



Forensic Accounting, Fraud Detection And Organisational Awareness In India: Evidence From Chartered Accountants And Corporate Executives

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ABSTRACT

This paper examines the relationship between forensic accounting, fraud detection and organisational awareness in the Indian setting. The paper is developed from a doctoral study on forensic accounting's role in the detection and prevention of financial frauds in India. The purpose was to assess whether respondents with direct financial decision-making or accounting responsibility perceived forensic accounting as a credible and necessary anti-fraud mechanism. The study used a descriptive and analytical design. Primary data were gathered through a structured questionnaire administered to 700 qualified chartered accountants and 50 corporate respondents, while secondary evidence was drawn from books, journal articles and professional studies. The analysis relied on tabulation, percentages, averages and thematic interpretation. The findings show that awareness of forensic accounting was high among chartered accountants and moderate among corporate executives, indicating that the concept has entered professional vocabulary but is still unevenly embedded in organisational practice. Respondents strongly agreed that forensic accounting improves the detection of concealed irregularities, collusive manipulation, banking fraud, procurement abuse and frauds supported by digital records. They also distinguished forensic accounting from routine audit by emphasising its investigative depth, evidentiary focus and ability to identify the substance behind apparently compliant records. The paper concludes that forensic accounting has moved beyond a niche service and should now be treated as a central fraud-detection mechanism in India. Wider adoption, stronger executive awareness and earlier integration into risk review processes are necessary if organisations are to move from symbolic recognition to effective use.

Keywords: forensic accounting, fraud detection, organisational awareness, financial fraud, India, chartered accountants, investigative accounting

1. INTRODUCTION

Financial fraud has become a persistent institutional problem in India because modern business transactions are more layered, more digital and more vulnerable to manipulation than the traditional control environment was designed to handle. While statutory audit, internal control and compliance systems remain essential, they do not always detect



intentional concealment, collusion, falsified documentation or the misuse of layered financial trails at the stage when losses can still be contained. This has created growing professional and regulatory interest in forensic accounting, a specialised field that combines accounting, auditing, investigation, analytical reasoning and legal awareness. In the Indian setting, the subject has gained urgency because repeated episodes of financial misstatement, banking fraud, procurement irregularity and cyber-enabled diversion have shown that routine review is not always sufficient for uncovering deceit hidden beneath formal compliance. The present paper addresses that concern by focusing on two connected questions: whether organisations are becoming more aware of forensic accounting, and whether respondents perceive it as genuinely useful for fraud detection. The paper was guided by three objectives. First, it sought to examine the level of awareness of forensic accounting among chartered accountants and corporate executives. Second, it aimed to assess the perceived usefulness of forensic accounting in detecting financial fraud. Third, it aimed to identify whether respondents view forensic accounting as superior to ordinary review mechanisms when fraud is concealed, collusive or evidence-sensitive. Two hypotheses framed the analysis. The first hypothesis stated that forensic accounting significantly strengthens the detection of financial fraud. The second hypothesis stated that awareness of forensic accounting is increasing in Indian organisations, although not uniformly across respondent categories. The paper is important because awareness and detection are the points at which anti-fraud systems begin. If forensic accounting is poorly understood, it is unlikely to be used well; if it is recognised as useful but activated only after a scandal, its full value remains unrealised. By drawing upon thesis-based field evidence from 750 respondents, the study contributes to the discussion on how Indian organisations can strengthen their fraud-response architecture through earlier and more informed use of forensic accounting.

2. REVIEW OF LITERATURE

Gray (2008) provided one of the clearest distinctions between traditional accounting, auditing and forensic accounting. His work argued that forensic accounting should not be viewed as a routine extension of audit practice because its logic begins from suspicion rather than from periodic assurance. Gray showed that ordinary auditing is generally structured around materiality and sampling, whereas forensic accounting moves beyond these limits to investigate particular irregularities, trace intentional conduct and present findings in a form suitable for dispute resolution or legal scrutiny. This distinction is highly relevant to the present paper because the Indian anti-fraud environment often relies too heavily on the assumption that stronger audit alone will reveal fraud. Gray's analysis instead implies that a separate investigative orientation is necessary where concealment is deliberate, documentary trails are manipulated, or stakeholders require evidentiary clarity rather than broad assurance. Hogan, Rezaee, Riley and Velury (2008) synthesised academic work on financial statement fraud and showed that fraud cannot be reduced to isolated accounting error. Their review linked fraud to governance weakness, pressure, opportunity and behavioural patterns within firms, thereby reinforcing the idea that detection demands both financial and contextual analysis. They also highlighted the importance of red flags, management behaviour, firm



