LITERATURE REVIEW: PREVENTIVE ROLE OF FORENSIC ACCOUNTING AND CORPORATE GOVERNANCE MATURITY

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ABSTRACT

Forensic accounting is viewed as a method instead of an activity and always invited after the occurrence of fraud. Major reasons for fraud to occur are non-achievement of corporate governance maturity and non-utilization of forensic accounting as preventive control available within organization. Mitigating activities and related controls should be available within the organization as they can assist in proper planning, identification of fraud before its occurrence, and also assist in identification of gaps between actual and planned performances. It is widely known fact that corporate governance is an internal system which should be nurtured and complemented internally within the organization. Similarly forensic accounting is an activity and can be proactive if available within organization's governance management. It is evident from many researches that majority of organizational frauds are conducted by personals affiliated with organization along with the assistance of weakness in internal controls. If the controls are not enhanced then organizations will end up in filing bankruptcies and corporate governance will become just a compliance checklist. For the organizations to know and identify gaps between their performances and control lapses, corporate governance maturity is required whereas to eliminate or minimize risk of fraud and enhance corporate governance maturity, and thus assistance of forensic accounting is mandatory. Preventive role of forensic accounting can assists in achievement of corporate governance maturity by eliminating fraud risk which is highest barrier towards organizational growth and sustainability. This paper will highlight the role of forensic accounting as preventive activity instead of detective control. Furthermore, since the existing literature provides less evidence towards influence of forensic accounting on corporate governance maturity, this paper
highlights the importance of achieving corporate governance maturity with the aid of forensic accounting's preventive role.

**Keywords:** Forensic Accounting's Preventive Role, Corporate Governance, Corporate Governance Maturity, Fraud

**INTRODUCTION**

Fraud is an intentional act, which is conducted by organization or on organization with the aim of achieving personal benefits (Singleton & Singleton, 2010). Fraud is the highest risk which persuades the organizations to have dissatisfied shareholders and filing bankruptcies (Fernando, 2009; Gabriella, 2012). Fraud can only be controlled by proper and appropriate antifraud controls and by enhancement of corporate governance (Vinita, Joe & Lee, 2008). Due to continuous and rigorous frauds, organizations are forced to enhance functionality of forensic accounting and corporate governance (Bhasin, 2013). Functionality enhancement of corporate governance can be termed as corporate governance maturity whereas forensic accounting's preventive role can be perceived as strengthening functionality of organizations towards fraud control and fraud mitigation (Rehman & Hashim, 2018).

Executive management and sometimes board related committees perform fraudulent accounting practices which were also not detected by the conventional auditors (Fernando, 2009; Vinita, Joe & Lee, 2008). Such non detection creates expectation gap between shareholders requirements and required services from internal and external auditors (Rehman & Hashim, 2018; AICPA, 2017; Kravitz, 2012; IIA, 2016). Similar concern is mentioned by Fan and Wong (2005), where it is stated that services of forensic accounting is required as shareholders protection is not possible from normal process of auditing.

Organizations such as Enron, Tyco, Freddie Mac and Sathyam are well known for their fraudulent activities although all these companies performed different modes of operations and provided different types of services. However common element towards conducting fraud between all these organizations is the non-achievement of mature corporate governance (Pretorius, 2015). Moreover committees are formed and controls are developed but fraud is still occurring and with ever increasing pace (Bhasin, 2016). Such situation depicts that current controls and committees are lacking some aspects and these aspects can be termed as forensic accounting and corporate governance maturity. Fraud cannot be eliminated however it can be controlled and mitigated by achievement of corporate governance maturity (Wilkinson, 2014).
Lack of fraud prevention controls, weak board and related committees, failure to regulate fraud perpetrators, lack of disclosure and transparency and non-existence of standards for corporate governance maturity persuades senior management and or board of directors to commit fraud (Kassem & Higson, 2012; Pretorius, 2015). Ambitious and non-achievable targets influence perpetrators to perform non-proper accounting transactions which eventually bring losses to organization or even closure of organizations. It can be easily asserted that current available control mechanism is not enough and assistance of preventive role of forensic accounting is required (Enofe, Ekpulu & Ajala, 2015; Bhasin, 2013). It is worth mentioning that current role of forensic accounting is only limited to fraud detection, litigation support, divorce claim verification, insurance claim verification and expert witness (Singleton & Singleton, 2010; Charles, Ramona, & Suzanne, 2009). Furthermore, there are no regulating standards exists for forensic accounting just like they are available for internal and external auditors. Due to non-availability of these standards, forensic accounting as profession is considered as element of audit instead of being considered as separate standalone body with own standards and practices (Rehman & Hashim, 2018).

