

INVESTIGATING DIFFERENT FINANCIAL FRAUD USING FORENSIC ACCOUNTING TECHNIQUES - A CASE STUDY

Shivakumar Unnibavi

Research Scholar

Department of Commerce, Mahakaushal University Jabalpur, M.P)

Dr. Vivek Kumar Mishra

Research Guide

Department of Commerce, Mahakaushal University Jabalpur, M.P)

Abstract

Financial sector scams are a result of how the economy is growing. A successful fraud prevention program may help foster a positive work environment where employees resist the temptation to take advantage of their responsibilities. A forensic accountant may ensure the integrity and transparency of financial accounts by actively seeking for fraud, identifying high-risk regions and associated fraud symptoms, and keeping an eye out for anomalies in financial statements. The process for doing this is closely examining financial statements. Fraudulent financial activities were prevalent in many sectors of the global economy. The aim of this study is to investigate the different financial fraud using forensic accounting techniques through case studies. The data have been collected through the primary and secondary sources. The case study has been performed on 17 cases from different sectors by changing the name of the company the individuals. This study is an assimilation of selected organizations in Karnataka, where a fraud has happened between the years 2010 and 2024. The interviews that were performed and the information that was gathered are an assimilation of these companies.

Keywords – Financial, fraud, forensic accounting, technique, case study, companies sector etc.

1. INTRODUCTION

Unravelling Financial Fraud Across Industries In the dynamic landscape of modern business, financial fraud presents a pervasive threat to the integrity and stability of organizations across various industries. To combat this menace effectively, forensic accounting emerges as a vital tool, employing specialized techniques to detect, investigate, and prevent fraudulent activities. The global financial fraud danger to firms, investors, and economies is still very real, which is why advanced accounting procedures have to be developed and put into practice in order to

identify and stop fraudulent activity. Financial fraud is a broad term that covers a variety of illicit actions that compromise the integrity of corporate governance and financial reporting, such as insider trading, embezzlement, and financial statement fraud. Financial fraud has far-reaching effects, including significant financial losses, harm to one's image, penalties from the government, and in extreme situations, the collapse of whole businesses. This research investigates the critical role accounting methods have in locating and combating financial fraud in a variety of business contexts.



Figure 1: Fraud

Several well-known instances of corporate fraud, like the Enron disaster, the WorldCom scam, and Bernie Madoff's Ponzi scheme, highlight the need for thorough fraud detection. These incidents demonstrate the terrible consequences of financial crime and the urgent need for efficient detection methods. Forensic accountants, for example, used in-depth financial statement analysis and transaction testing to identify Enron's massive financial statement fraud, which included off-balance-sheet businesses and false financial reporting. Similar to this, data analysis and reconciliation procedures were used to reveal the WorldCom scam, which was typified by the incorrect capitalization of spending to inflate profits. These case studies highlight how crucial forensic accounting is to upholding financial responsibility and openness. Forensic accounting approaches not only deal with specific fraud instances but also make a major contribution to the wider domains of finance, accounting, law enforcement, and corporate governance. Forensic accounting improves the integrity and dependability of financial reporting by offering a framework for looking into financial abnormalities. For investors and financial organizations that depend on reliable information to make wise investment choices, this is crucial. Forensic accounting also helps law enforcement by providing the professional expertise and proof needed to prosecute financial crimes. Forensic

accounting investigations have the capacity to pinpoint gaps in internal control systems and suggest enhancements, so promoting a culture of moral behavior and openness in companies with regard to corporate governance. The ever-evolving fraudulent schemes and the ever-intricate financial transactions need constant improvements in forensic accounting methods. The capacity of forensic accountants to identify and stop fraud has been substantially improved by the integration of data analytics, machine learning, and other cutting-edge technology. Through the use of state-of-the-art techniques and keeping up to date on the newest fraud strategies, forensic accountants can successfully protect financial integrity in an increasingly complicated financial world.

