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Review Article

Building the Foundation: Towards a Theoretical Framework for Forensic Accounting

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Abstract

This study proposed a forensic accounting theory after examining how the impact of certain variables and their interplay on forensic accounting practices can contribute to developing integrated and robust fraud prevention strategies, enhance organizational accountability, and strengthen the overall integrity of financial and internal control systems. In literature, most studies on forensic accounting and fraud prevention have primarily focused on broader aspects such as governance, ethics, and accountability and are largely predicated on theories such as fraud diamond theory and agency theory that seek to understand the causes of fraud, highlighting the importance of forensic accounting in fraud prevention and detection, without suggesting practical forensic accounting frameworks. Also, the forensic accounting theory developed by Peterson Ozil in 2020 examines how the investigator's attitude or mindset at the time of decision-making influences the outcomes of a forensic investigation. While these studies provide valuable insights into the overall context of fraud prevention, there is a scarcity of research on the specific forensic accounting processes that should be implemented to enhance the effectiveness of fraud prevention measures. This is the significant difference between the current study and previous studies. Therefore, the proposed Vutumu Forensic Accounting Theory serves as the guiding philosophy that underpins the integrated approach of combining control system reliance, litigation support, whistleblower hotlines, sustainable governance systems, ethical philosophy, digital fraud review frequencies, accounting record to reporting quality, and the frequency of system reviews, thereby enabling organizations to establish a proactive framework that addresses various dimensions of fraud prevention and detection. The implementation of the theory emerges as a formidable and comprehensive anti-fraud strategy, seamlessly integrating multiple elements to create a robust defense against fraudulent activities, safeguarding financial integrity, ethical conduct, and accountability within organizations. Furthermore, it is the researcher's desire that this study serve as a foundation for further research and practical implementation of forensic accounting frameworks in strengthening the ability to detect and prevent fraud.

Keywords

Forensic Accounting, Fraud Prevention, Fraud Detection, Vutumu Forensic Accounting Theory, Internal Control

1. Introduction

In the realm of modern business, where financial transactions occur at an unprecedented pace and complexity, the need for robust mechanisms to detect, prevent, and address financial irregularities has become increasingly imperative. According to

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Shbeilat & Alqatamin [1], financial crimes and fraudulent activities have increased and created many challenges for the global economy. Ugbede, Ekpete, & Yahaya [2] allude that the rate at which fraud techniques are advancing in the financial world is alarming, thriving almost unabated across economic sectors, especially in most developing economies [3, 4]; a bane of slow development [5], and represents a significant threat to organizations' financial stability.

Forensic accounting stands as a pivotal discipline at the intersection of finance, law, and investigation, tasked with unraveling intricate webs of this financial deception and malpractice. With its focus on fraud prevention, detection, and investigation, forensic accounting has gained prominence in recent decades as a powerful tool in the fight against fraud in various contexts worldwide [6]. However, there remains a conspicuous gap in its theoretical underpinnings. This article aims to bridge this void by proposing a comprehensive theoretical framework for forensic accounting, shedding light on its fundamental principles and significance in fraud prevention and detection.

Traditionally, forensic accounting has been viewed as a reactive discipline, stepping in after financial misconduct has occurred to investigate, analyze, and report findings for legal proceedings. However, as the complexities of financial transactions and corporate structures evolve, there is a growing recognition of the need for a proactive approach to forensic accounting that anticipates, detects, and prevents fraudulent activities before they escalate.

The absence of a cohesive theoretical framework not only limits the advancement of forensic accounting as an academic discipline but also hampers its effectiveness in practice. Without a solid theoretical base, forensic accountants may rely solely on procedural guidelines and ad-hoc methodologies, potentially overlooking crucial insights and opportunities for intervention. Moreover, the proposed theoretical framework emphasizes the importance of interdisciplinary collaboration in advancing the field of forensic accounting. By fostering dialogue and collaboration among practitioners, academics, policymakers, and other stakeholders, we can enrich our understanding of financial crime, enhance the effectiveness of investigative techniques, and promote best practices in fraud prevention and detection.

Furthermore, the proposed theoretical exposition acknowledges the evolving landscape of financial crime, propelled by technological advancements, globalization, and interconnected financial systems. In an era marked by cyber threats, money laundering schemes, and sophisticated fraud schemes, the role of forensic accounting assumes heightened significance in safeguarding economic interests and upholding public trust.