Aim of this study is to articulate appropriate and relevant literature to broaden potentials of forensic accounting's preventive role on corporate governance maturity. Existing literature provides less evidence for the corporate governance maturity that can be enhanced by preventive role of forensic accounting therefore this study offers great opportunity to explore this area by explaining the methods and tools that should be available within organizations which can assists forensic accounting to enhance corporate governance maturity, thus making this study unique in its own way. This study will also highlight the fact that forensic accounting can be a part of codes of corporate governance and can have its own standards and regulations.

LITERATURE REVIEW

Corporate Governance Maturity

Commonly used terms for corporate governance are good corporate governance and bad corporate governance (Danila & Mojca, 2016). Bad corporate governance brings losses to organization along with bad repute and dissatisfied shareholders (Iqbal, 2006), however it is not certain that good corporate governance will earn fortune for organizations and can
work towards achievement of organizational goals. In this regards, measurement of good corporate governance is required. Measurement will assist in ensuring that positive, good and transparent relationship exists between organization and its stakeholders (Schumpeter, 2010; Kocmanova & Simberova, 2012). In accordance with Massie (2012) and Bramont (2012), evaluation and measurement of good corporate governance will define that where organization stands, what are the missing gaps and how these gaps can be filled moreover measurement of good corporate governance will also provide methodical roadmap for organizational goals and objectives.

There is no standard definition for the corporate governance or corporate governance maturity however the best definition is presented by Council (2014) which states that "corporate governance describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account. Good corporate governance promotes investor confidence, which is crucial to the ability of entities listed on the stock exchange". Corporate governance maturity is the fundamental feature related with levels of maturity with aim of providing enhanced and improved governed organization (Deloitte, 2010). Corporate governance maturity is recognized for managing the problems which results from abandonment of ownership and control. For this reason, corporate governance maturity focuses on the organizations’ structure, rules, regulations, related terms of references for board of directors, formation of independent audit committees and associated terms of references, regulations for required disclosures to stakeholders which also includes Government authorities and control towards organizational management. Corporate governance maturity also influences creation of remuneration committee and of roles and responsibilities of executive management (Fernando 2009; Bahrman, Manchanda, Roth & Mendes, 2012).

Corporate governance itself cannot achieve organizational objectives unless it's being measured against certain criteria which fulfil the shareholders' and organizational requirements. Ever growing concern of fraud and related activities created the necessity towards innovation in corporate governance (Vinita, Joe & Lee, 2008) and that innovation can be identified as corporate governance maturity. Furthermore, given the ever raising suspicions and doubts of several stakeholders (particularly shareholders), corporate governance evolved from just being information provider to a dependable and substantial method which can assure protection of shareholder's value and rights. It is also mentioned by Pretorius (2015) that corporate governance is influenced by Corporate
Governance Maturity (CGM). Furthermore, CGM provides platform towards achievement of business goals and objectives.