characteristics and non-financial signals in identifying fraudulent reporting. This literature is central to the present study because it supports the argument that fraud detection is stronger when professionals are trained to examine substance and inconsistency rather than treating accounting records as inherently truthful. In the Indian context, where manipulation may be concealed through apparently regular documentation, Hogan and colleagues help explain why forensic accounting is valued by respondents as a deeper review mechanism than routine financial examination.

Efiong (2012) studied forensic accounting education and awareness in a developing-economy context and found that the field was still emerging, even where fraud risks were significant. The paper argued that one of the major barriers to effective forensic accounting practice is weak educational exposure and limited curriculum integration. Efiong's contribution matters because professional awareness is not created automatically by the presence of fraud; it depends on training, institutional recognition and clearer understanding of what forensic accounting actually involves. This insight fits the present paper closely. The Indian respondents in the underlying thesis displayed uneven awareness, with chartered accountants showing greater conceptual familiarity than executives. Efiong's work helps interpret such differences by suggesting that awareness grows through professional education and structured exposure, not merely through media discussion of scandals. The study therefore strengthens the paper's focus on awareness as a necessary condition for meaningful use.

Dorminey, Fleming, Kranacher and Riley (2012) revisited fraud theory and explained why simple explanations of dishonest behaviour are no longer sufficient for modern anti-fraud work. By moving beyond the classic fraud triangle toward broader conceptual models, the authors showed that fraud is shaped by pressure, opportunity, rationalisation, capability and contextual reinforcement. Their work is important for this paper because it explains why fraud detection requires more than technical rule-checking. When fraud is enabled by culture, power and concealment skill, reviewers must be capable of interpreting behaviour, incentives and financial patterns together. The respondents in the present study strongly supported forensic accounting as a superior detection tool where fraud is concealed or collusive. Dorminey and colleagues offer the theoretical basis for that perception. They help explain why a sceptical, investigative and interdisciplinary approach is more likely to identify fraud than a narrow compliance review alone.

Biswas, Hiremath and Shalini (2013) placed forensic accounting in an Indian perspective and argued that corruption, financial scams and governance weaknesses had created the need for a more specialised accounting response. Their discussion emphasised that India's commercial environment had moved beyond the point where ordinary audit could be expected to detect every meaningful irregularity. The authors linked forensic accounting with investigative depth, documentation analysis and legal utility, thereby presenting it as a field suited to both private and public sector fraud challenges. Their work is highly relevant to the present paper because it directly supports the Indian context of the study. It also helps explain why awareness among technical respondents was relatively high. The article captured the growing recognition that fraud risk in India is not abstract or imported from foreign cases but deeply



rooted in local corporate, banking and administrative realities, making forensic accounting practically necessary.

Modugu and Anyaduba (2013) examined forensic accounting and financial fraud through an empirical lens and found significant support for the view that forensic accounting improves fraud control, internal control quality and financial reporting credibility. Their study is important because it moved the discussion beyond conceptual advocacy into stakeholder-based empirical evidence. Rather than merely arguing that forensic accounting is useful, the authors showed that respondents perceived it as capable of reducing fraud-related vulnerabilities. This is closely aligned with the present paper, which also relies on respondent perceptions to evaluate awareness and fraud-detection relevance. The study strengthens the argument that where stakeholders have exposure to fraud risk, they tend to value forensic accounting more highly than organisations that rely only on routine compliance review. It therefore supports the paper's finding that forensic accounting is increasingly seen as a practical professional response rather than a theoretical or purely litigation-based specialism.

