

FROM THE EDITOR'S DESK

Greetings!

Forensic accounting has risen to prominence because of increased financial frauds popularly known as white collar crimes. Forensic accounting can be described as a specialized field of accountancy which investigates fraud and analyse financial information to be used in legal proceedings. Forensic accounting uses accounting, auditing, and investigative skills to conduct investigations into theft and fraud. It encompasses both Litigation Support and Investigative Accounting.

Forensic audit can be defined as an examination of evidence regarding an assertion to determine its correspondence to established criteria carried out in a manner suitable to the court.

Objectives of Forensic Accounting and Auditing

- To use the forensic accountant's conclusions to facilitate a settlement, claim, or jury award by reducing the financial component as an area of continuing debate
- To avoid fraud and theft
- To restore the downgraded public confidence
- To formulate and establish a comprehensive corporate governance policy
- To create a positive work environment

A forensic accountant can ensure the integrity and transparency of financial statements by actively investigating for fraud, identifying areas of risk and associated fraud symptoms and a good fraud prevention program can help to create a positive working environment where employees do not indulge themselves to abuse their responsibilities. So, by helping companies to prevent and detect fraud the forensic accountants can help to establish a comprehensive corporate governance policy.



Forensic accountants can support the propagation of the required information about governance and ethics policies to interested parties within and outside the organization. In this way they can help to maintain a good image of their respective companies to its stakeholders and also build up effective communication process and transparency.

The fraud prevention strategy outlines a high level plan on how the organization will go about implementing its fraud prevention policy. An effective fraud risk management approach encom-

passes controls that have three objectives:

- Prevent
- Detect
- Respond

Fraud risk management strategy can follow the following steps:

- Identify risk areas.
- Understand and assess the scale of risk.
- Develop a risk response strategy.
- Implement the strategy and allocate responsibilities.
- Implement and monitor the suggested controls.
- Review and refine the process and do it again.

Fraud risk management is not a one-time exercise but a continuous process. As businesses change and grow, so do their fraud risks.

This issue presents a good number of articles on the cover story theme 'Forensic Accounting and Audit' by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal under this section. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.