CGM can provide competitive edge to organizations by demonstrating the level of maturity over operations and capabilities over other organizations (Brender, Yzeiraj & Fragniere, 2015). Furthermore, CGM is not the requirement for large or public listed companies only, it is required for all sort of businesses whether private or public and for profit or not for profit, as all kinds of organizations are suffering from fraud which is the result of non-achievement of CGM (Switzer, Mitchell & Mefford, 2015). CGM can also provide satisfaction towards stakeholders' high demand for transparency which is currently lacking in current business environment (Kocmanova & Simberova, 2012). Furthermore, Switzer, Mitchell and Mefford (2015) opined that, current condition and state of operations for organizations can neither considered as sustainable nor up to the standards unless CGM is implemented as CGM can be expected as first step towards achievement of organizations development, sustainability and profitability. CGM if implemented properly can create the following five principles mentioned in Table 1 (Fung, 2014; Lockhart, 2011).

Table 1 Principles Created by Corporate Governance Maturity

<table>
<thead>
<tr>
<th>Principle created by CGM</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>CGM creates accountability for all governance owners specially towards board of directors and senior or executive management</td>
</tr>
<tr>
<td>Responsibility</td>
<td>CGM ensures responsibility towards organization and all stakeholders specially shareholders</td>
</tr>
<tr>
<td>Equitable treatment</td>
<td>CGM guarantees equitable treatment by creating transparency towards organizational accomplishment. All shareholders even minority are able to view organizational performance and can judge their position</td>
</tr>
<tr>
<td>Transparency</td>
<td>CGM secures transparency through disclosure, inclusion of right board members and reports and analysis.</td>
</tr>
<tr>
<td>Vision</td>
<td>CGM creates vision towards long term ethics and values for organization as whole and to community as well.</td>
</tr>
</tbody>
</table>

Source: Fung (2014) and Lockhart (2011)

For organizations to achieve goals and objectives, above mentioned principals should be available for all of the organizational functions (Lockhart, 2011) and especially towards major constituents of
corporate governance maturity (Wilkinson, 2014). Major constituent of corporate governance maturity are board of directors, audit and risk committee, remuneration and compensation committee and senior or executive management (Wilkinson, 2014; Wilkinson & Plant, 2012; Massie, 2012). It is worth mentioning that CGM is a system and not a measurement tool. CGM is dependent upon many factors and at the same time impacts other factors towards synchronization of organizational tasks and objectives (Pittroff, 2016).

To measure CGM, there are several tools available. These tools can be fully adopted or can be adapted with few changes to cater the specific business needs. Means to measure CGM is provided by many including tools provided by Organisation for Economic Co-operation and Development (OECD, 2014), Open Compliance and Ethics Group (OCEG, 2012), Deloitte (2010), Wilkinson (2014) and Wilkinson and Plant (2012). Moreover, any tool or mean which best suits the organizational requirements can be utilized (Roberta, Sanjai & Brian, 2008). Critical and principle factors of success are considered as basic fundamental towards measurement of CGM. If CGM fundamentals are measured appropriately and implemented effectively, they will result in the universal outcomes such as (a) achieve business objectives (b) enhance organizational culture (c) increase stakeholder confidence (c) prepare and protect organization (e) prevent, detect, and reduce adversity and weakness (f) motivate and inspire desired conduct (g) improve responsiveness and efficiency (h) optimize social and economic value (Switzer, Mitchell, & Mefford, 2015).

Measurement models are utilized for the measurement of CGM. These maturity models are also known as maturity frameworks (Wilkinson, 2014). Maturity models are developed towards assisting organizations in measuring maturity that can ultimately leads towards attracting potential customers (Ahmed & Capretz, 2011). In accordance with the developed maturity model, there are three core elements available in all frameworks. These are defined below in "Table 2": (James, 2013; Wilkinson, 2014)
### Table 2 Core Elements of Maturity Framework

<table>
<thead>
<tr>
<th>Core Elements</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attributes</td>
<td>Refers to the characteristics or features which can be linked with the appropriate area of specialization. Minimum four and maximum ten attributes should be utilized as attributes less than four might not cover all the areas and more than ten could be misleading</td>
</tr>
<tr>
<td>Levels of maturity</td>
<td>Demonstrates where attributes stand. Usually they are from immature to mature. Five level of maturity provide much meaningful result when compared with seven or nine maturity levels where level 1 is the least mature level and level 5 is the highest maturity level representing compliance with all rules and regulations and providing satisfaction to shareholders</td>
</tr>
<tr>
<td>Criteria</td>
<td>Links attributes with levels of maturity. It defines narrative, demonstrating the criteria and dividing narratives into levels of maturity</td>
</tr>
</tbody>
</table>