Okoye and Gbegi (2013) studied forensic accounting in the public sector and concluded that it had strong relevance for fraud detection and prevention where traditional monitoring systems were weak. Their work is particularly useful because it highlights the institutional side of fraud. Fraud is not merely a private corporate problem; it also affects public finance, administrative trust and resource allocation. The authors argued that forensic accounting becomes especially valuable where segregation of duties is weak, collusion is likely and ordinary control mechanisms are not robust enough to expose fraud early. This perspective informs the present paper by broadening the meaning of organisational awareness. Awareness is not only about whether professionals recognise the term, but whether institutions understand the field as a necessary control response. The Indian setting, with its mix of corporate, banking and public-sector vulnerabilities, makes Okoye and Gbegi's findings especially relevant.

Trompeter, Carpenter, Desai, Jones and Riley (2013) produced a major synthesis of fraud-related research and showed that fraud detection is best understood as a multidisciplinary challenge rather than a purely technical accounting task. Their review integrated work on incentives, governance, behavioural cues, red flags, analytical models and audit judgement. The article matters to the present paper because it validates the argument that forensic accounting gains value precisely where fraud cannot be uncovered by ledger inspection alone. Respondents in the thesis-based study viewed forensic accounting as useful in identifying hidden irregularities behind apparently compliant records. Trompeter and colleagues help explain why that view is reasonable. Fraud detection improves when professionals integrate documentary review, behavioural analysis, governance understanding and anomaly assessment. Their work therefore reinforces the paper's claim that forensic accounting's detection value lies in its ability to connect numbers with motives, context and evidence.

Bhasin (2013a) used the Satyam Computers scandal to demonstrate how corporate accounting fraud can survive behind formal reporting structures when governance, ethical



discipline and independent scrutiny fail. The case study is significant for the present paper because Satyam remains one of India's most powerful reminders that audited reporting and market reputation do not by themselves eliminate fraud risk. Bhasin showed that manipulation may involve fabricated cash balances, false reporting and the misuse of trust over extended periods. This is precisely the type of fraud that respondents in the present study believed forensic accounting is better equipped to uncover. The study strengthens the argument that Indian organisations should not treat forensic accounting as a post-collapse corrective alone. Rather, the lessons of Satyam indicate the need for earlier forensic attention, stronger scepticism and more deliberate scrutiny of unusual documentation, related-party patterns and management explanations.

Basu (2014) argued that forensic accounting had entered a new phase because fraud increasingly operates through digital systems, electronic communication and complex data environments. He showed that older styles of manual review are insufficient where financial misconduct is supported by servers, cloud storage, electronic payments and digital concealment. The article is particularly relevant to this paper because it explains why awareness of forensic accounting must now include technological understanding. A field once associated mainly with document review and courtroom support has become an important part of digital fraud inquiry. The findings of the thesis showed strong respondent support for the use of forensic accounting in cyber-enabled fraud and irregularities involving digital records. Basu's work provides the conceptual bridge between those perceptions and the wider professional reality. It supports the claim that fraud detection now requires analytical tools and investigative thinking adapted to a digital economy.

Chakrabarti (2014) examined the problems and prospects of forensic accounting in India and concluded that the profession was gaining relevance but had not yet achieved full institutional maturity. The study recognised that public trust in ordinary reporting and audit had been weakened by repeated scandals, yet also noted that forensic accounting faced barriers related to awareness, capacity and professional integration. This contribution is valuable for the present paper because it mirrors the study's own findings. Awareness was substantial, especially among chartered accountants, but institutional uptake remained uneven. Chakrabarti's paper helps explain why recognition and implementation do not always advance at the same pace. Organisations may agree that forensic accounting is useful while still relying primarily on statutory audit until a visible crisis occurs. The article therefore supports the paper's broader argument that awareness is increasing, but strategic integration remains incomplete in the Indian environment.

Chattopadhyay (2014) offered a theoretical construct of forensic accounting and auditing that clarified the conceptual boundary between assurance work and investigative work. The author argued that forensic accounting should be understood through its orientation toward evidence, causation and dispute-sensitive analysis. This matters to the present paper because one of the strongest findings from the thesis was that respondents clearly differentiated routine audit from forensic review when fraud was concealed or collusive. Chattopadhyay's framework helps interpret that result. The value of forensic accounting does not lie merely in



more detailed checking; it lies in the shift from compliance testing to suspicion-driven inquiry. That distinction is important in India, where formal records may appear proper while underlying transactions remain manipulated. By clarifying the field theoretically, Chattopadhyay strengthens the paper's conclusion that awareness of forensic accounting should include understanding of its distinct investigative purpose.

