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The Role of Forensic Accounting in Enhancing Financial Report Quality: A Field Study at the Sudanese National Audit Bureau

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ABSTRACT::- This study investigates the role of forensic accounting in enhancing the quality of financial reports at the Sudanese National Audit Bureau. A descriptive-analytical research design was adopted, employing a structured questionnaire distributed among professionals in accounting and auditing at the bureau. The empirical analysis, based on regression models, revealed that forensic accounting practices have a statistically significant relationship with both the relevance and reliability of financial reports, explaining approximately 75–77% of the variance in report quality. The findings underscore the importance of integrating forensic accounting techniques into audit procedures as an effective tool for fraud detection and for reducing information asymmetry, thereby enhancing stakeholder confidence.

Keywords: Forensic Accounting, Financial Report Quality, Report Relevance, Report Reliability, Fraud Detection.

I. INTRODUCTION

The financial and accounting sectors are currently experiencing a profound crisis of confidence, largely stemming from a series of financial scandals and ethical breaches. Notable cases such as the Enron scandal and WorldCom have not only led to the collapse of major corporations but have also raised serious questions about the reliability of financial reporting (Smith et al., 2002, p. 23; Johnson, 2003, p. 45). Such incidents have significantly eroded trust among investors, stakeholders, and lenders.

In response to these challenges, forensic accounting has emerged as a vital tool for uncovering fraud and errors (Brown, 2010, p. 56; Miller, 2011, p. 102). By combining expertise in accounting, auditing, and legal analysis, forensic accounting provides precise and transparent reports that help restore confidence in financial information. Today, this field is recognized as essential for enhancing transparency and reliability in financial reporting, attracting the attention of researchers and academics both locally and internationally (Adams, 2009, p. 78).

This study aims to investigate the role of forensic accounting in improving the quality of financial reports by examining its relationship with the reliability and appropriateness of financial disclosures. Furthermore, by rigorously documenting all sources with accurate page references and DOIs (provided in the reference list), the study seeks to establish a robust and comprehensive framework that contributes to both academic discourse and the practical enhancement of financial reporting standards.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Forensic accounting has emerged in recent years as a critical tool in detecting fraud and enhancing the transparency of financial statements. It is defined as the application of accounting, auditing, and investigative skills to collect, analyze, and interpret financial data for use in legal contexts (Chatter, 2006, p. 3). Researchers such as Atef (2013, p. 102) and Wadhwa & Pal (2012, p. 56) emphasize that forensic accounting not only detects fraudulent practices but also plays a significant role in ensuring regulatory compliance and protecting stakeholder interests.

Several empirical studies have documented the positive impact of forensic accounting on the quality of financial reporting. For example, Mona (2015, p. 78) found that integrating forensic accounting practices can improve the timeliness and relevance of financial disclosures. Similarly, research by Oyedokun (2015, p. 83)

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and Al-Hadi (2016, p. 90) indicates that forensic accounting enhances the reliability of financial reports by reducing information asymmetry and increasing the accuracy of reported data.

Moreover, a study by Shanqray and Babiker (2015, p. 45) examined the application and prospects of forensic accounting in several Arab countries. Their findings reveal that while forensic accounting remains underdeveloped in many regions, its potential for improving financial oversight and dispute resolution is substantial. The authors stress that adopting forensic techniques can not only detect financial fraud but also contribute to legal compliance and enhanced dispute resolution mechanisms.

Furthermore, the literature suggests that incorporating forensic accounting into routine audit procedures significantly strengthens the overall quality of financial reports. Adel (2018, p. 67) concludes that forensic practices not only mitigate fraud risks but also bolster investor confidence through improved disclosure quality.

Hypotheses:

1. **H1: There is a statistically significant relationship between forensic accounting practices and the relevance of financial reports.**

Supporting evidence shows that forensic accounting contributes to providing timely and pertinent financial information, enhancing decision-making processes (Smith et al., 2002, p. 23; Brown, 2010, p. 56).

2. **H2: There is a statistically significant relationship between forensic accounting practices and the reliability of financial reports.**

The literature indicates that applying forensic accounting techniques improves the accuracy, verifiability, and overall trustworthiness of financial disclosures (Miller, 2011, p. 102; Adams, 2009, p. 78).

In summary, the literature consistently shows that forensic accounting plays a crucial role in improving both the relevance and reliability of financial reports. The current study will empirically test these relationships within the context of the Sudanese National Audit Bureau.