In the subsequent sections of this article, we delve into the key components of the Vutumu Forensic Accounting theoretical framework, exploring its implications for research, education, practice, and policy. Through this endeavor, we seek to contribute to the ongoing development and professionalization of forensic accounting as a vital component of corporate governance, regulatory compliance, and financial integrity.

2. Research Problem

Despite advancements in forensic accounting, there remains a lack of comprehensive theoretical frameworks guiding its practical application, hindering its efficacy in detecting and preventing fraudulent activities effectively.

3. Empirical Review and Gap Analysis

Forensic accounting, as defined by the American Institute of Certified Public Accountants (AICPA), is "the application of accounting principles, theories, and disciplines to facts or hypotheses at issue in a legal dispute and encompasses every branch of accounting knowledge" [7]. This, therefore, implies that the traditional role of forensic accounting entails using a tripartite combination of accounting principles, auditing methods, and investigative procedures to solve legal issues based on historical data. It is a fundamental tool that contributes to combating the scourge of frauds at corporate levels and in governmental establishments [6], ensuring transparency in business operations and any possible loopholes of conflicts of interest are identified and managed [8].

In literature, a forensic accounting theory developed by Ozil in 2020 states that "the techniques and methods used to detect fraud reflect the accounting and non-accounting decisions that were taken into consideration by the forensic investigator [9]. The theory focuses on forensic investigation and the attitude of the forensics investigator at the decision time, irrespective of the experience, skills, or knowledge. The proposed Vutumu Forensic Accounting Theory introduces a fundamental distinction by advocating for comprehensive and integrated processes to effectively address fraud prevention and detection within organizations. The focus is on forensic accounting processes that should be implemented for an organization to confront fraud from all fronts. So, the proposed theory is premised on fraud prevention as the first line of defense and then on fraud detection as the second line of defense when the first line of defense fails to deter occurrence.

Studies have mostly demonstrated the important role forensic accounting plays in the fight against fraud in organizations. Studies have also been conducted on specialized institutions and agencies such as anti-fraud organizations and accounting bodies. For example, Fiergbor [8] on the role of forensic accounting in the prevention and detection of fraud in the management of projects in Ghana; Afriyie, et al. [10] on the relevant forensic accounting knowledge in fraud detection and prevention in the public service institutions in Ghana; Ogiriki & Appah [11] on the empirical analyses of the effect of forensic accounting and auditing techniques on public sector fraud detection, investigation, and prevention in Nigeria; Bangura [12] on the effect of forensic accounting techniques on fraud prevention in Sierra Leone deposit money banks (DMBs). All these studies found a significant relationship between forensic accounting, and fraud prevention and detection. However, these studies did not identify any set of specific forensic accounting variables or processes that are influencing the relationship, thereby indicating a need for comprehensive studies in this area to enhance the understanding of fraud prevention and detection mechanisms.

To date, most studies on fraud prevention have primarily focused on broader aspects such as governance, ethics, and accountability; for example, Bassey & Ahonkhai [13] on the effect of forensic accounting and litigation support on fraud detection of banks in Nigeria; and Alzoubi [14] examined the role of forensic accounting and corporate governance in enhancing the internal control effectiveness. Other studies looked at specific processes, such as litigation impact, digitalization, and internal control systems, that are related to fraud prevention. For example, Ugochukwu & Okenwa [15] found that the appropriate application of digital forensic technique effectively predicts material misstatement tendencies in the pre and post-IFRS Financial Statements. While these studies provide valuable insights into the overall context of fraud prevention, there is a scarcity of research on the specific forensic accounting systems and processes that should be put in place to enhance the effectiveness of internal control systems in the prevention of fraud.

Furthermore, in the absence of a forensic accounting theory, most studies on forensic accounting have been predicated on borrowed theories from other disciplines, such as policeman theory, white-collar theory, fraud diamond theory, and agency theory, which are theories that seek to understand why and how fraud occurs. For instance, Olaniyan, Ekundayo, Oluwadare, & Bamisaye [16] examined forensic accounting as an instrument of detection and prevention of fraud in the Nigeria public sector, specifically Ministries, Departments, and Agencies predicated on policeman theory, white-collar theory, fraud diamond theory, and Ugbede, Ekpete, & Yahaya [2] who studied forensic accounting as a tool for fraud prevention in the Deposit Money Bank in Nigeria anchored on White Collar Crime Theory. These studies have mostly been centered on the appraisal of surveys and empirical studies that highlight the importance of forensic accounting in fraud prevention and detection without suggesting practical solutions. In other words, the studies concentrated on the "what" of forensic accounting and very limited studies on the "how." Recommendations are typically on training of staff, sensitization, or simply that organizations should set up forensic accounting units or implement forensic accounting. These solutions are pertinent to their studies' objectives but superficial, sometimes vague, and complicated in resolving the problem of fraud, which is deeply rooted in an organization. The Vutumu Forensic Accounting Theory proposes a set of multifaceted and integrated processes, laying a foundation for a new perspective on forensic accounting approach to fraud prevention and detection.

