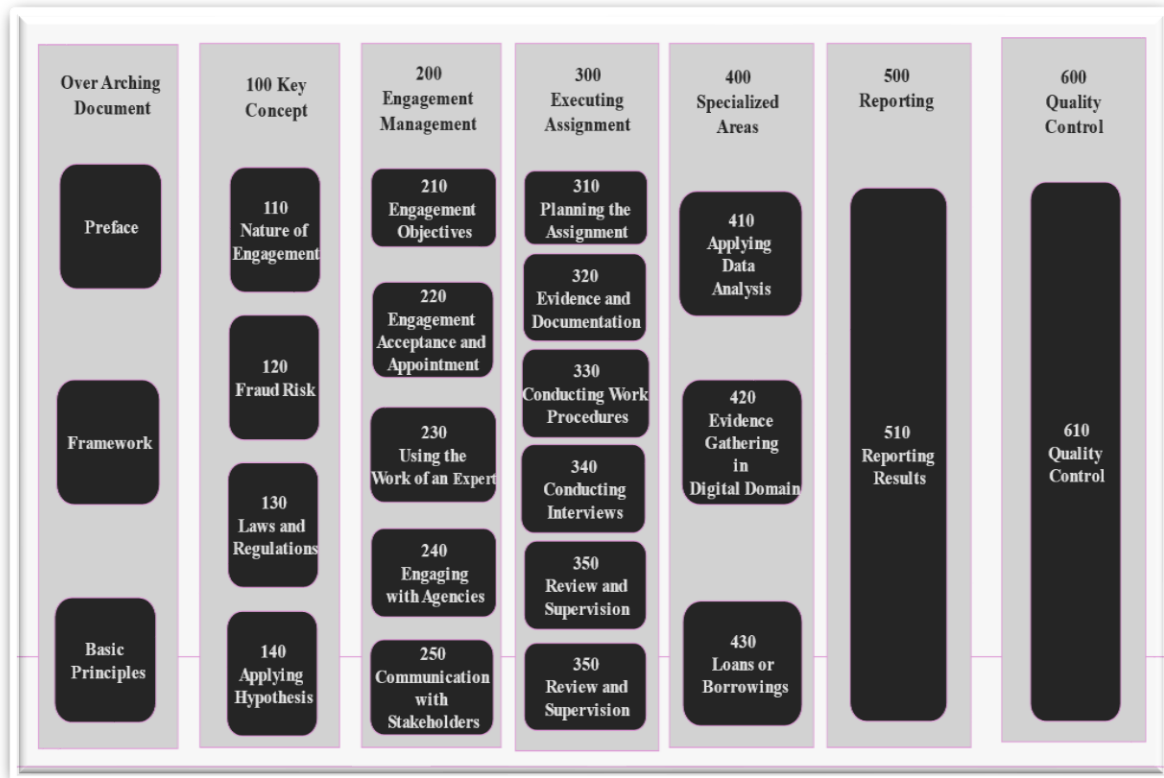
The FAIS includes four components i.e. basic principles, key concepts, standards and the guidance. The basic principle includes set of ten core principles starting from “independence”, “integrity and objectivity”, “due professional care”, “confidentiality”, “skills and competence”, “contextualization of situation”, “primacy of truth”, “respecting rights and obligations”, “separating facts from opinions” to “quality and continuous improvement”. It is essential for the FAP to understand the nature of forensic accounting and investigative (FAI) engagement. It has distinguished the engagement in three broad heading namely, FA which focuses mainly to determine the fact and gather evidences, investigation which focuses on critical examination of records, facts document etc. for a predefined purpose and litigation support which mainly includes dispute resolution, testimony service and mediation. FAIS has also provided an inductive list to understand the type of engagement for the stakeholders (Table 3.1).