1.1. Detection and Prevention Methods

Fraud detection and prevention include recognizing fraudulent actions and putting in place preventative measures. This is crucial for guaranteeing financial statement accuracy and overall company health. CA students who grasp these abilities may become great additions to any firm, assuring financial integrity and compliance. Fraud may take many forms, from financial statement fraud to asset theft and corruption. CAs must grasp the many forms of fraud and how to identify and prevent them. By being watchful and aware, you may help organizations prevent substantial financial losses and brand harm. Fraud detection and prevention need a three-pronged approach that includes fraud risk education, anti-fraud technology, and a comprehensive risk strategy. Effective fraud detection and prevention need a mix of skills, knowledge, and instruments. Here are some key methods:

- 1) Employee training and awareness
- 2) Anti-Fraud Features and Transaction Monitoring
- 3) Advanced security technological Solutions
- 4) Rules Creation and Machine Learning
- 5) Financial Statement Analysis
- 6) Transaction Tracing
- 7) Data Analysis
- 8) Tip-Offs and Whistleblowers
- 9) Internal control and Audits

1.2. Forensic Accounting Techniques in Detecting Financial Fraud

1.2.1. Forensic auditing

Forensic auditing is the process of using auditing tools to evaluate financial statements and transactions connected to those statements with the objective of identifying and preventing fraudulent activity. The identification of inconsistencies that may be indicative of fraudulent activity is the primary emphasis of this procedure, which is quite comprehensive.

- Data Analysis
- Transaction Testing
- Internal Control Evaluation
- Interviewing
- Forensic Interviews
- Benford's Law

1.2.2. Digital Forensics

Digital forensics is a field that specifically deals with the retrieval and examination of data stored in digital devices, often in relation to computer-related crimes and financial deception. This methodology encompasses a range of procedures and instruments to reveal digital evidence pertaining to deceitful actions.

- Data Recovery
- Analysis of Digital Transactions
- Network Analysis
- Cybersecurity Assessment

1.2.3. Investigative Procedures

Investigative procedures in forensic accounting are structured methods employed to collect evidence and scrutinize financial data in order to identify and substantiate instances of fraud. The procedures are thorough and involve multiple steps to ensure a comprehensive investigation.

- Background checks
- Document Reviews
- Financial modelling
- Ratio Analysis
- Surveillance and Observation

1.2.4. Other techniques

- Theory of Relative Size Factor (RSF)
- Computer Assisted Auditing Tools (CAATs)

- Expert Witness Testimony
- Data Mining Techniques
- Fraud Risk Assessment

Forensic accounting investigates, detects, and stops financial anomalies and fraud by combining many methods and competencies overall. It is very important in preserving the integrity of financial reporting and operations as well as shielding people and companies from financial damage.

2. Objectives

- To analyze various types of financial fraud and their impact on businesses using forensic accounting techniques.
- To examine the effectiveness of forensic accounting methods in detecting and preventing fraudulent activities.
- To explore real-world case studies highlighting forensic accounting applications in financial fraud investigations.
- To provide recommendations for improving forensic accounting practices in fraud detection and risk management.

3. Hypothesis

- Forensic accounting techniques do not significantly contribute to detecting and preventing financial fraud in businesses.
- Forensic accounting techniques significantly contribute to detecting and preventing financial fraud in businesses.
- Forensic accounting methods are not effective in identifying irregularities in financial transactions and records.
- Forensic accounting methods are effective in identifying irregularities in financial transactions and records.
- Implementing forensic accounting practices does not improve fraud detection and risk management in organizations.
- Implementing forensic accounting practices improves fraud detection and risk management in organizations.

4. LITERATURE REVIEW

Hamad Alhumoudi and Abdullah Alhumoudi (2024) - Specifically, the objective of this research is to analyze the role that forensic accountants play in various situations of fraud and corruption, as well as the influence that this function has on the growth of businesses. Using the Fraud Triangle Theory developed by Cressey in 1953 and the theoretical concept of capability developed by Wolfe and Harmanson in 2004, this study examines the significance of "opportunity," "pressure," "rationalization," and "capability" for forensic accountants in the context of addressing issues related to fraud and corruption. Additionally, the study evaluates the impact that their findings have on the development of businesses. The research was carried out using a mixed method design, which was the basis of the study.