Chaturvedi (2015) focused on the Indian future of forensic accounting and linked its growing relevance to the reputational and financial damage caused by repeated white-collar crimes and corporate scandals. The study argued that forensic accounting contributes not only to fraud identification but also to stronger governance and greater stakeholder confidence. This is useful for the present paper because it connects awareness with legitimacy. If organisations see forensic accounting only as a crisis-response service, they may underuse it. Chaturvedi suggested that it should instead be recognised as part of a broader anti-fraud and governance system. That argument resonates with the present results, especially the finding that many respondents considered forensic accounting necessary in banking fraud, procurement review and financial statement manipulation. The article therefore supports the paper's conclusion that wider organisational awareness can create earlier and more effective anti-fraud deployment.

Ijeoma (2015) examined the use of forensic accounting techniques in curbing creative accounting and found that forensic tools could meaningfully reduce distortive reporting practices that ordinary review might miss or tolerate. The study is relevant because creative accounting often occupies the grey area between aggressive reporting and outright fraud. In such cases, detection requires close attention to intent, pattern and the substance of accounting choices. This relates closely to the present paper, where respondents strongly supported forensic accounting as useful for identifying hidden irregularities and manipulative financial presentation. Ijeoma's work reinforces the idea that forensic accounting is not restricted to spectacular fraud cases alone. It is also relevant where organisations need to scrutinise suspicious earnings management, unusual adjustments or reporting behaviour that undermines the reliability of accounts. This expands the meaning of fraud detection from crude theft to more sophisticated forms of financial deception.

Debnath, López de Arriortua and Yuthas (2017) approached forensic accounting through the lens of knowledge and skill formation and showed that effective practice requires a mix of accounting competence, legal understanding, analytics, information technology and human judgement. Their contribution is useful because it explains why awareness varies across respondent groups. Chartered accountants are more likely to recognise the distinct value of forensic accounting because their technical background allows them to see where ordinary accounting ends and investigative accounting begins. Corporate executives, by contrast, may understand its value mainly through application outcomes such as fraud exposure or dispute support. The study therefore helps interpret the uneven but growing awareness pattern found in the thesis. It also supports the paper's broader claim that fraud detection depends not only on organisational willingness but also on whether institutions and professionals possess the multidisciplinary competence needed to use forensic accounting properly.



3. METHODOLOGY

The paper is derived from the empirical component of a doctoral thesis on forensic accounting in India. The study adopted a descriptive and analytical design because the purpose was to examine respondent perceptions regarding awareness, fraud-detection value and the practical relevance of forensic accounting. Both primary and secondary data were used. Primary data were collected through a structured questionnaire administered to two respondent groups: 700 qualified chartered accountants and 50 corporate respondents comprising owners, managing directors, chief executive officers, chief operating officers, chief financial officers and finance officers. The inclusion of these two categories made it possible to compare technical familiarity with managerial perception. Interviews with finance professionals were also used to enrich interpretation. Secondary data were drawn from books, journal articles, reports and prior studies dealing with forensic accounting, fraud control, financial reporting irregularities and governance failures. The data were analysed through tabulation, percentages, simple averages and interpretative discussion. Since the underlying thesis was designed around respondent opinion rather than experimental measurement, the results reported in this paper are presented primarily through descriptive statistics and average agreement scores. The variables selected for this paper were respondent category, level of awareness of forensic accounting and perceived role of forensic accounting in fraud detection.

4. RESULTS AND INTERPRETATION

The empirical results are presented in table form and interpreted in relation to the two hypotheses stated in the introduction. The descriptive pattern showed that the sample was dominated by chartered accountants, which was consistent with the methodological design. It also showed that awareness of forensic accounting was widespread, though not equally deep across the two respondent groups.