**Table 3.1: Inductive List of Different Engagement as per FAIS**

<b>FA Services</b>	<b>Investigation Services</b>	<b>Litigation Support Services</b>
<b>Financial statement manipulations</b>	Fraud investigations (including cyber frauds)	Alternate dispute resolution
<b>Fund diversions/asset tracing</b>	Insurance/personal injury claims	Testimony before Competent Authority
<b>Anti-Money laundering</b>	Ethical/Code of Conduct violations	
<b>License fees/dues/tax evasion</b>	Whistle-blower complaints	
<b>Related party transactions/valuations</b>	Asset theft/bribery/corruption	
<b>Valuations/estimations of loss/damage</b>	Data breach/theft of Intellectual Property	
<b>Suspicious transactions under Insolvency and Bankruptcy Code (IBC)</b>		

**Source: Adopted from Forensic Accounting And Investigation Standards, 2023**

However, it is to note that FAIS is not applicable if the FAP provides FAS as a part of an assurance assignment (such as statutory audit, internal audit or other attest engagement). The standards are principle based and provide ample scope for professional judgments on unique circumstances. Further, the FAIS has also made it clear that members providing services in FAI engagements need to follow the code of ethics formulated by ICAI, provisions of CA Act, 1949 and other relevant provision of ICAI. Each standard of FAIS has its introduction, objective, requirement and application (Figure 3.5).



**Figure 3.5: Overview of FAIS**

**Source: DAAB, ICAI**

### 3.2.2. Specific Standards on FA: A Comparative Overview of Professional Practices

The professional accounting bodies of the USA, Australia, Canada, and India, namely AICPA, CICA, APESB, and ICAI, have implemented specific standards to ensure the quality and reliability of FA services. These standards emphasize the importance of independence, ethical conduct, and the professional competence of FAPs.

In the USA, SSFS No. 1 of AICPA established guidelines for litigation and investigative services, focusing on integrity, objectivity, and the importance of professional competence, engagement acceptance, planning, and evidence gathering. It emphasizes that FAPs must adhere to relevant regulations, ensuring ethical, high-quality FAS while refraining from definitive fraud determinations. Further, APES 215 of Australia provides standardized responsibilities for FAPs, including independence, confidentiality, expert witness services, and quality control. It mandates adherence to APESB's Code of Ethics and allows international practitioners to follow the standard, provided there is no conflict with local laws. Moreover, the CICA developed the IFA standards through the IFA

Alliance. These standards provide a conceptual framework for FAPs, emphasizing professional judgment over rigid rules, thereby offering flexibility based on engagement context. The standards define key competencies such as accounting skills, investigative capabilities, and an investigative mindset to effectively meet engagement objectives. In India, the FAIS provides a comprehensive framework for FAS, focusing on ethical and professional standards. It mandates adherence to ten core principles, while distinguishing between FA, investigation, and litigation support services. FAIS also allows flexibility for FAPs to exercise professional judgment and adapt the standards to specific engagements.

Huber (2012) and Hasan et al. (2022) have asserted that the interference of Government is needed to develop FA as an important profession. It is found that the definition of FA service is different in each country. The definition of FA service in Canada is based on skills, in the USA it is based on skills and knowledge, however, in Australia, it is based on the types of FA service. Nevertheless, in the case of India, it is defined as “gathering and evaluation of evidence by a professional to interpret and report findings before a Competent Authority.” Regarding the types of services under FA, the IFA standards of Canada have not specifically mentioned the services. However, in the case of India, FA is separated from investigative and litigation services, unlike the USA, as ICAI provides an inductive list of services that fall under each of the broad services. On quality control, FAIS and the APES 215 standard have specifically mentioned the necessary steps to be taken by an FAP in the course of the profession, but the same is missing in SSFS No. 1 and the IFA standard. Further, the content of the report to be prepared by an FAP is clearly indicated in FAIS and the IFA standard but not in SSFS No. 1 and APES 215. Only APES 215 mentions the professional fees of an FAP in the standards. A comprehensive list of comparisons has been provided (Table 3.2), outlining the key areas.

While each country's standards share common goals of maintaining high quality and ethical standards in FA service, they vary in content and applicability based on local requirements and professional frameworks. These standards apply primarily to members of the respective professional bodies and are designed to uphold public interest through consistent, reliable forensic accounting practices.