By measuring CGM following will be the probable results, where level 1 is immature and 5 is the mature (Wilkinson & Plant, 2012; Wilkinson 2014):

**Level 1 - Forming level:**
Forming level is the initial level of corporate governance which should exist in any organization. This is the baseline which defines that organization follows local and international laws by having their board of directors and other board related committees (such as audit committee and remuneration committee). Organizations also demonstrate that its nature and purpose is articulated in company's formation documents (Sinclair & Smaili, 2014).

**Level 2 - Developing level:**
At this level organizations take one step further by developing the policies and procedures. However at this stage policies and procedures are not implemented and are also not formally approved. Organizations prepare these documents to identify initial path towards achievement of its objectives and goals. With the aid of developed documents, governance dimensions can be identified which can further pave way to achieve next level of CGM (Wilkinson, 2014).

**Level 3 - Normalized:**
At this level, professionalism is developed and progressed Organizations understands the benefits associated with the governance policies and
related procedures. Dimensions of governance are properly established in the shape of terms of references and charters for board and its related committees. Once completing level two, level three clarifies the barriers which could be available towards achievement of CGM (Switzer et al., 2015).

**Level 4 - Established:**
At this level, important concrete measures are taken for corporate governance. Organizations provide evidences demonstrating that it has adhered with the governance procedures articulated at previous stages. Furthermore board officially notifies executive management to implement policies and procedures and also engages internal audit or forensic accounting as independent assessing authorities (Fernando, 2009; Wilkinson & Plant, 2012; Enofe, Ekpulu & Ajala, 2015). Major emphasis is provided towards demonstration for controlling conflict of interest and highlighting and managing related party transactions. Gap analysis is also performed at this stage where board identifies potential gaps within its strategies and accordingly develop risk framework and risk management. At this level board also identifies skills and knowledge required at board level (Fernando, 2009; Switzer et al., 2015; Singleton & Singleton, 2010).

**Level 5- Mature:**
At this level, advance corporate governance is implemented. Independent board members are selected and accordingly audit committee and remuneration committee also comprised of the independent members with required and desired skills. These independent members act as catalyst towards setting organizational goals and objectives. Board decisions are place for debate, chairman recognizes the authority and agenda for board meeting is informed well in advance. Board of directors approves risk frameworks and also the charters for internal audit function. Risks are highlighted along with mitigating factors. All governance related disclosures are presented in annual financial report (Fernando, 2009; Ming, 2007; Rittenberg & Martens, 2012; Wilkinson & Plant, 2012; Afza & Nazir, 2014)

Corporate governance as a system provides strategy for organizations in order for them to perform in a way which could be beneficial to all stakeholders especially shareholders (Ganesan, Hwa, Jaaffar, & Hashim, 2017). In accordance with Bhasin (2013) one of the reasons towards organizations' failure is non-implementation or poor corporate governance. Poor corporate governance can be defined as a term where corporate governance is only implemented as check-box compliance and not implemented properly and completely (Mazars, EcoDa & Ecgcn, 2015). In this modern era, CGM is becoming compulsory
and it cannot be considered as extra option by organizations. CGM can be employed as vital and necessary means towards satisfied shareholders, raising capital and managing business effectively. CGM also condenses uncertainty and encourages accountability by supporting the adoption of forensic accounting in its system.

