DSEA08 – Forensic Accounting and Fraud Examination

Master of Commerce
Semester IV
DSE – Elective Paper
Forensic Accounting and Fraud Examination

Course Type/ Course Code	Course Title	Lectures	Tutorials	Practical	Credit	Pre-requisites
DSEA008	Forensic Accounting and Fraud Examination	3	1	0	4	Nil

Objectives: The course aims to provide students with a foundational understanding of forensic accounting and fraud examination. They will learn key concepts related to forensic accounting, investigation techniques, types of fraud, fraud detection methodology, fraud prevention strategies, and legal framework. The course will also equip students with the analytical, investigative, and critical thinking skills required for effective fraud examination in real-world scenarios. It will prepare the students to address the growing challenge of fraud globally, especially in the light of the limitations of traditional accounting and auditing practices.

Learning Outcomes: After the completion of the course, the students will be able to:

- Understand the conceptual framework and relevance of forensic accounting and its practical applications in detecting and preventing fraud.
- Analyze the causes and motivations behind fraud, interpret legal definitions, and apply the Fraud Triangle theory to real-world cases.
- Identify and classify various types of fraud, including financial, cyber, banking, insurance, and corruption-related frauds.
- Apply appropriate tools and techniques to detect fraud and conduct structured fraud examinations.
- Examine the fraud prevention strategies and understand the roles of corporate governance, management, and regulatory authorities in fraud deterrence.

Contents:

Unit I **(11 Hours)**

Forensic Accounting- Meaning and Concept, History and Evolution, Scope, Importance and Application; Role and Qualifications of a Forensic Accountant; Process of Forensic Accounting; Forensic Accounting Vs Traditional Auditing; Techniques of Forensic Accounting; Forensic Accounting and Investigation Standards (FAIS); Need for Forensic Accounting; Challenges in the Implementation of Forensic Accounting.

Unit II **(10 Hours)**

Meaning and Definition of Fraud; Concept of Fraud under Companies Act, 2013 and other Legal Provisions; Causes and Motivations Behind Committing Fraud; Fraud Triangle Theory; Red Flags and Warning Signs of Fraud; Victims of Fraud; Impact of Fraud on Various Stakeholders.

Unit III **(12 Hours)**

Types of Frauds- Misappropriation of Cash or Assets, Financial Statement Frauds, Securities Fraud, Insurance Frauds, Capital Market Frauds, Bank Frauds, Cyber Frauds, Procurement Fraud, Bribery and Corruption, and Money Laundering; Major Corporate Frauds in Indian and Global Contexts

Unit IV **(12 Hours)**

Fraud Detection Methods- Financial Statement Analysis, Ratio and Trend Analysis, Benford's Law Analysis, Internal Audits and Control, External Audit Procedures, Data Analytics Techniques, and Whistleblower Reporting Mechanisms; Fraud Examination Procedure - Analysis of Documents, Evidence Gathering, Interview Techniques, Analysis of Data, and Preparation of Reports; Fraud Prevention Strategies; Role of Corporate Governance in Fighting Fraud; Management and Auditors' Role in Fraud Prevention; Role of Regulatory Authorities in Fraud Deterrence.

Tutorial Exercise:

The students shall be asked to examine a recent case of corporate fraud, covering key events, modus operandi, involved parties, red flags, and forensic techniques. They must compare various types of fraud, analyze financial statements using ratios to detect anomalies, and understand Indian forensic accounting standards and their relevance in professional practice. Students will apply the Fraud Triangle theory, use Benford's Law for data analysis, and prepare an investigative report involving evidence collection and interviews. Additionally, they must design fraud prevention strategies that emphasize internal controls and effective reporting mechanisms.

Suggested Readings

- Albrecht, W. S., Albrecht, C. O., Albrecht, C. C., & Zimbelman, M. F. (2024). *Fraud examination*. Cengage Learning.
- Baldava, S., & Agarwal, D. (2025). *Forensic investigations and fraud reporting in India*. Bharat Law House Pvt. Ltd.
- Baxi, J. (2021). *New era of forensic accounting*. Bharat Law House Pvt. Ltd.
- Crain, M. A., Hopwood, W. S., Gendler, R. S., Young, G. R., & Pacini, C. (2019). *Essentials of Forensic Accounting*. John Wiley & Sons.
- Hopwood, W. S., Leiner, J. J., & Young, G. R. (2011). *Forensic Accounting and Fraud Examination*. McGraw-Hill Education.
- Institute of Chartered Accountants of India. (2023). *Forensic Accounting and Investigation Standards (FAIS)*.ICAI

- Jeswani, B. (2025). *The Frauditor: A beginner's guide to forensic accounting and fraud investigations*. Bharat Law House Pvt. Ltd.
- Kranacher, M. J., & Riley, R. (2024). *Forensic Accounting and Fraud Examination*. John Wiley & Sons.
- Manning, George A. (2010). *Financial Investigation and Forensic Accounting*. Routledge.
- Silverstone, H., Sheetz, M., Rudewicz, F., & Pedneault, S. (2012). *Forensic Accounting and Fraud Investigation for Non-Experts*. John Wiley & Sons.
- Skalak, S. L., Golden, T. W., Clayton, M. M., & Pill, J. S. (2011). *A Guide to Forensic Accounting Investigation*. John Wiley & Sons.
- Wells, J. T. (2014). *Principles of Fraud Examination*. John Wiley & Sons.

Note: Learners are advised to use the latest edition of readings.