**Table 3.2: Comparison of Standards**

<b>Basis</b>	<b>CANADA</b>	<b>USA</b>	<b>AUSTRALIA</b>	<b>INDIA</b>
Issuer	CICA (IFA Alliance)	AICPA	APESB	ICAI
Applicability	Applicable to (a) all IFA engagements and (b) the work performed by all individuals on such engagements.	Applicable for AICPA members	Applicable to all members of professional body i.e. “Chartered Accountants Australia and New Zealand”, “CPA Australia and the Institute of Public Accountants.”	Applicability to all ICAI members and IFA engagements.
Name of the standards	“Standard Practices for Investigative and Forensic Accounting Engagements”	“Statement on Standards for Forensic Services No. 1”	“APES 215 Forensic Accounting Services”	“Forensic Accounting and Investigation Standards”
Definition of FA Services	Defined as services requiring “professional accounting skills”, “investigative skills”, and “an investigative mindset” for solving/determining disputes, fraud or unethical activities.	Not explicitly defined in SSFS No. 1. Defined as non-attest services involving: skills: accounting, auditing, finance, quantitative methods, law, research, and investigative skills to collect, analyze, evaluate information, and interpret and communicate findings	Not explicitly defined in APES 215. Includes the following services: “Expert Witness Services”, “Lay Witness Services”, “Consulting Expert Services” and “Investigation Services.”	It has defined FA, investigation and litigation separately. FA Services involve “ <i>gathering and evaluation of evidence by a professional to interpret and report findings before a competent Authority.</i> ”
Basis of Definition of FA Services	Skills based definition of FA Services	Skills and knowledge-based definition of FAS.	Based on the types of FA services.	General definition emphasizing collection, analysis, interpretation, and communication of results
Provider of FA Services	Not explicitly defined; termed "IFA practitioner"	Not explicitly defined; references "member of AICPA" in the context of FA services, it refers to members in practice.	Not explicitly defined; references members of "Chartered Accountants Australia and New Zealand," "CPA Australia," and the "Institute of Public Accountants."	Not explicitly defined; refers to professionals who are members of ICAI.
Types of FA Services	Not specifically mentioned. However, it includes dispute/anticipated dispute, allegation of fraud or illegal or unethical activities where specific skills will be required. Broadly, investigative, consulting and litigation services.	Litigation services and Investigation service	“Expert Witness Services”, “Lay Witness Services”, “Consulting Expert Services” and “Investigation Services.”	Not specifically mentioned. FAIS is applicable to FA, investigative and litigating services. An inductive list of FA services is also provided by FAIS.
Provision of expert witness	Clearly regulated, emphasizing independence, disclosure of information, assumptions, and limitations impacting testimony.	Expert witness services to client as an attest service is excluded from the standard. In the event that an individual is summoned to provide	Explicitly mentioned; member's duty to the client is superseded by duty to the court when acting as an expert witness.	Included as part of litigation services; FAIS 360 specifically addresses testifying before a Competent Authority.

