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PERIOD I 10 AM to 11 AM  
MBA SEMI - MB104 AFA

U5 - INTRODUCTION OF FORENSIC

ACCOUNTING — By Dr. N. Ahmad

The term Forensic means or refers to the application of scientific knowledge to legal problems, specially scientific analysis of physical evidence.

USING SCIENTIFIC TEST TO FIND  
OUT A CRIME.

The word forensic comes from the Latin term forensic meaning "of or before the forum".

The history of the term originates from Roman times, during which a criminal charge meant presenting the case before a group of public individuals in the forum. Both the person accused of the crime and the accuser would give speeches based on their sides of the story. The case would be decided in favor of the individual with the best argument and delivery. This origin is the source of the two modern usages of the word forensic — as a form of legal evidence and as a category of public representation.

example

Forensic is the application of science in a legal setting. An example of modern forensic evidence is the use of DNA profiling. Source of DNA include blood, hair, semen, saliva, bone and tissue. Fingerprints can be detected and use for forensic purpose.

In Webster dictionary - methods in solving crimes or relating to, used in, or suitable to a court of law.

However forensic, generally speaking, is scientific knowledge meant to be applied in court.

Forensic is not just important in the courtroom; forensic evidence need to be found before any scientific discussion in court take place.

Forensic Accounting is an art of investigation over accounting records, financial statements, and other related financial records. The result of investigation mostly use for legal support and resolving conflict. This job requires technical skills in accounting, investigation and legal. These are what drive forensic accounting to become more attractive & highly paid.

The investigation is cover certain areas include - fraud, crime, insurance claims as well as dispute among shareholders.

The investigation and verification are normally done to the organisation's financial document & statements, management accounts and other related documents, data and information related to the subject matter being investigated.

In general, it is common procedure would be financial statement analysis & interpretation, computer assistance, supporting document examination, investigation and interview.

~~As required~~ In common, financial accountants are required to have knowledge and experience in accounting & investigation skills. They are ~~also~~ called forensic Accountant.

A question hunt in mind that financial accountant & Auditor are different from forensic Accountant.

OR financial accountant can this work do so, or not.

Really

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FA is very important not only because they have special skill and trained in the investigation & expertise in accounting records & statement, but also because of the evidence that found is playing a very important role in judicial decision making. This job is quite different from the auditor and can not substitute by them.

As we know the auditor's job is to test the accounting records against accounting standard like GAAP or IFRS.

Similarly, a 'General Accountant' work by fulfilling the objective of checking the accuracy of book of account and find out any fraud & mistake, but he put such type in his report but not take action against anybody.

Similarly, Their responsibility is not investigating and quantifying the fraud that happens in the company and also the evidence found by the auditor might not be used by the court. However, the evidence found by forensic accounting could be used by the court as expert evidence.

→ What matters should be comes in the circle of forensic accounting - This discussion will delivered in next class.