



THE ROLE OF THE ACCOUNTANT IN CONTROLLING FRAUD AND MANIPULATION IN THE ACCOUNTING SYSTEM

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Article history:		Abstract:
Received:	6 th February 2025	The purpose of the research is to illuminate the role of the forensic accountant as an independent variable in reducing the fraud and manipulation of accounting statements as a dependent variable. Ascertaining the purposes in the research required the descriptive approach, given the nature of the research. The research tool was to design a questionnaire that was distributed to a clustering of workers in commercial banks in Basra. The researchers found that the forensic accountant must be familiar with the legal concepts, procedures, and rules, and must identify the legal form and substance with regard to any case with which he works. He should be in judicial commitments to perform an analysis, interpretation, summarization, and presentation of complex subjects clarifying the financial and business merits in an understandable and properly supported manner. One of the most important results reached is that fraud and manipulation of accounting statements are among the most dangerous financial and economic crimes in the current era. The researchers recommend themselves that the forensic accountant should continue at regular intervals to develop his administrative skills by means of endorsements, courses, and training trips to assure that he is well-informed and experienced in explaining and understanding the laws and legal rules in order to identify the suitable material. or legal rule in every case before him.
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INTRODUCTION:

The great global interest in the forensic accountant profession and the continuous development of the forensic accountant's qualifications and skills and the techniques he uses in commercial banks (Omondi, 2013). The research problem is derived from the reality of Iraq, in which corruption is increasing and developing, and the regulatory and investigative authorities are limited to traditional means of methods and people (Julius, 2011). Therefore, will the forensic accountant help in reducing fraud and manipulation of the accounting lists? Will the qualifications and skills that the forensic accountant possesses limit fraud and manipulation in the accounting statements? Accounting statements. Providing the necessary qualifications and skills for forensic accountants and the variable of administrative and financial corruption (Singleton .T& (Singleton .A, 2010).

Due to the great global interest in the forensic accountant profession and the continuous development of the forensic accountant's qualifications and skills and the techniques he uses in the investigated banks to limit fraud and manipulation of accounting statements (Bhasin, 2015). The research problem is derived from the reality of Iraq, in which corruption is increasing and developing, and the oversight and investigative authorities are limited to traditional means of methods and people, and through the following questions the research problem is highlighted:

- A- Does the forensic accountant help in reducing fraud and manipulation of accounting statements?
- B- Will the qualifications and skills of a forensic accountant limit fraud and manipulation of accounting statements?

THE IMPORTANCES OF STUDY

The research finds its importance by shedding light on the duties that a chartered accountant must undertake by obligating him to inform the contracting party with him about all cases and errors, both fundamental and non-essential, that would cause a waste of money and the extent of the responsibility he bears in the event of his breach of those duties assigned to him within the limits (Cunningham, 2002). Fraud and manipulation in accounting statements, as well as the importance of the role of the forensic accountant in the Integrity Commission as the investigative body responsible for investigating corruption, as well as the competent courts to contribute to resolving

disputes or cases of fraud and manipulation in accounting statements, waste of money, or issues of a financial and accounting nature (Awolowo, 2019).