Rongjing Yuan (2024) - A significant problem that has a significant impact on the stability of the market and the trust of investors is the handling of financial fraud in publicly listed firms. The regulatory steps that have been taken recently highlight how urgent it is to solve these concerns. Investors suffer huge losses as a result of financial fraud, which not only causes the economic order of markets to be distorted but also leads investors to receive deceptive financial statements and inefficient resource allocation.

Iram Naz, Saleh and Nawaz Khan (2024) - Through the use of forensic accounting methods, the purpose of this research is to evaluate the efficacy of these approaches in preventing and detecting fraudulent actions in Pakistani businesses. Within the scope of this investigation, a descriptive research methodology was used. The primary data was gathered by means of standardized questionnaires that were sent out to experts working for investigation businesses, professional organizations, and field researchers.

Riyazuddin, et al. (2023) - As a subfield of accounting, forensic accounting is a specialized subject that includes the use of financial and investigative methods in order to detect fraudulent operations, financial abnormalities, and other types of criminal actions. As a result of the growing number of incidents of financial crime in India, the use of forensic accounting as a method for identifying and preventing fraud is becoming more popular in the nation. For the purpose of investigating, analyzing, and interpreting financial data, the methodology utilizes a mix of classic accounting procedures and forensic techniques.

Brunda Chavan, et al. (2018) - In light of the current business climate, many organizations' top executives have been compelled to focus on enhancing the appearance of their financial statements in order to attract investors. This is achieved through the manipulation and window dressing of figures in the financial statements, employing aggressive or creative accounting

techniques to either increase or decrease the figures as desired. This study aims to identify such circumstances via case studies and examine the subsequent policy changes that occurred.

5. RESEARCH METHODOLOGY

5.1. Research Design

The qualitative research methodologies were used in this study for the purpose of doing research. The analysis was carried out using a technique that is based on case studies.

5.2. Case Selection

We choose relevant case studies from diverse industries. A comprehensive investigation of a significant topic is what is known as a case study. A pattern that was seen over a number of different events served as the basis for the study, which was based on interview methodologies. Their investigation is predicated on the description of a phenomena. Despite the fact that the study includes computations based on numbers, the observations made by the researchers are qualitative in character.

5.3. Data Collection

The data have been collected through the primary and secondary sources which is as follows –

- Primary data was gathered using a variety of approaches, including observation, interviews, questionnaires, surveys, and the opinions of specialists
- The secondary data have been collected through Forensic Audit Reports, Reporting of Frauds by Auditors (Deloitte), Internet, Magazines, Research papers, Journals, Brochures, Thesis, Books and Dissertation etc.

5.4. Research Instruments

In the context of research, a research instrument is a device that allows for the collection, measurement, and analysis of data pertaining to the topic of the investigation. It is collected through –

- Structured Interview
- Unstructured Interview
- Questionnaire Method
- Survey Instruments etc.

5.5. Sample

During the introduction of the respondents, the aims of the study as well as the research gap that was being analysed were discussed. As stakeholders (workers) of the firm, the person who

was the victim of the scam, or the auditor who was hired to investigate the case of fraud, these people were involved. The following stakeholders are included in this category; they are ready to offer information in various situations.

- a) Appointed Forensic Auditors
- b) Company's Internal Auditors
- c) Staff Accountants
- d) Employees
- e) Business Owners
- f) Business Associates

Although the essential information relevant to each instance was collected from the aforementioned sources, the names of the individuals involved, as well as their corporate identifications and addresses, have been appropriately altered in order to ensure the confidentiality of the data that is needed by research ethics. Instances were selected from this subset, and then they were subjected to an in-depth analysis in order to draw unique financial and cyber fraud instances that belong to different sectors and use a range of creative software and procedures.