4. Vutumu Forensic Accounting Theory (VFAT)

From the above background, we propose Vutumu Forensic Accounting Theory, which postulates that understanding the impact of certain variables and their interplay on forensic accounting practices contributes to the development of robust fraud prevention strategies, enhances organizational accountability, and strengthens the overall integrity of financial and internal control systems. Specifically, the variables as identified by the researcher include control system reliance, litigation support, whistleblower hotline, sustainable governance system, ethical philosophy, digital fraud review frequencies, accounting record to reporting quality, and frequency of system reviews. In other words, the Vutumu Forensic Accounting Theory encompasses these variables that are deemed to significantly impact fraud prevention and detection practices. The researcher believes that these variables play crucial roles in ensuring the effectiveness and reliability of forensic accounting investigations, comprehensively addressing fraud risks, and enhancing fraud prevention efforts. By considering these variables, forensic accounting theory aims to ensure financial integrity, ethical conduct, and accountability within organizations.

The Vutumu Forensic Accounting Theory conceptual framework below explores the interplay between proposed variables and fraud prevention/detection.

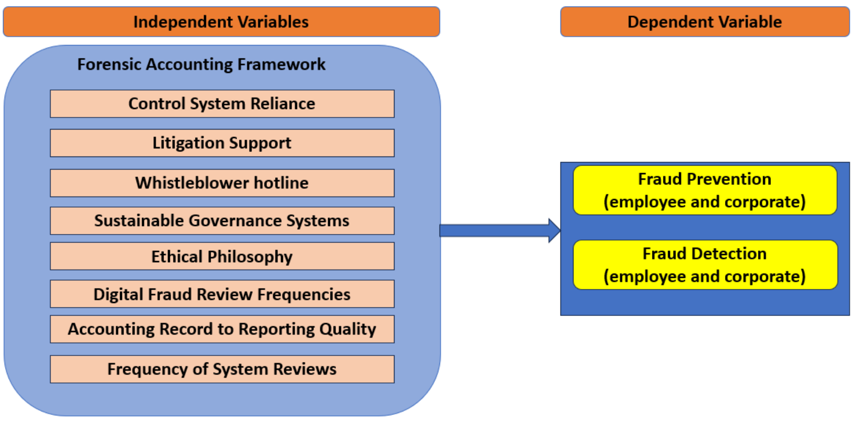

Figure 1. *Vutumu Forensic Accounting Theory Conceptual Framework.*

Attributes of Vutumu Forensic Accounting Theory

4.1. Litigation Support

Litigation support is the extent to which the organization is prepared to engage in legal actions against individuals or entities involved in fraudulent activities. It assesses the organization's ability to collect and preserve evidence, collaborate with law enforcement agencies, and pursue legal actions against wrongdoers. Vutumu Forensic Accounting Theory posits that litigation support in the fraud prevention role involves proactively evaluating the financial landscape of an organization, identifying potential vulnerabilities, and assessing the risk of fraud. In fraud detection, litigation support thoroughly examines financial records, transactions, and other evidence, helping uncover fraudulent activities that may be concealed within complex financial data. This means that forensic accounting plays a pivotal role in litigation support by offering financial expertise in legal contexts. The litigation support role of a forensic accountant, therefore, requires him to provide support of an accounting nature in a matter involving existing or pending litigation relating to economic damages [17] or as Enofe, Ekpulu, & Ajala [18] state, litigation support service of a forensic accountant involves the presentation and interpretation of various financial issues related to existing or pending litigation. As a result of the nature of forensic accounting, litigation services form an important aspect of the profession. Through a combination of financial acumen and investigative skills, forensic accounting enhances the legal process by providing clear and concise financial insights, ultimately supporting the resolution of disputes and the administration of justice.