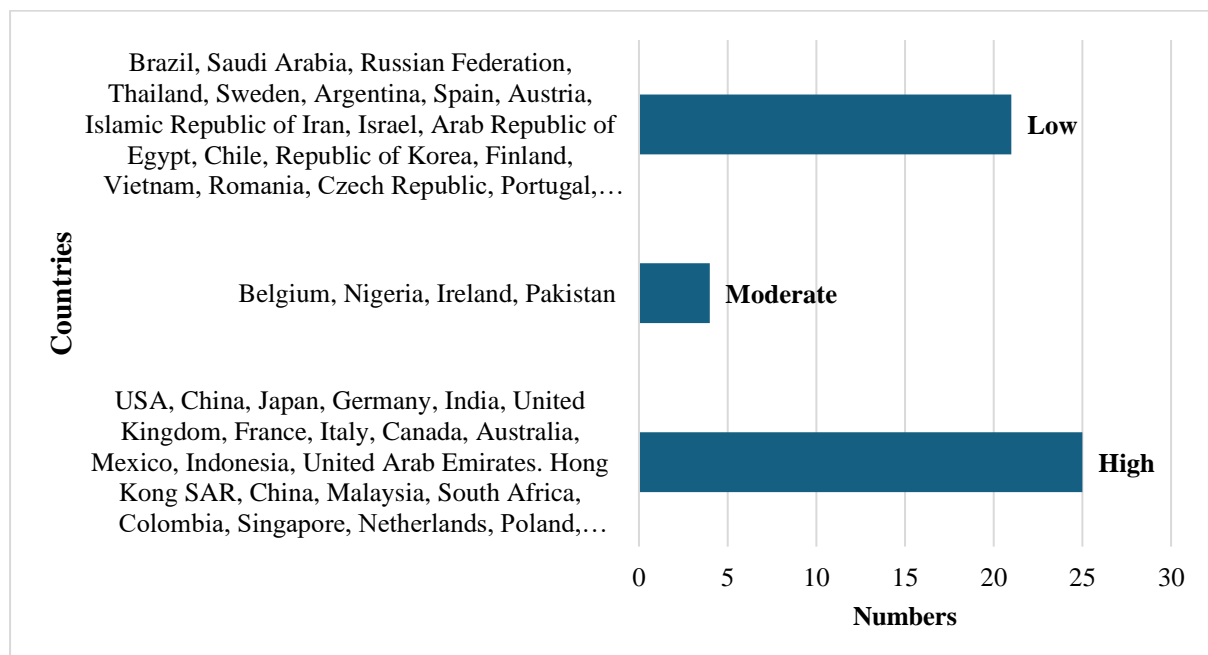


		testimony in a legal setting as an expert witness, adherence required under Mutually Agreed Upon Procedures Engagements standards (SSFS No. 1 & Section 215).		
Supplementary engagement letter.	Supplementary engagement letter should be obtained by IFA practitioner for the significant changes to the content of the engagement	Not explicitly covered	Not explicitly covered	Not explicitly covered
Supplementary report	Not explicitly covered	Not explicitly covered	Requires a supplementary report if a member realizes an expressed view was based on inaccurate, misleading, or omitted evidence. It is imperative that a supplementary report be submitted to the court.	Not explicitly covered
Working paper	IFA practitioner must maintain working papers in an organized manner.	Not explicitly covered	Member must maintain working papers that may need to be produced to the client or the court.	Documentation requirements, including working papers, are mentioned in each FAIS standard.
Professional fee	Not explicitly covered	Not explicitly covered	The fee should be computed following "Section 330 Fees and Other Types of Remuneration of the Code".	Not explicitly covered
Reliance on the work of others	IFA practitioner may rely on the work of a person or firm with sufficient expertise, provided there is a proper understanding between them.	Not explicitly covered	Member may rely on the work of others; the report must specify the extent of reliance.	Special standard FAIS 230: "Using the Work of An Expert" specifically deals with reliance on others.
Special reporting circumstances	Requires disclosure when independence is questioned, including role, relationships, and conclusions on independence.	Not explicitly covered	Not explicitly covered	Not specifically mentioned, but aspects of FA are included in standards.
Opinion on the occurrence of fraud	Regulation is not strict; IFA practitioners can opine on the occurrence of fraud if appointed for synthesizing illegal practices.	Strict prohibition on expressing an opinion; decision rests with the court.	No restriction on members providing an opinion.	FAIS 510 prohibits expressing guilt or innocence; practitioners can provide relevant circumstances and facts.
Quality control	Not explicitly covered	Not explicitly covered	APES 320 Quality Control for firms needs to be adhered.	FAIS 610: Quality Control includes two major aspect i.e. quality control review (QCS) and continuous professional education (CPE)

Source: Author's Compilation

### 3.3 Status of FAE

Figure 3.6 reveals that FA courses at UG and PG level and diploma/ certificate courses in FA are being offered by universities in twenty-five countries. Accordingly, these countries were ranked as high in terms of FAE. FAE is offered in the USA and other European nations as a separate field of study at both UG and PG levels (Zeytinog˘lu & Anadolu, 2020). In the USA, universities have developed these courses in line with FA practice (Seda & Kramer 2014; Zeytinog˘lu & Anadolu, 2020). USA undoubtedly has complete ascendancy in FAE in the world. For instance, professional institutes like the Institute of Certified Forensic Accountants, USA have academically partnered with University of Toronto Mississauga and Macquarie University to jointly offer ‘master of forensic accounting’ and ‘master of forensic accounting and financial crime’ respectively. Due to such developments, FA occupies a coveted position as a profession in the USA. Again, in China, out of around 2800 universities/colleges, merely nineteen universities offer forensic courses (Wang et al., 2016). Moreover, the Forensic CPA Society also provides certificate courses in FAE. In Japan, there are no colleges and universities that offer face-to-face FA courses. However, eight universities of the USA deliver FAE in Japan in online mode (Nakashima, 2018). Furthermore, in Germany, there are thirteen universities which impart regular courses on FA (Kopp, 2019).