Universal outcomes of CGM cannot be accomplished if element of fraud is not eradicated. For this reason Forensic accounting (FA) participates as a major role in the direction and achievement of CGM. Moreover, FA can be considered as one of the significant factor towards achievement of CGM. It is reasonable to state that CGM is entirely dependable on various components, rules and regulations (Rehman & Hashim, 2018). From these components, FA can be one of the crucial and vital functions (Bhasin 2013; Eyisi & Ezuwore, 2014). There are several other components which are directly associated with the CGM and these are obvious in the codes developed by many authorities and regulators. All these major constituents are measured based on their own scale and regularity. For the measurement of CGM, there are quantitative (hard) and qualitative (soft) aspects (Cattrysse, 2005; Bahrman, Manchanda, Roth & Mendes, 2012). Hard aspects are easy to measure as they include compliances and other notable action items, whereas, soft aspects are not easily measured as they are related to environmental and ethical factors such as child labor (Rehman & Hashim, 2018).

Further to above, it would be difficult to achieve CGM when complex corporate relationship exists along with weak regulatory and legal requirements. But if implemented properly then CGM can achieve mature markets, effective policies and effective system of accountability and reward. CGM assists organizations in identification of potential gaps between planned and actual performances. CGM along with FA demonstrates capability towards defeating fraud and also provides satisfaction to shareholders.

**Preventive Role of Forensic Accounting**

Three terms are utilized for the assurance functions namely; forensic accountants, fraud auditors and financial auditors. Financial auditors are only involved in the assurance of compliances with applicable laws and standards; fraud auditors are responsible towards identification of potential fraud and highlight it in the shape of red flag or by utilization of any other similar means; Forensic accounting (FA) can verify area of the probable fraud, ascertain the reasons, amount, committer or executer and also recommends controls which can prevent future happening of similar event (Singleton & Singleton, 2010). Furthermore FA is outcome of constant and escalating frauds, these frauds could be the technical errors
made by humans or by organizations. However, frauds have increased pressure on accounting and auditing profession to identify improved and alternative ways to detect and mitigate fraud. This alternative and improved way can be defined as FA (Adrian, Lawrence & Cristal, 2009; Effiok & Eton, 2013; Bhasin, 2013).

Fraud usually occurs when organizations are making profit, but fraudulent activities transpire more and with extra intensity when organizations are suffering from losses (Singleton & Singleton, 2010). Such situation requires FA as activity, as FA can see beyond the regulatory compliances and can provide assurance covering more than accounting and auditing standards (Daniel, 2009). FA is becoming fastest emerging profession and is also becoming compulsory part in many of chartered accountant bodies (Razak, 2016). FA not only provides preventive measures but also provide cost savings when compared with amount of fraud and amount spent for legal and litigations (Vinluan, 2015).

FA is important aspect towards organizational governance and could also be an essential pillar for organization (Singleton & Singleton, 2010; Rehman & Hashim, 2018). FA's existence is necessitated because of the organizational frauds which common auditing tools are not able detect moreover conventional way of auditing is not enough as frauds are still occurring even with the availability of policies, corporate governance codes and corporate governance bodies (Bhasin, 2013). FA is defined as amalgamation and integration of accounting, investigation and auditing skills (Singleton & Singleton, 2010; Leonard, 2010). Forensic means which is acceptable in "court of law". Similar concept is informed by Mitrić, Stanković, and Lakićević, (2012) where they mentioned that FA is established segment that deals with fraud and outcome of fraud. Broader level of FA's definition is defined by Dennis and James (2014): "multidisciplinary field that encourages both a profession and an industry, where civil or criminal economic and financial claims, whether business or personal, are contested within established political structures, recognized and accepted social parameters, and well-defined legal jurisdictions, and informed by the theories, methods and procedures from the field of law, auditing, accounting, finance, economics, psychology, sociology, and criminology".

Preventive role of FA can be represented as identification of fraud before its occurrence (Enofe, Ekpulu & Ajala, 2015). FA possesses skills and capability to improve mechanism of corporate governance. However improvement can only be possible if FA is considered for its preventive role and considered as part of governance management and also as unavoidable part of codes of corporate governance (Rehman & Hashim, 2018). Governance management can be defined as those who are directly
responsible for the organizational governance such as board of directors, audit and risk committee, governance and compliance committee and internal audit department (Hermanson & Rama, 2016).