5.6. Location/ Area of the study

There are a number of cities and district regions in the Ranebennur, District Haveri, Karnataka that are included in this location.

5.7. Data Analysis

Utilizing forensic accounting techniques like data analysis and forensic auditing to scrutinize the collected data. In order to evaluate the findings of the research based on the following grounds, we conducted an independent analysis of the data acquired from each case study, soliciting input from the involved workers, owners, staff, accountants, specialists, and professionals.

- The fraudster was able to exploit the architecture of the internal control system, which ultimately led to the fraud.
- In the process of analysing the alleged crime, the effectiveness of forensic accounting stands out.
- The use of technologies and tools proved to be successful in identifying instances of fraud.

- The potential of the Forensic Audit Report to be used as evidence before the Supreme Court of the United States
- The modifications made to the internal control system have resulted in a reduction in the likelihood of further instances of fraud.

6. DATA ANALYSIS

A case study is an in-depth investigation of a particular topic, one that may include an individual, a group, a location, an event, an organization, or a phenomenon. Research in the fields of social science, education, clinical medicine, and business often makes use of case studies. Within the context of a case study research design, qualitative techniques are often used, but quantitative approaches are sometimes included as well. It is possible to describe, compare, evaluate, and comprehend many elements of a study subject via the use of case studies thanks to their usefulness.

Cases of cyber and financial crimes that have happened in Ranebennur independently over the study period of 2010 to 2024 have been gathered and thoroughly analysed. These crimes have occurred during the time period of the research. When it comes to these instances of fraud, the use of forensic auditors and the application of technology are both utilized in order to explore the trail and determine the method of operation of the scam.

6.1. Case Study – 1

6.1.1. Profile of the firm

The online trading platform known as Ranebennur Trading Solutions was created with the intention of tricking investors into thinking that they were taking part in real share trading. For the purpose of luring investors, the operation imitated genuine share trading websites by using advanced internet platforms and employing misleading marketing strategies.

6.1.2. Fraud

As soon as investors such as Vishal (name changed) submitted their finances, the money was transferred into accounts that were controlled by fraudsters instead of being invested in shares of stock. Among the most important people involved in this scheme was Sumitra, who was the one who interacted with Vishal and helped to aid the fraud by delivering infected URLs that resulted in the illicit transfer of Rs 58.8 lakh.

6.1.3. Internal Control Vulnerability as a Facilitator of Fraud

- **Inadequate Due Diligence:** Vishal neglected to do thorough due diligence before to investing, hence failing to authenticate the trading platform.

- **Insufficient Verification systems:** The trading platform did not have enough verification systems in place, enabling fraudsters to establish counterfeit accounts and carry out fraudulent transactions.
- **Insufficient security measures:** Vulnerable security protocols allowed fraudsters to deliver harmful links and get unauthorized access to sensitive data.

6.1.4. The Fraud Triangle

There are three factors that lead to fraudulent activity, and they are referred to as the Fraud Triangle. These factors include pressure, opportunity, and rationalization.

- ✓ It is quite probable that the fraudsters of the fraud were motivated to perpetrate the scam by financial demands or the allure of potential quick money.
- ✓ Given the absence of adequate internal controls and verification processes, there was the potential for fraudulent activity to occur. Vishal 's lack of due diligence and inadequate security standards were the factors that made the fraud possible.
- ✓ There is a possibility that the fraudsters of the scam justified their conduct by claiming that they were more intelligent than the people they defrauded or that they needed the money more than the investors did.