Further to the important role of forensic accounting in litigation support, Agu & Okoye [20] examined how the audit expectation gap can be bridged by the application of forensic accounting in Nigerian Deposit Money banks in Enugu State of Nigeria and discovered that there is a significant relationship between litigation support services and forensic accounting. These findings were confirmed by Okoye & Ndubuisi [21], who examined the effect of forensic accountants' expert testimony in litigation and the objectiveness of forensic investigation in Deposit Money Banks (DMBs) in Nigeria. Also, by Gbegi & Habila [19] on the effect of forensic accounting evidence on litigation service in the Nigerian Judicial system.

In summary, litigation support within the realm of Vutumu Forensic Accounting Theory is instrumental in both preventing and detecting fraud because by assessing risks, enhancing internal controls, and utilizing investigative expertise, forensic accountants contribute to a proactive and vigilant approach to fraud management within organizations.

4.2. Whistle Blower Hotline

Whistleblowing is when an individual internally or externally raises a concern about a danger, risk, malpractice, or wrongdoing within an organization, generally deemed illegal, immoral, illicit, unsafe, or fraudulent [22]. Albrecht, Holland, Skousen, & Skousen [23] stated that whistle-blower is the disclosure by members of an organization (former or current members) and external stakeholders of illegal, immoral, or illegitimate practices under the control of their employers to persons or organizations that may be able to take action. External stakeholders include customers, vendors, lenders, and anonymous whistleblowing sources. PwC [24] noted that whistleblowing is an effective tool in the fight against fraud and an important source of information on potential wrongdoing in an organization.

A whistleblower hotline is a crucial component of fraud prevention and detection within the framework of Vutumu Forensic Accounting Theory, and its role extends to creating an avenue for individuals to report suspected fraudulent activities, ethical breaches, or other misconduct within an organization. Forensic accountants utilize information obtained through the whistleblower hotline to conduct detailed investigations, enabling timely detection and mitigation of fraudulent activities. This data-driven approach enhances the forensic accounting process, leading to comprehensive fraud examinations.

PwC [24] opined that the whole concept of whistle-blower programs revolves around the fact that employees or stakeholders observe and report activity within the work environment that is unlawful and unethical. According to Albrecht, Holland, Skousen, & Skousen [23], an effective whistle-blower system, together with pro-active anti-fraud measures, can improve long-term organizational effectiveness. However, threats such as retaliation seem to be very rampant and the greatest concern among potential whistle-blowers. The protection of whistle-blowers, Section 301 of the Sarbanes-Oxley Act of 2002 requires the audit committee of public companies to provide would-be whistle-blowers on financial matters with a reporting channel and to oversee the establishment and enforcement of whistle-blower programs and procedures for handling their concerns and complaints [25].

Association of Certified Fraud Examiners (ACFE) [26] performed an industry survey on fraud and whistleblowing and found out that it is the method for detecting the greatest percentage of occupational frauds (42 percent in 2022 compared to 39.1 in 2016), and these most often come from company employees. Dilshad, Irfan, Javed, & Aftab [22], in their study to assess whether forensic accounting and whistle-blowing have any impact on fraud control and organizational performance within the public and private sector in Pakistan, found that forensic accounting and whistle-blowing have a positive relationship with fraud control. Albrecht, Holland, Skousen, & Skousen [23], confirmed the importance of whistle-blowers in the study on the relationship between whistleblowing and fraud prevention and detection with data collected from the ACFE's database.

In summary, whistleblower hotlines are a proactive and essential tool in the fraud prevention and detection toolkit within forensic accounting. According to the Vutumu Forensic Accounting Theory, it enables the timely detection, investigation, and prevention of fraud by providing a secure platform for reporting, supporting the work of forensic accountants, and fostering a culture of transparency and accountability within the organizations. It also serves as a powerful tool for maintaining financial integrity, fortifying internal controls, and aligning with legal and regulatory expectations in the forensic accounting domain.

4.3. Sustainable Governance System

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled [27], the goals and objectives of the company are established, and the company's performance is tracked. In other words, it is the system by which companies are directed and controlled [28] or essentially balances stakeholders' interests. The governance responsibility of the shareholders is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place, while the board of directors is responsible for the company's governance. This means that the role of the board of directors is pivotal in corporate governance and different from the day-to-day operational management of the company by full-time executives. KPMG [29] noted that the governance practices documented in the Nigerian Code of Corporate Governance is one of the most effective ways to build a sustainable business model and improve corporate performance. In other words, good corporate governance provides reasonable assurance for the achievement of business objectives through the creation and preservation of value.