In comparison with the preventive role of FA, detective role is only limited to the detection of fraud (Singleton & Singleton, 2010). Detection of fraud can only happen when fraud actually happened. In current business environment, role of FA is normally perceived as detective role only (Charles, Ramona & Suzanne, 2009; Nigrini, 2012; Adrian, Lawrence & Cristal, 2009). Detective role of FA is applicable and significant for court of law where FA can be an expert witness by providing services related towards identification of fraud, money trail, reasons for fraud and faulty valuations (Petter, 2011). Gee (2014) suggested that, FA is best competent as detective role because when internal controls are over ridden then expert is required to identify the reasons and to develop mitigating controls. However and in accordance with Rehman and Hashim (2018) it is always advantageous to have proactive and preventive role of FA instead of detective role, as it will not be beneficial to identify the fraudster and reason of fraud when capital is lost, reputation is distorted and have dissatisfied shareholders.

Fraud and technical errors made by humans created the necessity for FA (Adrian, Lawrence, & Cristal, 2009). FA signifies to the extensive view of fraud and its related investigation. It involves preventive measures which are related to fraud and also evaluation of anti-fraud controls which should be present in organization's system (Singleton & Singleton, 2010). By eliminating fraud risk and augmenting internal controls, FA can positively influence corporate governance (Enofe, Ekpulu & Ajala, 2015; Oyier, 2013; Johnson, Ayoib & Shamsiah, 2014), which can eventually leads towards achievement of corporate governance maturity.

Majority of the audit firms retains the expertise of FA but are usually utilized only as specialized service and on the need basis. In accordance with Leonard (2010) FA should be included in all audits and audit programs should be amended in a manner that fraud risk assessment becomes compulsory part. It is worth mentioning that Arthur Andersen, one of the major audit firms, was ordered to apprehend their operations as they were not able to detect the fraud and they also colluded with organizations management for fraudulent activities (Fernando, 2009). Due to this reason expectation gaps are created between requirements of stakeholders and services provided by external auditors (audit firms). These expectation gaps can be filled by utilization of FA which is the right anti-fraud activity (Odelabu, 2016). These closures of these expectation gaps also enhance corporate governance which eventually leads towards achieving corporate governance maturity.
Both internal and external auditors have their own standards and guidelines such as International Financial Reporting Standards (IFRS), International Auditing Standards (IAS), and International Professional Practicing Framework (IPPF); on the other hand FA is functioning and providing services in the absence of any regulating standards or practice frameworks. It is worth mentioning here that both internal and external auditors disagree with the role of detecting fraud despite the availability of standards and guidelines and categorized fraud detection as organizational management responsibility (IIA, 2016; AICPA, 2017) moreover it is also established that only 1.3% of fraud is detected by external auditors Association of Fraud Examiners (ACFE, 2016). Even if organizational management is solely responsible for detecting fraud, then it requires professional expertise to perform such task and this expertise can be considered as FA (Rehman & Hashim, 2018). Fraud is categorized in three areas (ACFE, 2016)

1. Asset misappropriation fraud
2. Financial statement fraud
3. Corruption

In accordance with the survey conducted by ACFE (2016) majority of the fraud is occurring in the area of asset misappropriation which is less in monetary value and smaller number of frauds is occurring in financial statement fraud which is high in monetary value (ACFE, 2016). Table 3 shows the analysis.

<table>
<thead>
<tr>
<th>Fraud Category</th>
<th>Frequency of Cases</th>
<th>Average Median Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial statement fraud</td>
<td>9.6%</td>
<td>$ 975,000</td>
</tr>
<tr>
<td>Asset misappropriation</td>
<td>83.5%</td>
<td>$ 125,000</td>
</tr>
<tr>
<td>Corruption</td>
<td>35.4%</td>
<td>$ 200,000</td>
</tr>
</tbody>
</table>

Source: ACFE (2016)