**Figure 3.6: Level of FAE**  
**Source: Author’s Compilation**

In the case of India, the professional regulatory body i.e., the ICAI offers certificate course on FA and Fraud Detection to its members. Few private institutes and organizations also augment FAE in the country. Furthermore, Department of International Forensic Sciences (IFS) has also introduced a certificate course namely 'Forensic Accounting and (Financial) Fraud Examiner' which encompasses forensic sciences, fraud fundamentals, financial statements analysis and reporting, corporate governance, accounting, taxation, crimes, etc. (Shair, 2017). In the UK, FAE courses were offered by universities to enhance the accounting skills and knowledge related to forensic investigation and dispute resolution (Hegazy et al., 2017). In France, ESCP Europe (Paris, France), a business school offers PG course namely 'forensic accounting and fraud risk management knowledge module' (Seda & Kramer, 2014). Universities like ISF College and Corporate University of Italy provide bachelor as well as master's degree courses on forensic science & criminal investigation along with master's in digital forensic etc. In Canada, Alliance for Excellence in Investigative and FA in conjunction with the University of Toronto developed a diploma course in Investigative and FA (Gosselin, 2014). Also, few colleges offer FA courses in Canada as well. In Australia, there are ten universities offering standalone FA courses and three of them offer specific FA program (Alshurafat et al., 2019). The educational environment in Australia has garnered pace to augment FAE in the nation. In Mexico, FA courses are offered by universities (Seda & Kramer, 2014). In Indonesia, FA is imparted as an elective subject (Seda & Kramer, 2014). The number of universities offering FA courses is surging (Alshurafat et al., 2020). Several universities introduce FA courses in final year of under graduation once the students learn the fundamental accounting subject. Some universities offer post-graduation courses with major in FA (Prabowo, 2021). In United Arab Emirates (UAE) there is no uniform course curriculum for FAE. However, there are three universities offering FA courses. The Institute of Management Technology (IMT) provides both bachelor's as well as master's degree level courses. American University of Sharjah (AUS), and Emirates Institute for Banking and Financial Services (EIBFS) offer bachelor's degree level courses on FA (Bhavani & Mehta, 2018). CFE Hong Kong Chapter offer FA courses jointly with universities (Wang et al., 2016). Furthermore, in Malaysia, universities such as MARA University of Technology in collaboration with the Anti-Corruption Agency of Malaysia, Asia Pacific University of Technology & Innovation (APU) etc. impart FAE in the country. Several other universities are also engaged in enhancing FAE in Malaysia (Mohamad et al., 2007). In South Africa, the North-West University (NWU) is among the first South African universities offering

FA course. Also, ICFP offers professional courses for its members on FA. In addition, it offers FA courses in association with NWU Business School. The Institute of Chartered Certified Forensic Accountants of South Africa (ICCFA SA) is another professional institute providing training to the Forensic Accountants. In case of Colombia, there are universities in Cali, Bogota, Medellin providing forensic audit training in their study plans, either as part of the basic training of the insurance area or as a subject of professional emphasis. Diploma courses on FA also exist in Colombia (Baracaldo-Lozano & Daza-Giraldo, 2016). In Turkey, universities are providing FAE in the department of accounting. Moreover, there are some trade associations providing FA certificate programs (Zeytinog̃lu & Anadolu, 2020). The progress of FAE has been widely celebrated across few other emerging economies including Singapore, Netherlands, Poland, Norway, Bangladesh, Philippines and Denmark.

However, there were four countries namely Belgium, Nigeria, Ireland and Pakistan which were assigned the code 1 as only professional institutes delivered FAE and offered diploma and/ or certificate courses on FA to its members. In twenty-one of the selected countries, the status of FAE was found to be low (Figure 3.6).

### *3.3.1. Status of FAE in India*

There are 459 State Universities, 56 Central Universities, 20 Indian Institute of Management, and 412 private educational institutes recognized by University Grants Commission as on 2<sup>nd</sup> May 2022. Further, there are two institute of national importance under Ministry of Home Affairs. Out of which only 39 state universities, 7 Central Universities, 5 Indian Institute of Management, 29 Private Universities and 2 institutes of national importance under Ministry of Home Affairs are providing FAE as a unit or topic or specific programme/specific course/ specialization/elective subject on FA. The exhaustive list is depicted in Table 3.3.