According to the Vutumu Forensic Accounting Theory, the Sustainable Governance System variable refers to the establishment of a robust and enduring governance framework that ensures the effective oversight, transparency, and accountability of public resources. In other words, as a forensic accounting variable, it encompasses the principles, policies, and structures that promote ethical behavior, prevent fraud, and ensure sustainable governance practices and structures, such as clear roles and responsibilities, ethical standards, and effective decision-making processes. It assists the board of directors, audit, and risk committee toward achieving sustainable or well-functioning corporate governance [30]. This is confirmed in a study carried out by Nkama & Onoh [31] to examine the relationship between forensic accounting and corporate governance, which revealed a significant positive relationship between the application of forensic accounting and corporate, also by Alzoubi [14] in the study on the role of forensic accounting and corporate governance in enhancing the internal control effectiveness. Therefore, forensic accounting is an essential ingredient in enhancing good corporate governance. Furthermore, Singh & Anjali [32], using empirical studies, concluded that the integration of forensic accounting with corporate governance would enable organizations to formulate clear and optimal corporate governance policy, uphold transparency through disclosure of all material facts, and, above all, place a robust internal control system.

In conclusion, the Vutumu Forensic Accounting Theory (VFAT) emphasizes that, the forensic accounting skills are required by organizations for developing a consistent system of corporate governance, ensuring accurate disclosure and transparency of all material matters relating to a company's financial position and performance, setting up fraud prevention systems, and investigating any existing fraud.

This shall enable corporate governance members to discharge their responsibilities efficiently and reduce financial fraud [32].

4.4. Ethical Philosophy

Ethics connotes an organization's code conveying moral integrity and consistent values in service to the public [33]. This means that ethical management is the practice of being honest and virtuous in a manager's role. The potential for individuals and organizations to behave unethically is limitless, and sadly, this potential is frequently exploited. For instance, a study carried out by Onuora, Akpoveta, & Agbomah [34] revealed that a lack of personal ethics and weak corporate governance are significant factors that help propagate fraud in the Nigerian public sector.

The Vutumu Forensic Accounting Theory posits that an organization's ethical philosophy is crucial in fraud prevention and detection because it promotes a culture of integrity and transparency, influencing the behavior of individuals throughout the organization and thereby discouraging fraudulent activities. When employees, management, and other stakeholders are aligned with the organization's ethical philosophy, the likelihood of fraud decreases. The commitment to ethical standards serves as a deterrent to fraudulent behavior in the conduct of financial activity and fosters a proactive environment where individuals are more likely to report suspicions of wrongdoing. Additionally, a strong ethical foundation guides forensic accountants in their investigations, providing a framework for assessing financial practices and identifying deviations from ethical norms. In essence, an organization's ethical philosophy in the realm of forensic accounting is not only a guiding principle for daily operations but also a crucial element in creating a resilient defense against fraudulent activities.

From the literature, Nnedu & Aggreh [35] examined the effect of perceived ethical climate and the use of forensic accounting services for the detection and prevention of fraud in the Nigerian public sector and found that perceived ethical climate positively and significantly influences the adoption of forensic accounting services. This is confirmed by Ademola, Ch-Ahma, & Popoola [36], who examined the skills and ethics set for forensic accountants in preventing fraudulent practices in the Nigerian public, and by Adejuwon & Oge [37] in a study of the effect of forensic auditing and internal control on ethical behavior of employees in the banking industry in Ekiti state in Nigeria.

In conclusion, the Vutumu Forensic Accounting Theory underscores that by shaping the ethical standards, behavior, and decision-making processes of organizations, forensic accounting contributes to the establishment of a strong ethical culture, fosters transparency and accountability, and enhances the effectiveness of internal control mechanisms in preventing and detecting fraud within the organization. In other words, the ethical principles embedded in forensic accounting practices play a pivotal role in promoting integrity and responsible financial conduct.

