

DATE OF CLASS 04/06/2021
MBA SEM-1 / SUB- MB104 AFA
TIME 10 AM TO 11 AM
TOPIC : ADVANTAGES & DISADVANTAGES
OF FORENSIC ACCOUNTING
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In previous class, we were studied the basics and its objectives of forensic accounting.

Forensic accounting is a branch of accounting that focuses on investigating - business and financial records to determine if fraud, money laundering or other crime has occurred. "Forensic" means belonging to or suitable to use in a court of law." which is why forensic accountants strive to produce findings that can be used in court. These professionals are also called on to give evidence during trials.

No doubt, every thing has some advantages forensic accounting offers several benefits at first glance but, if you look closer, you will see that it also has its some drawbacks. The following advantages of forensic accounting are given below.

1. It helps monitor the financial deals, transaction, event and collaboration & agreement. Every activity of an organisation is under control on eyes of devices.

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2. It helps run business
run their finance. Business man
can use forensic accounting to detect
anomalies among their staff and
with third parties they are working with.
For instance, a company can ask a
Forensic accountant to check an
employee's purchasing record to see if
all of his purchases were for business
use or if he diverted some for his
private use (Personal)

3. It helps solve financial crimes
FA can greatly help in
solving financial crime. These
can involve bribery within
government offices as well as fraud
and money laundering within
business organizations. It not only
helps with gathering evidence
for crimes but can also be used in
detecting and identifying crimes.

4. It helps monitor professionals,
accountant & executives.
FA can be used to assess
the work of professionals and others
themselves. The findings from
this assessment, in turn, can
be used to file professional
negligence claims against
those who have been proven
to have made critical errors

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whether intentionally or not.

Disadvantages

1. It takes a lot of time.

Forensic accounting is never easy. It requires accountants to go through every piece of documents ~~to go to~~ ~~through~~ ensure that their investigation is complete and that they will uncover every evidence that will solve the case. This can take lot of time and can even stretch to many weeks or months, depending upon the magnitude of the dispute or case, the size of organization involvement and the number of documents to review.

2. It can be expensive (It be expensive)

Because of the lengthy period of time needed, forensic accounting can turn out to be expensive. This is not a problem for huge corporations that have more than enough funds, but it can be an issue for smaller businesses that have limited budgets.



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3. It can affect employee morale.

Forensic Accounting can cause employee to feel like their integrity is doubted, which can lead to lower staff morale. It is the responsibility of managers & executives, business owners to make their people understand that forensic accounting is done not as a sign of distrust but as a way to improve business efficiency.

4. It can be distracting.

Forensic accounting can cause a distraction among organisational staffs, particularly when outside accountants are brought in. This process can disrupt the staff's normal routine and cause their productivity and efficiency to suffer.