Majority of the fraud identified by conventional auditors are asset misappropriation which is high in frequency but very less in monetary value and these frauds occurred due to non-adherence of accounting standards (Eliezer & Emmanuel, 2015). However financial statement fraud is the one endangering the organizational existence and it is highest in monetary value. In order to mitigate the impact and detect financial statement fraud before its occurrence, expertise of FA is required (Leonard, 2010) and preventive role of FA could be best choice.
FA as activity is appreciated and valued based on its skills and characteristics (Imoniana, Antunes, & Formigoni, 2013). Furthermore and in accordance with Ali and Oseni (2010), because of the skills and knowledge, FA can be considered as competent enough to explore and redesign corporate governance. Following essential skills and characteristics in "Table 4" were identified by Imoniana, Antunes, and Formigoni (2013) which can also be considered as crucial for the achievement of CGM.

Table 4 Characteristics and skills of Forensic Accounting

<table>
<thead>
<tr>
<th>Essential Characteristics</th>
<th>Essential Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytical</td>
<td>Effective oral communicator</td>
</tr>
<tr>
<td>Detail oriented</td>
<td>Simplify the information</td>
</tr>
<tr>
<td>Ethical</td>
<td>Critical thinker</td>
</tr>
<tr>
<td>Responsive</td>
<td>Auditing skills</td>
</tr>
<tr>
<td>Insightful</td>
<td>Investigative ability</td>
</tr>
<tr>
<td>Skepticism</td>
<td>Effective written communicator</td>
</tr>
<tr>
<td>Intuitive</td>
<td>Investigative intuitiveness</td>
</tr>
</tbody>
</table>

Source: Charles, Ramona, and Suzanne (2013)

It is becoming the concerning fact that despite FA’s characteristics and skills and its perceived and positive role towards protection of shareholders' right and enhancing corporate governance, FA is not visible in any of the codes of corporate governance developed by many countries and many authorities (such as OECD, Securities Exchange Commission (SEC) and Sarbanes Oxley Act (SOX). If FA can become part of governance codes then its potential can be utilized in manner which can be beneficial to organization. In accordance with Enofe et al., (2015) preventive role of FA assists towards:

*Identification of weakness in organizational ethical culture:*
This is one of the crucial steps towards development phases for CGM. Weaknesses are identified in shape of control deficiencies by identification of risk and its associated mitigating factors (Leonard, 2010). Ethical culture can include conflict of interest, disclosure of related parties' transactions and other related material information (Singleton & Singleton, 2010).
Eliminating deficiencies in background checks:
Background checks are performed on independent board of directors and their associated committees. These checks assist in identification of potential fraudster who can mislead the organization and its shareholders. Background checks are also performed on executive management and vendors (Leonard, 2010).

Mitigate fraud risks by implementing fraud triangle theory:
Fraud triangle theory defines the reasons for perpetrator to commit fraud (Singleton & Singleton, 2010). FA is best suited for the identification of reasons and devising mitigating controls. These mitigations assists in developing policies with proper controls and also assists in providing smooth transition towards achievement of corporate governance (Lou & Wang, 2009).

Implement preventive means:
Preventive means includes accounting controls, internal control system and ethical controls. As mentioned earlier, FA is best suited towards understanding fraud triangle and accordingly FA device preventive measures to provide satisfaction to shareholders (Abdullahi & Mansor, 2015). With the assistance of FA, corporate governance can be enhanced and corporate frauds and crime can be mitigated (Peshori, 2015).

FA can implement anticipatory controls based on the knowledge and skills. These anticipatory controls can be linked with organizational strategies and goals (Singleton & Singleton, 2010) thus advancing towards achievement of CGM. In accordance with the codes of corporate governance developed by OECD (2014), preventive role is assigned for internal audit function, however several frauds are occurring under watchful management of internal audit as they lack the required skills and knowledge moreover in current business environment, their independence is also doubtful (Okoye & Gbegi, 2013; Hawke, 2009).