<b>Table 3.3: Current status of FAE in India</b>				
<i>State Universities</i>				
<b>State</b>	<b>Name of the Institute</b>	<b>FA as a Unit of the Course</b>	<b>FA as a Topic</b>	<b>Specific Programme/Specific Course/Specialization/Elective Subject on FA</b>
Andhra Pradesh	Krishna University			Master of Commerce (as Domain specific elective course)
	Dravidian University		Bachelor of Commerce	
Bihar	Babasaheb Bhimrao Ambedkar Bihar University		Masters of Business Administration	
	Lalit Narayan Mithila University			
	Arybhata Knowledge University			
Delhi	Netaji Subhas University of Technology		Masters of Business Administration	
Goa	Goa University		Masters of Business Administration (Financial Services) and Integrated Masters of Commerce (Professional Accountancy and Financial Analysis)	
Haryana	Gurugram University		Master of Commerce	
	Chaudhary Devi Lal University			
	Guru Jambheshwar University of Science and Technology			
	Indira Gandhi University		Master of Business Administration (Banking and Finance)	
	Maharishi Dayanand University		Integrated M. Com -(Hons.) and M. Com	
Jharkhand	Kolhan University			Master of Commerce (Accounts- Forensic Accounting & Fraud Examination)- Elective
Karnataka	Rani Channamma University	Master of Commerce		
	Akkamahadevi women's University (Formerly known as		Master of Commerce and Bachelor of Commerce	Bachelor of Commerce (Forensic Accounting) - Elective

	"Karnataka State Women's University)			
	Bangalore University		Bachelor of Business Administration	
	Davangere University			Masters of Commerce
Orissa	Utkal University		Master of Business Administration	
Punjab	Guru Nanak Dev University		Bachelor of Commerce (Financial Services)	
Rajasthan	Rajasthan University		Bachelor of Commerce	
	Mohanlal Sukhadia University		Master of Business Administration	
Tamil Nadu	Madurai Kamraj University		M.Sc. (Forensic Science and Criminology)	
	Bharathidasan University	Master of Business Administration (Financial Management)		
	Tamil Nadu Open University		Bachelor of Commerce	
	Periyar University		Master of Commerce	
Uttar Pradesh	Maa Shakumbhari University		Doctor of Philosophy	
	University of Lucknow	Master of Commerce		Master of Business Administration (Accounting and Finance) and Master of Commerce
	Chhatrapati Shahuji Maharaj Kanpur University		Bachelor of Commerce	
	Khwaja Moinuddin Chishti Language University	Master of Commerce		
Gujarat	Gujarat University			Master of Science and Post Graduate Diploma
	Gujarat National Law University			Master of Business Administration
	Hemchandracharya North Gujarat University		Master of Commerce	
Kerela	Cochin University of Science and Technology (CUSAT)	Master of Science Forensic Science		
Maharashtra	Savitribai Phule Pune University	Bachelor of Commerce in Accounting		
	Punyashlok Ahilyadevi Holkar Solapur University	Doctor of Philosophy		

	Shivaji University		Master of Commerce	
Telengana	Osmania University	Master of Commerce (Accounting Specialisation)		
	Telangana University	Master of Commerce		
	Mahatma Gandhi University			
<b>Central Universities</b>				
Bihar	Mahatma Gandhi Central University		PhD in Commerce	
Delhi	Indira Gandhi National Open University	Masters of Business Administration (Banking and Finance)		
Haryana	Central University of Haryana		Master of Commerce	
Jharkhand	Central University of Jharkhand			
Karnataka	Central University of Karnataka	Master of Commerce		
Pondicherry	Pondicherry University			M.Com (Accounting & Taxation) and (Business Finance)
Sikkim	Sikkim University		Ph.D Course Work	
<b>Indian Institute of Management</b>				
Karnataka	Indian Institute of Management Bangalore			Certificate Program in Financial Intelligence and Analytics
Kerela	Indian Institute of Management Kozhikode			Master of Business Administration in Finance
Uttarakhand	Indian Institute of Management Kashipur			Master of Business Administration (Analytics)
Jharkhand	Indian Institute of Management Ranchi			Master of Business Administration (Business Analytics), Master of Business Administration (Management)
Tamil Nadu	Indian Institute of Management Tiruchirappalli			Master of Business Administration in Management
<b>Private Universities</b>				
Andhra Pradesh	Centurian University of Technology and Management			Master of Science
Gujarat	Ahmedabad University			Bachelor of Commerce and Bachelor of Commerce Professional Programme (as Major Elective)