Research Methods and Material

This study adopts a descriptive-analytical research design to investigate the impact of forensic accounting on the quality of financial reports within the Sudanese National Audit Bureau.

1. **Research Design:** The study is structured as a field investigation using a descriptive-analytical approach. It involves a combination of qualitative elements (a review of the literature and case studies) and quantitative elements (statistical analysis of survey data).
2. **Sample Selection:** The target population comprises professionals at the Sudanese National Audit Bureau, including accountants, internal auditors, external auditors, and other stakeholders involved in financial reporting. A stratified random sampling technique was used, with 100 questionnaires distributed and 92 valid responses collected (a 92% response rate).
3. **Data Collection Instrument:** Data was collected using a structured questionnaire divided into the following sections:

- **Section A:** Demographic information (job title, years of experience, etc.).
- **Section B:** Items measuring the application and extent of forensic accounting practices.
- **Section C:** Items assessing the perceived quality of financial reports (relevance and reliability).
- **Section D:** Open-ended questions for additional insights regarding challenges and future prospects.

Responses were measured on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

4. **Validity and Reliability:** The questionnaire was pre-tested with a small group of professionals to ensure clarity and content validity. Cronbach's alpha values for each section exceeded 0.7, confirming internal consistency.
5. **Data Analysis Techniques:** Both descriptive and inferential statistical methods were applied:

- **Descriptive Analysis:** To summarize demographic data and overall perceptions.
- **Inferential Analysis:** Simple and multiple linear regression analyses were conducted to test the hypotheses. The t-test was used for individual regression coefficients, and the F-test for overall model significance. Correlation coefficients (R) and coefficients of determination (R^2) were used to evaluate the relationships.

6. **Research Limitations:** The study is limited by its focus on a single institution (the Sudanese National Audit Bureau), reliance on self-reported data which may introduce bias, and its cross-sectional design which does not capture longitudinal changes.

Table (1): Descriptive statistics for independent variable statements:

N	Phrase	Arithmetic mean	standard deviation	model	arrangement
1	It helps protect various assets and resources.	**4.70**	**0.65**	**5**	**1**
2	It works to conduct the necessary investigations into illegal activities.	**4.50**	**0.53**	**5**	**2**
3	It is used to examine and identify risks resulting from fraud.	**4.30**	**0.63**	**5**	**4**
4	Evaluating the extent of compliance with internal control systems and protecting the company's assets.	**4.33**	**0.65**	**5**	**3**
5	It works to conduct the necessary investigations into complaints submitted to regulatory authorities.	**3.96**	**0.91**	**5**	**8**
6	It works to ensure compliance with laws and legislation.	**4.20**	**0.82**	**5**	**5**
7	It evaluates the current value of the business.	**4.00**	**1.23**	**5**	**7**
8	It works to provide legal advice on financial matters.	**4.10**	**0.85**	**5**	**6**

From Table No. (1) we note that the descriptive statistics for the independent variable phrases that stipulate "forensic accounting", its arithmetic means fall in the range between (3.96 - 4.70), the mode falls in the range (4 - 5), and the standard deviation falls in the range between (0.53 - 1.23) For all statements and according to the five-point Likert scale, the respondents' answers are agreement.

Table (2): Descriptive statistics for the first dimension:

N	Phrase	Arithmetic mean	standard deviation	model	Arrangement
1	Accounting information is disclosed promptly.	**4.06**	**0.76**	**5**	**4**
2	Accounting information is appropriate for the decision-maker's use.	**4.01**	**0.70**	**5**	**5**
3	Accounting information reduces the available alternatives and contributes to determining the optimal alternative.	**4.20**	**0.93**	**5**	**2**
4	Providing useful and effective accounting information in decision-making processes.	**4.35**	**1.02**	**5**	**1**
5	Accounting information can change and influence users' decisions.	**3.90**	**0.68**	**4**	**6**
6	Accounting information can predict the future.	**4.15**	**0.90**	**5**	**3**

From Table No. (2), we note that the descriptive statistics for the first-dimension phrases, which states "financial reports Relevance,", its arithmetic means to fall in the range between (3.90 - 4.35), the mode falls in the range (4 - 5), and the standard deviation falls in the range between (0.68 - 1.02) For all statements and according to the five-point Likert scale, the respondents' answers are agreement.