Furthermore audit's future can be considered as ineffective if FA is not included as team member or auditors possesses the skills and knowledge of FA (Leonard, 2010). In accordance with Errol (2017) board of directors and shareholders should understand the importance of preventive measures and should utilize FA to develop these measures. Preventive role of forensic accounting can provide means to mitigate fraudulent activities by devising controls and by becoming part of governance management system. With the skills and knowledge, FA can provide following services as mentioned in Table 5 to the major constituents of CGM:
Table 5 Forensic Accounting Preventive Role's Services to Major Constituents of Corporate Governance Maturity

<table>
<thead>
<tr>
<th>Major Constituents</th>
<th>Services Provided by Preventive Role of FA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors (BOD)</td>
<td>FA with its abilities and understanding can assist BOD towards policy management, developing risk framework and identification of faulty transactions (Steven, Thomas, Mona &amp; Jessica, 2015)</td>
</tr>
<tr>
<td>Audit and Risk Committee (ARC)</td>
<td>FA assists ARC by identifying red flags which cannot be detected via regular accounting and auditing standards. Confirms the need for performing fraud investigation or not (Akkeren &amp; Buckby, 2017).</td>
</tr>
<tr>
<td>Remuneration Committee (RC)</td>
<td>FA assists RC by providing satisfaction reports related to payroll fraud, illegal bonus disbursement and verifying any irrational targets (Bahram, 2014).</td>
</tr>
<tr>
<td>Executive Management (EM)</td>
<td>FA supports EM by providing the recommendations and lesson learned reports with the aim of internal control implementation and fraud mitigation (Mitrić, Stanković, and Lakićević, 2012)</td>
</tr>
</tbody>
</table>

Preventive role of FA, supports mitigating financial crisis for organization alone and for the economy as whole by improving overall control environment of organization and by providing disclosures which satisfies the requirements of shareholders (Akkeren & Buckby, 2017; Shapiro, 2012).

CONCLUSION

CGM is a system which enables organization to fulfil their objectives and goals. CGM also identifies potential gaps between actual performances with the planned performance and hence creates complete structure for the organizational success. Measurement of CGM can be performed via several frameworks; however, aim for such a measurement is to assess organizational performance towards applicable standards, best practices and organizational objectives. Preventive role of FA and CGM provides satisfaction to shareholders by protecting their rights and accomplishing organizational goals. Preventive role of FA should be available within organization as organizational governance management and CGM should be assessed regularly by adopting any suitable framework.

FA with its preventive role assists organizations to achieve CGM not only by its knowledge and skills but also by identification of control deficiencies, evaluating weakness in organizational ethical culture,
mitigating fraud risks and implementing preventive means. FA can assist all major constituents of corporate governance towards formation of policies and achievement of CGM. However FA is only utilized for investigation purposes instead of preventive measure. Frauds which are directly associated with organizational finance can be mitigated or even avoided if FA can be considered as part of governance management system and also included in the codes of corporate governance. Moreover and similar to the internal and external auditors, FA should be operating under its own standards and regulations. This will further enhance and highlights the importance of FA.

Preventive role of FA assists in achieving good corporate governance which can eventually result in reaching CGM. Fraud is the major risk which can distort whole organization. If preventive measures are not adopted then it can be difficult for organizations to survive. FA's preventive role contributes in elimination of fraud even before its occurrence and hence brings organizations closer towards realization of CGM. It is evident from history that whenever organizations demonstrated poor corporate governance it ends-up in bankruptcy and closure of company. Poor corporate governance can be defined as a term where corporate governance exist but not implemented and only utilized as compliance check box. Achievement of CGM in modern financial era is not an extra option but becoming necessary aspect. CGM is essential and crucial system towards raising capital, satisfying shareholders and running business successfully. CGM also reduces ambiguity and reassures accountability by encouraging adoption of FA in its system.

This study highlights the fact that FA can be utilized as internal preventive measure and also as governance management. Availability of FA as governance management is reasonably new in its classification as majority of available studies validates only detective role of FA with marginal or minimum impact on CGM. This study enhances the body of knowledge and also contributes towards the existing compilation of literature. Understanding of this study will be beneficial to offer a ground for future research and to further generate extensive knowledge on issues relating to FA and CGM.
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