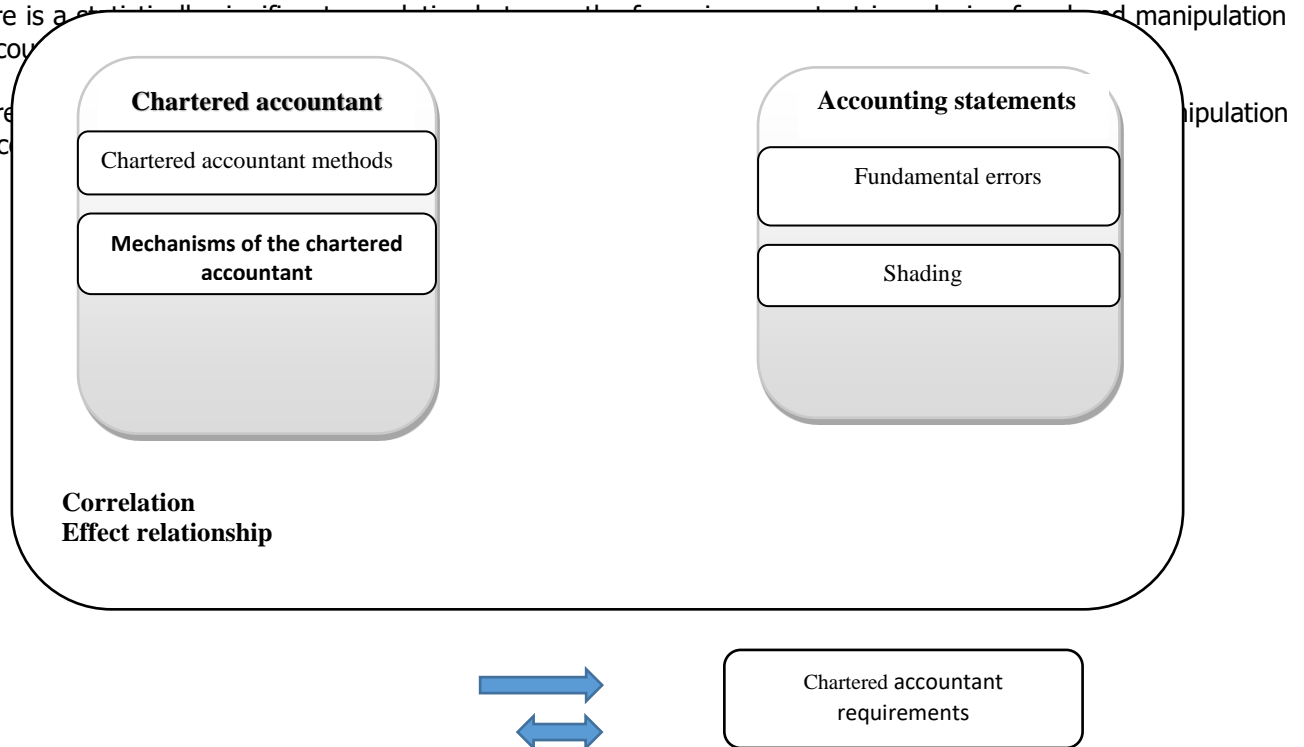
OBJECTIVE OF THE STUDY:

The research's goal is to clarify the role of the forensic accountant and to attract the attention of the Integrity Commission to the significance of the forensic accountant as an assisting tool for the investigative and judicial authorities to reach final judgments regarding the accounting fraud and manipulation phenomenon. Clarifying the relation between the forensic accountant and both the accounting fraud and the manipulation that are part of the corruption problem. Clarifying the services that forensic accountant can offer for the society. Clarifying the qualifications and skills that the forensic accountant should own. The research included 4 main sections, the first was the research's methodology, the second discussed the research's theoretical framework, which was the forensic accountant's concept, the fraud, and the manipulation in the accounting lists' concept for research purposes. The others were the basis of the applied aspect of the research, and the last was the conclusive recommendations.

Hypothesis of the study:

H1: There is a statistically significant relationship between the forensic accountant's role and manipulation in the accounting statements.

H2: There is a statistically significant relationship between the forensic accountant's role and manipulation in the accounting statements.



Procedural plan for the study:

Figure (1): Hypothetical study diagram

DEFINITION OF A CHARTERED ACCOUNTANT:

According to the forensic accountant, it is a characteristic set of accounting, financial, analytical, investigative, and research knowledge and skills based on collecting and evaluating proof using quantitative methods and presenting them (Chukwu et al, 2019). The science of forensic accounting is defined as the science that aims to collect and present financial information contrary to the offenders of the crime in question in an acceptable and understandable way for the competent court. According to Abdullah Abdullah (2017), on the other hand, in other words, "It is application that combines accounting and mental skills in conflict solving and is conducted by forming evidentiary evidence. Eyisi, on the other hand, defined forensic auditing as an examination of financial statements to make them useful for court use (Okoye, 2009). Moreover, on the other hand, it is an institutional application that combines accounting and law with the aim of finding solutions to accounting problems regarding litigation and settlement of



financial and economic disputes and investigation of corruption, manipulation, fraud and direct allegations of misrepresentation (Aksoy & Uzay, 2021). The American Institute of Certified Public Accountants asserts that forensic accounting involves applying specialized expertise and investigative techniques by certified public accountants whose services employ specialized accounting, auditing, and other abilities such as economics and taxes (Salleh & Ab Aziz, 2014). Combining sciences with technology, forensic accountants explore fraud and other illegal acts involving the disciplines of accounting, finance, management, and criminology. Such unlawful behavior includes fraud, risk evaluation, dispute resolution, litigation advising, and certification (Arruñada, 2013). Experts in this field conduct financial examinations, assist in resolving actual or potential conflicts, and assess businesses and other assets through fraud inspection or employing analytical and written reporting skills. Variations in sentence structure, length, and complexity help ensure a more human-like tone when explaining this niche accounting practice. While intricately exploring financial malfeasance requires diligent research, communicating findings to stakeholders necessitates clarity and comprehensiveness using a wide stylistic range (Silverstone et al, 2012).