4.5. Digital Fraud Review Frequencies

With the growing trend of digital transformation and big data in today's business environment, it has become difficult to identify fraudulent transactions with traditional accounting methods. The Vutumu Forensic Accounting Theory advocates that regular and comprehensive reviews of digital systems and processes are crucial for effective fraud prevention and detection. It goes without saying that fraudulent financial reporting disrupts the reliability, accuracy, and efficiency of financial markets in terms of existence and continuity; therefore, forensic accounting has adopted advanced techniques such as big data techniques, data analytics, and algorithms to improve the effectiveness of reviews [38]. Akinbowale's [39] study on the impact of information communication technology (ICT) on forensic accounting practice in Nigeria revealed that information technology (IT) based forensic accounting has a significantly high speed of detecting fraud and other financial crimes in the process of forensic investigation and more accurate evidence as regards financial reporting. Therefore, the forensic accounting role of digital fraud review frequencies in fraud prevention and detection involves systematically and regularly examining digital transactions, records, and activities to identify and prevent fraudulent activities.

According to PWC [40], 51% of surveyed organizations say they experienced fraud in the past two years (2020-2021), the highest in 20 years period, and the trend continues to grow fast in correlation with digitalization. Boraine & Ngaundje [41] examined the impact of cybercrime in Cameroon following the enactment of the law on protecting digital data privacy and noted that the violations of this fundamental right continue to be on the rise principally because of investigators' lack of expertise, lack of monitoring activities, and limited knowledge of users.

As a forensic accounting theory variable, the digital fraud review frequencies impact fraud prevention and detection by addressing the specific risks and vulnerabilities associated with digital fraud. The forensic accounting role of digital fraud review frequencies involves a proactive and continuous examination of digital financial activities, allowing for early detection, adaptation to emerging threats, and the implementation of measures that enhance an organization's overall resilience against fraudulent activities in the digital realm.

Furthermore, a digital fraud risk assessment should not be a static process; rather, it should be performed or updated periodically based on the changes in the internal processes and controls, organizational structure, segregation of duties, and the propensity of risk occurrence. With billions of dollars lost every year, especially perpetrated electronically, digital fraud prevention should be a crucial focus [42], with more emphasis on the application of digitalized forensic accounting techniques.

The Vutumu Forensic Accounting Theory highlights that digital fraud review frequencies ensure that digital systems and processes are adequately designed, implemented, and monitored to prevent and detect fraudulent activities. Regular reviews enable the early identification of fraudulent activities, enabling organizations to take immediate action to mitigate the impact and prevent further losses. In other words, the variable promotes a proactive approach to fraud prevention and detection by keeping pace with emerging digital fraud techniques and staying updated on the evolving landscape of cyber threats.

4.6. Accounting Record to Reporting (R2R) Quality

Accounting record keeping is the first stage of the accounting process that involves classifying, analyzing, and reporting business transactions in the form of financial statements or reports for users of the accounting information [43]. Record-to-report (R2R) is a finance process that provides strategic insights through collecting, processing, and delivering accurate financial information [44]. High-quality R2R ensures transparency, accountability, and fraud prevention in financial reporting.

Forensic accountants analyze financial records that may be used as legal evidence and to testify in court as expert witnesses. Financial information providers must adhere to the highest standards of transparency, accuracy, relevance, and timeliness in financial reporting regardless of size, industry, location, or maturity. R2R involves collecting, processing, and delivering relevant financial information for strategic feedback. It ensures that financial information accurately represents organizational operations.

The Vutumu Forensic Accounting Theory emphasizes that the role of accounting records in reporting quality in fraud prevention and detection is significant for maintaining the integrity of financial data and ensuring transparency in reporting. This role involves establishing robust accounting systems, implementing effective controls, and adhering to accounting standards and principles. The meticulous scrutiny of R2R data allows forensic accountants to conduct early detection of anomalies, track financial transactions through audit trails, and evaluate the effectiveness of internal controls aimed at preventing fraudulent activities. The comparative analysis of R2R data over different periods enables forensic accountants to identify trends, patterns, or outliers, fostering a proactive approach in fraud detection. Frequent legislative changes, rising expectations from the finance department, and data-driven decision-making have become the norm in today's economic world. The Record to Report process ensures compliance with regulatory standards, which is crucial amidst global market scandals and in the public sector, making it easier to compile and pay taxes. High-quality R2R processes promote transparency and accountability within organizations, enhance public trust and facilitate effective governance, and as Bachmid [45] stated, significantly improve decision-making process, timely investigation, and intervention to prevent further losses or damages.

In summary, Accounting Record to Reporting (R2R) Quality as a Vutumu Forensic Accounting Theory variable, provides the necessary tools for identifying, investigating, and preventing fraud within an organization. It enhances internal control mechanisms, enables early detection of fraudulent activities, promotes transparency and accountability, and strengthens the overall integrity of the organization's financial reporting.