6.1.5. The Function of Forensic Auditors in Determining the Crime

The financial records and transaction logs of Ranebennur Trading Solutions were the first files that forensic auditors examined in their investigation. They were able to identify abnormalities in the flow of cash via their in-depth study, namely the illicit transfer of money belonging to investors into accounts that were controlled by fraudsters. Within the trading platform, this finding immediately prompted suspicions of fraudulent activity on the part of the participants. A significant contribution was made by digital forensics in the process of verifying the fraudulent actions. The participation of important persons such as Sumitra was discovered by forensic auditors via the examination of communication records and digital trails. Sumitra was responsible for facilitating the fraud by disseminating infected URLs, which resulted in illicit transfers of a total of Rs 58.8 lakh from investors such as Vishal. The process of conducting a forensic audit brought to light very important discoveries, such as the exploitation of sophisticated internet platforms in order to imitate legitimate trading websites and the use of deceptive marketing strategies in order to trick investors. The nature of Ranebennur Trading Solutions was shown to be fraudulent by the provision of tangible proof by these investigations.

As a result of these discoveries, regulatory authorities and law enforcement agencies were notified, and legal steps were taken against those individuals who were engaged in the fraudulent activity. Not only did the forensic audit reveal the full scope of the deceit, but it also made a contribution to the efforts that were made to recover the cash that were invested by investors and to prevent further frauds of a similar kind. Finding out about the fraudulent activities of Ranebennur Trading Solutions was a significant accomplishment for forensic auditors, who were able to do this via their rigorous research and analytical abilities. Their conclusions served as an essential foundation for legal procedures and regulatory interventions, with the goals of protecting the interests of investors and maintaining the integrity of financial markets.

6.1.6. Tools and Software Forensic Auditors Use to Find the Fraud

- a) **Data Analytics Software:** Transaction patterns were analysed with the use of tools such as ACL Analytics and IDEA, which were utilized to discover abnormalities.
- b) **Digital Forensics Tools:** EnCase and FTK (Forensic Toolkit) were used in order to investigate digital evidence, which included emails, messages, and URLs that provided malicious material.
- c) **Bank Reconciliation Software:** Tools that allow for the reconciliation of bank statements and the tracking of the transfer of money between individual accounts.
- d) **Communication Analysis Tools:** The software is designed to examine phone logs, email communications, and text messages in order to detect interactions between fraudulent individuals.

6.1.7. Recommended internal controls proposed by forensic auditors

- i. Enhanced Due Diligence
- ii. Verification methods
- iii. Strong Security Protocols
- iv. Regular Audits
- v. Fraud Awareness Training
- vi. Establishing Clear Reporting processes

6.2. Case study – 2

6.2.1. Profile of the firm

- a. **Company Name:** Sharma Global Investors (fraudulent entity) (name changed)

- b. **Nature of Business:** The fraudulent organization known as Sharma Global Investors pretended to be a real investment business that offered significant returns on investments made in the stock market.
- c. **Operations:** The firm functioned by reaching out to individuals who had the potential to become victims, persuading them to download an application onto their mobile devices, and urging them to invest money in share markets by means of their fraudulent platform. For the purpose of luring victims into transferring cash, they utilized calls that sounded professional and conversation that was compelling.

6.2.2. Fraud

On January 16, 2024, Dr. Tomar (name changed) was the recipient of a phone call from a number that remained unidentified. Servesh Srivastava, who described himself as the caller, said that he was the chief executive officer of Sharma Global Investors. Guru was successful in persuading Dr. Tomar to download an application onto his mobile phone and pushed him to make investments in the stock market via the bogus firm. Dr. Tomar sent a total of Rs. 8 lakhs to a number of accounts that Guru had advised, but he only earned Rs. 7.8 lakh as profit before the con artists stopped all communication with him.

6.2.3. Internal Control Vulnerability as a Facilitator of Fraud

- **The absence of verification protocols:** Dr. Tomar did not have any protocols in place to check the credibility of Sharma Global Investors and the person who was contacting him.
- **Insufficient Awareness and Training:** Despite the fact that the police had issued several warnings, Dr. Tomar did not get sufficient information or training on how to recognize and avoid being taken advantage of by con artists.
- **Inadequate Monitoring and Flagging:** The financial institutions that were engaged did not have enough mechanisms in place to flag and query the unusually large payments that were being made to various accounts.