DUTIES AND OBLIGATIONS OF A CHARTERED ACCOUNTANT

- (1) Auditing all cost and expenditure accounts, tracking all the company's incoming and outgoing data, and recording this in official records.
- (2) Seeking to uncover any accounting fraud within the company.
- (3) Working to give companies the final opinion on accounting matters according to a scientific method, especially on tax matters.
- (4) He assumes responsibility related to the accounting books with the aim of identifying the sources of income and all the company's expenses.
- (5) Carrying out financial planning according to analyzes obtained through statutory accounting.

Fraud and manipulation of financial statements

Fraud means an intentional act by one or more members of management, those charged with governance, employees, or external parties that involves resorting to deception to obtain a benefit that is not his or her right or that is illegal (Buell, 2011). The term fraud is used in the field of accounting and auditing and also has several meanings. Including embezzlement, manipulation, and fraud, and what the definition of these terms focuses on about the meaning of fraud is that it includes several elements in order to commit it with premeditation, bad faith, and intentionally, and not by chance, in an effort to mislead and hide from the eyes of users of financial reports. The concept of error leads to unintentional distortion in Financial reports and that the possibility of its occurrence exists in any accounting system and at any stage of the financial reporting process (Rezaee, 2005).

Reasons for cheating: One of the reasons for cheating

It can be specified as showing the facility's situation in a better way than it is and encouraging investors to buy its shares and increasing the percentage of profits per share. Obtaining additional loans or improving the terms and conditions of existing financing operations (Siegel, 2021). Achieving the company's goals and objectives of achieving the largest possible amount of profits. Obtaining additional bonuses and incentives based on the company's financial performance. Showing profits as little as possible in order to reduce the tax or evade it and embezzle the company's assets. The establishment pays amounts for goods or services that have not been received. Management is under pressure from internal or external sources. Avoid the consequences of management's failure to achieve its financial goals (Ittner et al., 2003).

METHODOLOGY AND STATISTICAL ANALYSIS

Due to the nature of this study, the analytical approach was used in order to reach the goals that this study seeks to achieve, taking into account the use of laws and instructions that specify the responsibility of the chartered accountant for fraud and errors in the financial statements.

1. Dimensions of the administrative and legal responsibility of a chartered accountant

While the statistical data presented on the varied attributes of a chartered accountant painted an illuminating portrait, the complexity of their multifaceted role defies simplistic categorization. As the following table elucidates, each dimension rated remarkably high in its influence and outcome, though the subjective nature of such metrics leaves room for deeper discussion. Table 1 quantifies the arithmetic averages, standard deviations, scoring assessments, and comparative significance of the leading qualities defining the independent function and duties of this vital professional, as gleaned from a sample size of 300 detailed evaluations. Nonetheless, the heart of the matter transcends numerical

valuation alone, demanding sensitive consideration of both measurable and less tangible impacts on responsible leadership.

Table (1) Summary statistical test for administrative and legal responsibility of the chartered accountant

The Main Dimension	Arithmetic Mean	Standard Deviation	Answer Score	Relative Importance
Methods of the chartered accountant	3.94	0.82	high	The First
Mechanisms of the chartered accountant	3.85	0.83	high	The Third
Chartered accountant requirements	3.93	0.96	high	The Second
The general rate of the administrative and legal responsibility variable for a chartered accountant	3.81	0.92	high	-

Referring to the table data above, it is clear that relative importance degrees of the sample of the study's answers for the criterion The dimension of methods of chartered accountant is the first, whereas It was the last of the dimension of the one of the requirements of chartered accountant. According to the general arithmetic mean of the variable of the administrative and legal responsibility of the chartered accountant, it equals to 3.81, with the general standard deviation equal to 0.92.

2. Dimensions of financial statements

Based on the presentation of statistics on descriptive financial statement dimensions, we can see that the levels of all the dimensions were moderate to high. The evaluation of the information presented in the chart lets us state that all the answers are significant in terms of the taken sample since 7.40 is just as much more of the sample mean of 7.21 without significance. According to the chart evaluation, the most essential dimensions are Length, Clarity, Relevance, Completeness, and Cost to Prepare.