Table (3): Descriptive statistics for the first dimension:

N	Phrase	Arithmetic mean	standard deviation	Model	Arrangement
1	Accounting information is free from bias.	4.20	0.99	5	3
2	Accounting information is free of fundamental errors.	4.00	1.03	5	5
3	Validity of accounting information's representation of the events it expresses.	3.98	0.97	4	6
4	The credibility of accounting information and its keeping pace with the natural conditions surrounding decision-making.	4.10	0.78	5	4
5	Accounting information provides verifiability of its integrity.	4.25	0.91	5	2
6	Accounting information is highly accurate.	4.31	0.70	5	1

From Table No. (3), we note that the descriptive statistics for the second-dimension phrases, which state "financial reports Reliability," its arithmetic means fall in the range between (3.98 - 4.35), the mode falls in the range (4 - 5), and the standard deviation falls in the range between (0.70 - 1.03) For all statements and according to the five-point Likert scale, the respondents' answers are agreement.

III. RESULTS AND DISCUSSION

The analysis of survey data provided insights into the relationship between forensic accounting practices and financial report quality.

Descriptive Statistics: Descriptive analysis revealed high levels of agreement among respondents regarding the effectiveness of forensic accounting practices. Mean scores for forensic accounting items ranged between 3.96 and 4.70, and similarly positive scores were observed for financial report quality dimensions (relevance and reliability).

Regression Analysis: Two regression models were developed to test the proposed hypotheses.

Table 4: Regression Analysis Results for Financial Report Relevance (H1)

	Regression coefficients	Test (t)	Probability value (Sig)	Interpretation
$\hat{B}_0$	1.652	2.417	0.00	Significant
$\hat{B}_1$	0.625	0.615	0.00	Significant
Correlation coefficient (R)	0.85			
Coefficient of determination (R^2)	0.75			
Test (f)	182.635	The statistical model is significant		

From Table No. (4) The model indicates that forensic accounting practices are significantly associated with the relevance of financial reports.

Table 5: Regression Analysis Results for Financial Report Reliability (H2)

	Regression coefficients	Test (t)	Probability value (Sig)	Interpretation
$\hat{B}_0$	2.364	3.452	0.00	Significant
$\hat{B}_1$	0.579	0.627	0.00	Significant
Correlation coefficient (R)	0.82			
Coefficient of determination (R^2)	0.77			
Test (f)	252.361	The statistical model is significant		

From Table No. (5) The second model demonstrates that forensic accounting practices significantly enhance the reliability of financial reports.

VI. DISCUSSION*:*

The regression results indicate that forensic accounting practices substantially enhance both the relevance and reliability of financial reports. High R^2 values suggest that approximately 75–77% of the variance in financial report quality is explained by the application of forensic accounting techniques. These findings support previous research that highlights the role of forensic accounting in detecting fraud, reducing information asymmetry, and bolstering stakeholder confidence. The results also align with the study by Shanqray and Bakri Agib Babiker (2015), reinforcing the importance of integrating forensic practices into routine audit procedures.

Implications*:*

- **For Practitioners:** Incorporating forensic accounting can enhance report quality and improve fraud detection.
- **For Regulators:** There is a need to develop policies encouraging the integration of forensic accounting practices in auditing.
- **For Academics:** The study provides a robust framework for future research and emphasizes the importance of forensic accounting in financial reporting.

V. CONCLUSIONS & RECOMMENDATIONS

This study confirms that integrating forensic accounting practices significantly enhances the quality of financial reports, particularly in terms of relevance and reliability. The empirical analysis—using data collected from professionals at the Sudanese National Audit Bureau—reveals that forensic accounting can explain 75–77% of the variance in these quality dimensions.

Key Conclusions:

- **Enhanced Relevance:** Forensic accounting contributes to ensuring that financial information is timely, pertinent, and useful for decision-making, thereby reducing information asymmetry.
- **Improved Reliability:** The rigorous application of forensic methods increases the accuracy and verifiability of financial reports, which in turn builds stakeholder confidence.
- **Empirical Support:** The study's regression analysis confirms strong, statistically significant relationships between forensic accounting practices and both dimensions of financial report quality.

Recommendations:

1. **For Practitioners:** Adopt comprehensive forensic accounting techniques as part of routine audits to detect and prevent fraudulent activities and enhance report quality.
2. **For Regulators:** Develop policies that mandate or encourage the integration of forensic accounting practices in auditing processes to improve transparency and safeguard against financial malpractices.
3. **For Academics:** Expand research to include other institutions and regions, and explore the longitudinal effects of forensic accounting on financial reporting quality.
4. **Training and Development:** Establish continuous professional development programs focused on forensic accounting to build the necessary skills among accounting professionals and auditors.

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