6.2.4. The Fraud Triangle

There are three factors that lead to fraudulent activity, and they are referred to as the Fraud Triangle. These factors include pressure, opportunity, and rationalization.

- ✓ It is conceivable that the fraudsters of the deception were motivated by financial concerns or the allure of quick money.

- ✓ Fraudsters were able to take advantage of Dr. Tomar because there were not enough effective internal controls and verification processes in place.
- ✓ The fraudsters of the scam may have rationalized their conduct by feeling that they were able to outwit their victims and that their actions were justifiable.

6.2.5. The Function of Forensic Auditors in Determining the Crime

Initially, forensic auditors started their investigation by examining the financial transactions of Dr. Tomar, with a special emphasis on the events that occurred on January 16, 2024. In order to identify the accounts to which Rs. 8 lakhs had been sent at the behest of Guru Servesh Srivastava, who posed as the CEO of Sharma Global Investors, they methodically followed the flow of cash by reading bank records, transaction logs, and other financial papers. This allowed them to determine the accounts to which the monies had been transferred. The identification of the fraudulent activity and the comprehension of its scale were both quite important during this early step.

Another essential component of the forensic investigation was the review of the records of communication that were kept between Dr. Tomar and the individuals responsible for the crime. The call logs, emails, and other kinds of contact were analysed in order to collect evidence of the fraudulent actors' use of deception and coercion in order to convince Dr. Tomar to download their program and trade in the stock market via their fraudulent platform. The misleading strategies that the criminals deployed, such as making false claims of high financial returns, were revealed via these emails, which gave insights into those strategies.

Forensic auditors were tasked with the important duty of tracing the transfer of monies to the numerous accounts that were suggested by the corporate fraudster CEO. They worked in close collaboration with banks and other financial organizations to trace the money flow beyond Dr. Tomar's original investment. Their goal was to determine who the final benefactors of the fraudulent operation were. In order to find any linked networks or collaborators participating in the fraud, this approach required them to use their knowledge in financial analysis and tools for forensic investigation.

Through the use of advanced techniques for data analysis, forensic auditors were able to identify trends and irregularities in the financial transactions that were related with Sharma Global Investors. As part of their investigation, they searched for anomalies, such as unusually high transaction volumes or inconsistencies that were not consistent with Dr. Tomar's customary financial activity. With the use of these discoveries, legal transactions were

differentiated from fraudulent ones, which further strengthened the case against the individuals responsible for the crime.

The compilation of exhaustive reports that detailed the auditors' findings and conclusions was another important function that forensic auditors performed for the organization. In order for law enforcement authorities to take legal action against the fraudsters, it was vital for them to have these reports, which were backed by thorough analysis and documentation proof. When it came to developing a case, easing the recovery of cash, and achieving justice for victims like Dr. Tomar, the knowledge and testimony of forensic auditors were very helpful.

Forensic auditors played a significant part in revealing the fraudulent actions of Sharma Global Investors. They did this by conducting a comprehensive investigation of financial records, meticulously tracking down cash, analysing communication patterns, and meticulously documenting their findings. Their actions not only brought to light the specifics of the fraudulent plan, but they also made a contribution to the efforts that are being made to avoid similar schemes of financial fraud in the future. This helps to ensure that prospective victims are protected from falling prey to other fraudulent acts.

6.2.6. Tools and Software Forensic Auditors Use to Find the Fraud

- **Data Analytics Software:** Transaction patterns were analysed with the use of tools such as ACL Analytics and IDEA, which were utilized to discover abnormalities.
- **Digital Forensics Tools:** For the purpose of analysing digital evidence, such as phone logs, emails, and texts, EnCase and FTK (Forensic Toolkit) were used.
- **Bank Reconciliation Software:** Tools that allow for the reconciliation of bank statements and the tracking of the transfer of money between individual accounts.
- **Communication Analysis Tools:** In order to expose contact between fraudsters and victims, software that analyses phone data, emails, and text messages is available.