Gujarat	G.L.S. University			Masters of Business Administration (Finance Electives)
	Sarvajanik University		Masters of Business Administration	
	Silver Oak University		Bachelor of Commerce (Hons) includes Forensic Audit	
Haryana	Baba Mast Nath University		Masters of Commerce	
	BML Munjal University			Bachelor of Commerce and Masters of Business Administration
	Shree Guru Gobind Singh Tricentenary University		Bachelor of Commerce	
Karnataka	PES University			Masters of Commerce (Forensic Accounting and Fraud Examination – as major Elective in Accounting).
	Presidency University			Masters of Commerce in Forensic Accounting & Corporate Fraud Management
	Sharnbasva University		Masters of Commerce	
Madhya Pradesh	Dr. C. V. Raman University		Masters of Business Administration	
	Jagran Lakecity University		Bachelor of Commerce (Hons.) (Financial Market / Banking & Finance / Accounting)	
	VIT Bhopal University		Bachelor of Technology CSE (Computer Science Engineering) and Master of Technology CSE	
Uttar Pradesh	Amity University		B.Sc. (Hons) - Forensic Sciences	
Maharashtra	Dr. Vishwanath Karad MIT World Peace University		B. Tech. Cyber security and Forensics	B. Tech. Computer Science and Engineering (Cybersecurity and Forensics)
	Sandip University		Bachelor of Business Administration, Bachelor of Commerce, Bachelor of Business Administration	



			(Business Analytics) and Bachelor of Business Administration (Hons) include Value added course	
Odisha	Birla Global University		Masters of Commerce, Masters of Business Administration	
	Sri Sri University		Bachelor of Commerce	
Punjab	Desh Bhagat University		Masters of Commerce	Bachelor of Commerce in Forensic Accounting Masters of Commerce
	GNA University			
	Lovely Professional University			
	Sri Guru Granth Sahib World University		Bachelor of Commerce	
Rajasthan.	ICFAI University			Bachelor of Commerce
	Manipal University		Bachelor of Commerce	
	Singhania University		Masters of Commerce	
	University of Engineering & Management		Bachelor of Business Administration; Masters of Commerce; Masters of Business Administration	
Uttar Pradesh	Invertis University		Masters of Business Administration	
	Noida International University		Masters of Commerce; Masters of Business Administration	
<b><i>Institutes of National Importance Under Ministry of Home Affairs</i></b>				
Gujarat	National Forensic Science University			MBA Forensic Accounting and Fraud Investigation; BBA/MBA (with Specialization in Forensic Accounting and Fraud Investigation);
	Rashtriya Raksha University			Master of Science / Master of Commerce in Forensic Accounting & Financial Investigations

**Source: Author's Compilation**

Table 3.3 reveals that FAE in Indian universities indicates a diverse approach to integrating FA into academic curricula. The integration of FA into various academic programs across Indian universities reflects a growing recognition of the field's importance in the broader context of accounting and business education. Universities are following diverse approaches, ranging from units and topics to specialized programs and electives, demonstrating flexibility and responsiveness to the evolving demands of the profession. However, there is a notable disparity in the depth and breadth of FA education across institutions. While some universities like Akkamahadevi Women's University and the University of Lucknow, GNA University, Presidency University etc. are providing comprehensive FA education, others may only offer it as a unit or topic within broader courses. This inconsistency could impact the uniformity of FA expertise among graduates.

### **3.4 Conclusion**

The demand for qualified forensic accountants is rising at an unprecedented pace. Countries like the USA, Canada, Australia, and India have developed separate and distinct FA standard for regulating the FA. The standards on FA vary across different instances, content and context. There are numerous areas where each standard significantly varies such as definition for FAS, types of services, applicability, provision of expert witness, supplementary engagement letter, supplementary report, working paper, professional fee, reliance on the work of others, special reporting circumstances, occurrence of fraud, quality control. However, FA practice is largely unregulated, as the level of FA regulation is found to be low in most of the nations under study. FA courses are being offered by universities in twenty – five countries. Professional institutes provide certification in FAE in four countries. However, in twenty-one countries under study, there is lack of courses on FAE.

Undoubtedly, the landscape of FAE and FAR in India is undergoing a transformative shift, as evidenced by the comprehensive integration of FAE and the maturation of FA regulation within the nation's academic and professional arenas. This chapter provides a panoramic view of the current state, revealing a concerted effort by educational institutions across the spectrum, including central, state, and private universities, as well as prestigious management institutions, to embed FAE into their curricula. This strategic academic response not only aligns with the burgeoning global necessity for financial fraud detection and prevention but also reflects an adherence to the rising demand for proficiency in forensic skills within the financial sector.