Table (2) Summary statistical test for the financial statements variable

The Main Dimension	Arithmetic Mean	Standard Deviation	Answer Score	Relative Importance
Fundamental errors	4.23	0.81	Moderate	The First
Shading	4.08	0.74	Moderate	The Second
-	3.95	0.82	High	-

After the presentation on the topic of the statistical descriptions of the dimensions of financial statements. However, the information may also be provided in a table. Table: Arithmetic means, standard deviations, answer scores, and the relative importance of the main dimensions of financial statements' variable n=300.

Second: Testing the research model and statistical measurement of hypotheses

H1: There is a significant correlation between the dimensions of the administrative and legal responsibility of the chartered accountant and the dimensions of the financial statements

The researchers assumed the existence of a significant and positive relationship of administrative and legal responsibility of the chartered accountant in the financial statements. This assumes that the administrative and legal responsibility of the chartered accountant is a function of the reality of the financial statements. Increase in the dependent variable results in a decrease in independent variable in the direction relationships. The independent variables were manipulated and subjected to statistical regression tests of estimated B. All criteria employed were tested, and therefore, the best estimate of the causal impact was carried out as shown in some of the obvious models. There are no independent variables and their interactions which can be subjected to a sophisticated linear SEM model, and it raises the questions, "is the causal level of the observed order?" The data was tested using statistical program SMART PLS as shown in Figure 2. The table below shows the SEM – PLS. The results are as follows:

Figure (2) Correlations between the administrative and legal responsibility of the chartered accountant and the financial statements

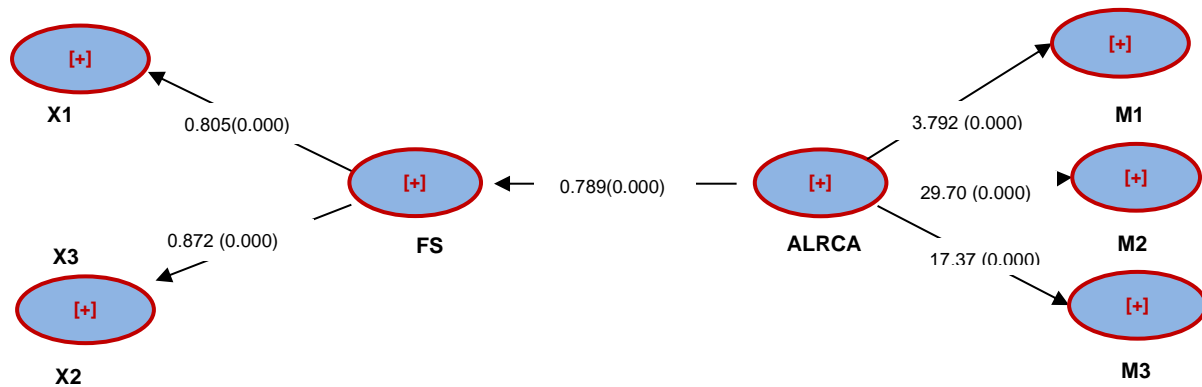


Table (3) Combined Correlations

		ALRCA	FS
ALRCA	Pearson Correlation	1	894**
	Sig. (2-tailed)		.000
	N	300	300
FS	Pearson Correlation	894**	1
	Sig. (2-tailed)	.000	
	N	300	300

**. Correlation is significant at the 0.01 level (2-tailed).

From table 1, the correlation matrix, it is found that the strong, significant correlation has already appeared at the level of sig.1% between the variable and its total dimensions I, and F taking a high significant level for the association of the variable and its total dimensions, and F which amount of the correlation coefficient in that case where $r = 0.894$. Therefore, it indicates that the first main null hypothesis is verified and that the banks of the sample investigated are aware well of the importance of the chartered accountants' administrative and legal responsibility for achievement of the financial statements.

Second - The second main hypothesis

H2: that there is a significant effect between the administrative and legal responsibility of the chartered accountant and the financial statements.

The hypothesis reads: "There is a moral correlation between the administration and legal liability of the chartered accountant and the financial statements assuming that the atmosphere is toxic". The null hypothesis is "work No function of administration and legal liability of the chartered accountant". A statistic representation of the beta-factor effect size among the variables is less than 1 will be tested. Based on the Structural Equation. (SEM-PLS), the statistical software based on estimates of the Beta factor effect size and the level of significance appears on the arrow linking the independent variable to the dependent variable as shown in Figure 3. and Table 4. It reads as follows:

Figure (3) Results of the simple regression analysis test Administrative and legal responsibility of the chartered accountant in the financial statements.