6.2.7. Recommended internal controls proposed by forensic auditors

- i. Enhanced Verification Process
- ii. Awareness and Training Programs
- iii. Banking Safeguards
- iv. Increasing public knowledge
- v. Incident Reporting systems

6.3. Case study – 3

6.3.1. Profile of the firm

Being an Alcohol-Beverage firm that was established in the year 2004, the firm was in the industry of brewing and bottling its premium alcoholic beverage. For the purpose of reusing its own glass bottles, it purchased them from various shops, distributors, and suppliers.

6.3.2. Fraud

The person in charge of purchases had been granted the authority to buy these bottles and distribute money to the various parties individually. The organization was not paying careful attention to the quality or the velocity of product delivery. Consequently, the buying officer made use of his position in order to benefit from it.

6.3.3. Internal Control Vulnerability as a Facilitator of Frauds

It was discovered that the following circumstances were there as a preexisting basis for the deception –

- There was no centralized policy for the acquisition of old bottles.
- The evaluation of the age and quality of the acquired bottles was not conducted.
- The absence of a bidding procedure allowed the buy head to show favoritism towards his buddy, who had influence over other smaller suppliers.
- The distributors had falsely categorized themselves as vendors, resulting in the firm acquiring the bottles at significantly inflated prices.
- This monopolistic behavior by the preferred vendor remained undetected for many months until the directors received an anonymous report.

6.3.4. Methodology adopted by the fraudster

A buddy of the Senior Manager who was in charge of buying at the business had a relationship with a friend who had registered his company as a vendor. The friend used to acquire bottles for the Alco-Bev company from small suppliers in his region and then supply them to the company at inflated prices. An Internal Control Vulnerability as a Facilitator of Fraud inside the organization regarding the procurement process was the root cause of the fraud.

6.3.5. The Fraud Triangle

- ✓ The chance presented itself to the Purchase Officer when the company's directors and board failed to supervise the rates and quality of used bottle intake.
- ✓ The rationalization procedure included lending money to a buddy while taking money out of the system for one's own use.
- ✓ The director was under pressure to generate more money so he could live a normal lifestyle since his pay wasn't enough, as seen in the interview.

6.3.6. The Function of Forensic Auditors in Determining the Crime

The social media accounts were analysed by the business intelligence team, which discovered that the company's buy officer and the distributors had been friends for a considerable amount of time and had travelled to different countries, both of which were indicators of a possible conspiracy.

In addition, a huge number of emails that were deleted from August 2017 were proof of a high intake of bottles at inflated pricing. This was attributable to an increase in both the demand for bottles and the production levels. Over the course of four years, it was discovered that the procurement officer had been paying various rates to other suppliers in comparison to the preferred supplier. Other suppliers had been given different prices. Because the sanctioned rates were not being adhered to, the total amount of money lost throughout the course of the term was eighty thousand rupees. The evidence that was obtained by the forensic auditors in relation to the emails that were deleted demonstrated that a different rate was offered to a certain supplier.

6.3.7. Tools and Software Forensic Auditors Use to Find the Fraud

- Through the use of Relativity Software, auditors were able to search for certain key phrases that may be concealed inside specific files, folders, and documents within the computer or email application. Suitable proof of the deception was supplied by the successful hits that were returned by the program.
- Intellia Software has the capability to filter emails based on certain key phrases that are included in the emails that are being sent between the people that are being accused.
- The program known as Encase proved to be beneficial in the process of imaging the hard disks, laptops, and pen drives in order to collect valuable evidence.
- The history of the officer's Facebook page provided conclusive evidence that the officer and the vendor had a connection outside of the workplace, so establishing grounds for further inquiry.

6.3.8. Recommended internal controls proposed by forensic auditors

Auditors from the Forensic Division advised that –

- i. The acquisition of the old bottles should be conducted via a transparent auction process on the company's website, with oversight from the board of directors to ensure proper procurement procedures.