4.7. Frequency of System Reviews

An accounting system is simply a method of keeping accounting records. Accounting system reviews are the procedures, mechanisms, and methods applied by an entity to ensure the validity and accuracy of its financial statements [45]. System reviews encompass evaluating the effectiveness and efficiency of controls, identifying weaknesses or vulnerabilities, and implementing necessary improvements to mitigate the risk of fraud. The frequency of system reviews plays a crucial role in the realm of Vutumu Forensic Accounting Theory, specifically in the prevention and detection of fraud through systematic assessments of an organization's information systems, evaluating the effectiveness of controls, and identifying potential vulnerabilities that could be exploited by fraudulent activities. Implicitly, forensic accountants, through regular and thorough system reviews, can stay ahead of evolving cyber threats and technological risks, adapting their strategies to address new forms of fraud that may arise. By maintaining a proactive approach through frequent system reviews, forensic accountants play a pivotal role in fortifying an organization's defenses against fraud in the ever-evolving landscape of digital transactions and information systems.

Periodical reviews of accounts, transactions, and business activities are a key internal accounting control that ensures reliance on the financial information of the organization. A typical example are internal and external audits and the forensic accounting review of the financial reporting process. Other types of accounting controls include segregation of duties, restricted access to financial systems, use of double-entry accounting, periodic payroll review, third-party audits, mandatory vacations for accounting and bookkeeping staff members, peer reviews and approvals of invoices, and regular financial data backups to the cloud.

Furthermore, the Vutumu Forensic Accounting Theory variable promotes a culture of continuous improvement and adaptability within the organization. By conducting frequent system reviews, organizations demonstrate their commitment to maintaining a robust control environment and mitigating the risks associated with fraud. It encourages a proactive approach to internal control, fostering a sense of vigilance and responsiveness to potentially fraudulent activities.

4.8. Control System Reliance

The Control System Reliance refers to the extent to which an organization relies on its internal control system to prevent and detect fraud. It reflects the level of trust and confidence in control mechanisms' effectiveness and ability to mitigate fraud risks. Simply put, internal control systems are day-to-day checks and balances within an organization. Implementing proper internal control systems goes beyond ensuring accurate accounting to assisting with optimizing business operations and improving the performance of an organization.

Mardas, Zentar, & Loulid [46] opined that putting in place a strong internal control system guarantees the application of good governance in the management of goods and other actors of an organization, and this must be in a continuous manner to safeguard against any dysfunctionalities of the organization, as well as throwing light to potential opportunities and any potential risks. This means that internal controls need to be adequately monitored to assess the quality and the performance effectiveness of the system over time [47].

According to the International Standard on Audit (ISA) 240, management bears the primary responsibility for implementing internal controls to ensure operational efficiency, asset safeguarding, accurate financial reporting, and legal compliance [48]. Management should ensure that there is a robust internal control structure in place to provide reasonable assurance about the reliability and accuracy of financial information and promote greater transparency and accountability in the reporting process. For example, Murti & Kurniawan [49] revealed from their study of the Indonesian public sector that the weaknesses of internal control have been identified to cause fraud; meanwhile, Rahman & Al-Dhaimesh [50] emphasized that organizations should build effective internal control systems that can prevent fraud, and Erbuğa [51] argued that public sector fraud deterrence should be a continuous process.

With this background, we can reiterate that the importance of effective system controls has long been recognized, specifically with the issuance in 1992 of the Committee of

Sponsoring Organizations (COSO) Internal Control framework [52]. The COSO framework defines control as having five components of an acceptable system of internal control, namely control environment, risk assessment, control activities, information and communication, and monitoring activities [53]. Implementing the COSO framework can bring significant benefits to an organization because it provides guidance on internal controls and how organizations should establish controls throughout their environment. For instance, studies by Oguda, Odhiambo, & Byaruhanga [54], and Rahman & Al-Dhaimesh [50], including results from other studies, demonstrate in no small way the enormous importance of control systems' reliance on fraud prevention and detection.