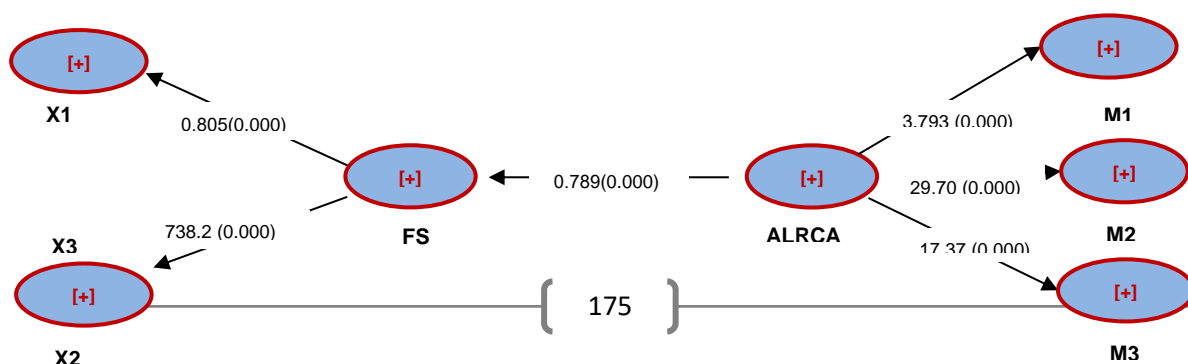


Table (4): Simple regression analysis between the administrative and legal responsibility of the chartered accountant and the financial statements combined

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.321	0.367		3.201	0.000
	ALRCA	1.720	0.061	0.863	26.87	0.000

- Dependent Variable: F.S
- R Square = 0.773, F = 284.275**
-

From the table, it is clear that there is the presence of a significant influence relationship between the administrative and legal responsibility of the chartered accountant and financial statement, lest the unstandardized beta coefficient between them reaches 1.70. The calculated t value is 26.890. This implies that the beta coefficient is significant at 1. The f test value is 284.275 which is significant at 1 meaning that the power of test for the model is 1 that is the interpretation coefficient R² is 0.773.

CONCLUSIONS AND RECOMMENDATIONS

Forensic accountants need to know legal concepts, procedures, and rules and to determine the legal form and substance in the case of a dispute. Forensic engagements typically involve an inquiry to describe, interpret, summarize, and present financial and business matters in such a way that they are understood and properly supported in the court. This can be done when fraud and manipulation of accounting statements would be associated with it. Some of the positions that forensic accountants can do include a consultant, internal auditor, a specialist in banks and examiners, and an evaluator of commercial companies under guardianship, lawyer, and professor. Some of the services that chartered accountants can provide include litigation support, participation as an expert with business opportunities, evaluation of business, and contracting with lost profits. An audit activity is a significant social activity relative to society; therefore, it has many challenges. One of the most dangerous financial and economic crimes of this present generation is fraud and manipulation of accounting statements. Banks are the most affected by fraud and manipulation of accounting statements in the world today. World trends are developing rapidly, and the world in all its forms is experiencing very rapid change. This change gives rise to challenges; accountants should be able to meet and address these challenges. Another thing that can be assigned to forensic accountants is that they are required to continue on a regular basis to build up their administrative skills through courses of specialization to be well informed and skillful to interpret and adequately understand the laws and legal rules in order to determine the applicable legal material or rule for the case in hand. Therefore, the works of both auditors, either internal or external, and the forensic accountant differ in that the ability of the auditor to investigate a corruption case is limited, as the auditor's capabilities are also limited, unlike the forensic account who can practice investigation, analysis, and evaluation of evidence.

Consequently, it is essential that proper training programs shall be prepared to qualify the forensic accountant in the Integrity Commission. For instance, if forensic accounting is implemented through the use of the techniques of forensic accounting, in order to detect fraud and the manipulation of accounting lists falling within the corrupt. Thus, a forensic accountant shall be prepared and in his works can keep the cases submitted to him secret and should not disclose them to a third party through training and qualifying in accordance with the standards drawn up in this specialized area of knowledge and professionalism. We emphasize the preparation of a forensic accountant who has



high abilities in the auditing and the accounting aspects by reading and following the development in the field. The accounting standards, auditing, new accounting treatments, and new technology.

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