- ii. The allocation of procurement zones should be subdivided, and the officials should be subjected to frequent rotation.
- iii. Regular physical verification of the bottles should be conducted by internal auditors to ensure their authenticity and quality. Each bottle should be marked with a unique serial number or bar code to facilitate tracking of use and aging, as well as to prevent the acquisition of counterfeit or substandard bottles.

7. Statement of problem

Healthy businesses, as well as government organizations and agencies within and across industries rely upon successful financial activities in this modern society. Due to the complexity of such fraud scheme, traditional auditing and financial oversight mechanisms often fail to detect them, and therefore, such fraud schemes may be discovered, investigated and prevented by applying forensic accounting methods. Embezzlement, asset misappropriation, money laundering, insider trading and financial statement fraud are a few examples of fraudulent activities that pose a threat to corporate governance and impact the economic stability of a state. However, with continuous developments in the financial monitoring tools, fraud is often not detected at an early stage, causing prolonged damage to the business in operation and financially. As the confluence of accounting, auditing, and investigation techniques, forensic accounting has grown into an invaluable tool in the discovery of fraudulent flow of activities and fortifying financial security. Though, the extent that a forensic accounting can be successful depends upon the industry because of variations in the regulatory frameworks, technological adoption, as well as the organizational fraud risk management strategies. Consequently, comprehensive research on how forensic accounting techniques can effectively be geared towards investigating a wide range of financial frauds, is a necessity. Moreover, most organizations do not have trained forensic accountants, advanced fraud detection tools, and there are also weak internal controls, thus making them vulnerable to the financial fraud. The objective of this study is to delve into the application of forensic accounting techniques in the detection, prevention and management of risk of fraud through case studies to secure industry specific applications. The results will enable organisations and policymakers to design more efficient forensic accounting frameworks to fight against financial fraud and improve the corporate transparency.

8. CONCLUSION

Investigations conducted by forensic experts into Ranebennur Trading Solutions, Sharma Global Investors, and an alcohol-beverage firm uncovered complex fraud schemes that took advantage of deficient security measures, inadequate due diligence, and faulty internal controls. Through the use of data analytics and digital forensics, forensic auditors were able to monitor the movements of financial assets, investigate patterns of communication, and expose the whole scope of the fraudulent activities. As a result of these discoveries, legal proceedings were able to be taken against the individuals responsible for the fraud. Additionally, suggestions were made for the creation of transparent processes, better verification procedures, improved security protocols, greater awareness and training, and recommendations for higher security standards.

9. Recommendation

Organizations must effectively use forensic accounting techniques for effective combat of the financial fraud in the financial management and auditing processes. Indeed, companies should enlist for advanced fraud detection tools, such as data analysis, artificial intelligence, data science and blockchain, amongst others, to fortify the accuracy and rate of fraud investigation. Forensic accounting training programs for accountants, auditors, and financial analysts are the proper channels to invest in order to acquire the necessary skills to investigate and combat fraudulent activities. Also, the organizations should create separate forensic accounting units to monitor financial transactions, look into suspicious activities, and build internal control system. Furthermore, regulatory authorities should mandate stricter compliance measures and industry specific forensic accounting guidelines, so that transparency and accountability can be achieved. Forensic accounting frameworks should be put in place to detect the fraud patterns and minimize the risk among industries which are vulnerable to financial frauds such as banking, insurance, healthcare and real estate. Strong corporate governance, whistleblower protection laws and fraud risk assessment mechanism will also contribute greatly in preventing financial misconduct. Building an effective beverage alcohol fraud prevention ecosystem requires active assistance from corporations, forensic accounting experts, law enforcement agencies, and policymakers. Furthermore, case studies and real life investigations should be studied to the finest detail, so as to improve forensic accounting practices and build more fraud detection models. With proactive fraud detection, regulatory oversight and industry specific

foreground accounting applications, organizations can minimize financial fraud risks while reinforcing investor confidence and protecting the overall financial security in a changing business scene.

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