As a Vutumu Forensic Accounting Theory variable, the control system reliance enhances internal control by promoting the design and implementation of comprehensive control systems tailored to the organization’s specific fraud risks. It involves establishing strong internal control procedures, segregation of duties, independent checks, and effective monitoring mechanisms. The organization’s reliance on these controls fosters a culture of accountability, transparency, and adherence to policies and procedures. High reliance also demonstrates a commitment to proactive risk mitigation and prevention. However, organizations should balance reliance on controls with ongoing forensic accounting assessments, internal audits, and external validation to ensure the effectiveness of the control system and less vulnerability to fraud. By appropriately relying on the control system while maintaining a proactive stance towards fraud prevention, organizations can strengthen their internal control mechanisms and enhance fraud prevention efforts.

5. Conclusion

The implementation of Vutumu Forensic Accounting Theory emerges as a formidable and comprehensive anti-fraud strategy, seamlessly integrating multiple elements to create a robust defense against fraudulent activities. By combining control system reliance, litigation support, whistleblower hotlines, sustainable governance systems, ethical philosophy, digital fraud review frequencies, accounting records to reporting quality, and the frequency of system reviews, organizations can establish a proactive framework that addresses various dimensions of fraud prevention and detection.

Vutumu Forensic Accounting Theory serves as the guiding philosophy that underpins this integrated approach, emphasizing the importance of ethical standards, transparency, and accountability. Control system reliance ensures that internal mechanisms are in place to safeguard financial operations, while litigation support and whistleblower hotlines act as crucial channels for early detection and intervention. Sustainable governance systems, rooted in ethical philosophy, provide the foundation for responsible decision-making and long-term fraud prevention.

The incorporation of digital fraud review frequencies, accounting record to reporting quality, and the frequency of system reviews reflects the acknowledgment of the evolving digital landscape. These elements offer a dynamic response to emerging threats, allowing forensic accountants to adapt strategies, identify anomalies, and stay ahead of technological advancements that may be exploited by fraudsters.

In essence, the synergy of these components creates a holistic and proactive anti-fraud strategy. This comprehensive approach not only bolsters the organization’s defenses but also reinforces its commitment to ethical conduct, transparency, and sustained financial integrity.

6. Recommendations

We recommend the integration of Vutumu Forensic Accounting Theory at the core of corporate and public governance, incorporating anti-fraud strategies like control system reliance and sustainable governance into governance policies. This ensures that ethical philosophies guide decision-making across all organizational levels. Additionally, accessible training programs should be established that emphasize ethical behavior, fraud prevention/detection, and effective control system use for employees at all levels. Also, improve accessibility and protection of whistleblower hotlines, develop an integrated framework for digital fraud reviews aligned with the organization’s anti-fraud strategy, foster collaboration between forensic accountants and legal teams to enhance litigation support capabilities, and align system reviews with anti-fraud objectives. Through the implementation of these measures, organizations can establish a proactive and integrated approach to fraud prevention and detection, rooted in Vutumu Forensic Accounting Theory, thereby not only strengthening the ability to detect and prevent fraud but also reinforcing a commitment to ethical conduct and financial integrity.

Abbreviations

ACFE	Association of Certified Fraud Examiners
AICPA	American Institute of Certified Public Accountants
COSO	Committee of Sponsoring Organizations
DMBs	Deposit Money Banks
ICT	Information Communication Technology
IT	Information Technology
KPMG	Klynveld Peat Marwick Goerdeler
PwC	PricewaterhouseCoopers International Limited
R2R	Record to Reporting
VFAT	Vutumu Forensic Accounting Theory

Author Contributions

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Conflicts of Interest

The authors declare no conflicts of interest.

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Biography

Aloysius Vutumu holds a PhD in Forensic Accounting and Audit from Charisma University (2024) and an MSc in Accounting and Finance from Ahmadu Bello University (1999). He is currently a lecturer at Meridian Global University, with prior teaching roles at Ahmadu Bello University (1997-2000) and the University of Buea (2001-2004, 2015-2016), focusing on Financial Accounting, Governance, Controls and Ethics. Vutumu has been a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) since 2011 and serves as Chief Invigilator for its examinations in Cameroon, a Fellow of the Institute of Management Consultants (IMC) since 2000, and a Fellow of the International Institute of Certified Forensic Investigation Professionals since 2022. He leads the Angloxazone education subcommittee at the Institute of Chartered Accountants of Cameroon (ONECCA). In the industry, he is the Finance Director of Castel Group in Cameroon, having previously held senior positions at Diageo Plc and PriceWaterhouseCoopers.

Research Field

Aloysius Vutumu: Forensic Accounting and Investigation, Business Management, Business Finance, Governance and Controls, Auditing