Table 1: Composition of respondents included in the study

Respondent category	Frequency	Percentage
Qualified chartered accountants	700	93.33
Corporate executives/finance officers	50	6.67
Total	750	100.00

Table 1 confirms that the respondent structure reflected the thesis design, with 93.33 per cent of the sample drawn from chartered accountants and 6.67 per cent from corporate executives and finance officers. This distribution is important because the study intended to capture both technical judgement and organisational perception. The strong professional component made the dataset especially suitable for examining how the anti-fraud value of forensic accounting is understood by respondents who already work close to audit, reporting and financial control processes.

Table 2: Level of awareness of forensic accounting among respondents

Respondent group	High awareness	Moderate awareness	Low awareness	Total
Chartered accountants	516	149	35	700
Corporate executives/finance officers	18	24	8	50
Total	534	173	43	750

Table 2 shows that awareness of forensic accounting was high but unevenly distributed. Among chartered accountants, 516 out of 700 reported high awareness, while only 35 fell in the low-awareness category. Among corporate respondents, moderate awareness was more common than high awareness. This indicates that forensic accounting has entered Indian organisational discourse, but its conceptual depth remains stronger among technically trained professionals than among executive users. The table therefore supports the argument that awareness is growing, yet still mediated by professional background.

Table 3: Perceived role of forensic accounting in fraud detection

Statement	Mean score (5-point scale)
Forensic accounting helps uncover concealed financial irregularities	4.42
It is more effective than routine audit in collusive fraud cases	4.31
It is highly useful in banking and procurement fraud review	4.28
It improves the evidentiary quality of fraud investigation	4.21
It supports earlier detection through anomaly-based examination	4.18
Overall average	4.28

Table 3 presents the strongest empirical pattern in the paper. Every detection-related statement recorded a mean above 4.00 on the five-point scale, with the highest score attached to the proposition that forensic accounting helps uncover concealed irregularities. Respondents also strongly agreed that it is more effective than routine audit in collusive or intentionally manipulated cases. The overall average of 4.28 indicates robust support for the role of forensic accounting in fraud detection. In practical terms, the findings suggest that respondents value forensic accounting because it is designed to examine intent, documentation inconsistencies and suspicious transaction pathways rather than limiting itself to surface compliance.

Table 4: Hypothesis-wise summary for Paper 1

Hypothesis	Indicator used	Result
H1: Forensic accounting strengthens fraud detection	Overall average score on detection statements = 4.28	Supported
H2: Awareness of forensic accounting is increasing, though unevenly	High awareness among chartered accountants; moderate awareness among executives	Supported

Table 4 summarises the hypothesis outcomes. The first hypothesis was supported because the average detection score was well above the neutral benchmark, indicating broad respondent agreement that forensic accounting materially strengthens fraud detection. The second hypothesis was also supported, but with nuance. Awareness was clearly increasing, particularly among chartered accountants, yet the distribution across corporate respondents showed that organisational familiarity remains less uniform than professional familiarity. Together, the results show that India has moved beyond ignorance of forensic accounting, but not yet to full institutional internalisation.

5. DISCUSSION AND CONCLUSION

The findings of this paper are consistent with the broader literature that distinguishes forensic accounting from ordinary audit on the basis of investigative depth, evidentiary focus and fraud-sensitive scepticism. The awareness pattern observed in the study mirrors the argument of Efiog that knowledge of forensic accounting is closely tied to structured exposure and professional education. It also echoes Chakrabarti’s view that the Indian profession is growing in importance but is still unevenly institutionalised. The strong support for fraud detection confirms the practical logic advanced by Gray, Hogan and Trompeter and their co-authors: where fraud is intentional, concealed and collusive, a specialised investigative framework is more credible than broad assurance mechanisms alone. The Indian significance of this result is especially clear when read alongside the case-based lessons of Satyam and the concerns raised in Basu’s digital-era discussion of fraud. Respondents clearly believed that forensic accounting is useful not only in classical accounting manipulation but also in banking fraud, procurement abuse and technology-supported irregularities. The paper therefore concludes that forensic accounting should be treated as a central component of fraud-detection architecture in India. The practical gap no longer lies in whether professionals recognise its importance; rather, it lies in converting this recognition into consistent organisational use. Greater executive literacy, stronger integration with internal fraud-response systems and earlier recourse to forensic review are necessary if detection is to improve before financial damage becomes severe.



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