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Abbas Ali Daryaei, Shima Shahmohammadi

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The role of forensic accounting in preventing financial crimes: Evidence from Iran

Abbas Ali Daryaei[1]

https://orcid.org/0000-0002-7290-5701

Email: a.a.daryaei@soc.ikiu.ac.ir

Shima Shahmohammadi[1]

https://orcid.org/0009-0002-8802-8624

Email: sh.shahmohammadi@yahoo.com

[1] Imam Khomeini International University, Faculty of Social Sciences, Department of Accounting, Qazvin, Iran

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Abstract

The study aims to analyze the use of forensic accounting to investigate financial crimes in Iran, where the profession is just flourishing. Although forensic accounting has become a worldwide phenomenon, its practicality and efficacy in the new markets are not known, especially in Iran. The themes in the existing literature are mostly about developed countries, while little evidence exists about the setting of the middle or low-income countries. This study has, therefore, bridged the gap by discussing through data how this discipline helps in the fight against crime in the non-Western context. Rising financial crimes undermine economic stability and investor confidence in these settings, making this research timely and relevant. It shows how forensic accounting reduces regulatory risk in jurisdictions with weaker control systems. The results of the study are of a highly practical nature for emerging markets' policymakers, legislative authorities, control organs, and institutions of higher education. A descriptive survey methodology was employed in this study. The sample was made up of 291 out of 318 judicial experts who were randomly chosen from such fields as accounting, auditing, taxation, investment, and insurance throughout Iran. The questionnaire with confirmatory factor analysis and Cronbach's Alpha validation was applied as the main tool for data collection. Data were then computed using SPSS and PLS. The study provides evidence that forensic accounting is an important tool in preventing financial crimes. In addition, the study suggests that the performance of forensic accountants is shaped by the following demographics: age, educational level, and area of expertise. This study has implications for the understanding of the role of forensic accounting as a prevention mechanism in the context of emerging economies.

Keywords: forensic accounting, financial crimes, corruption, fraud, theft, manipulation.

1. Introduction

Globalization and diversification of economic activities have increased exposure to financial crimes, a problem that undermines the reliability of financial reporting, increases business risk and costs, undermines investor confidence, and destroys the credibility of the accounting profession (Khalili Samani and Dehghani, 2021). In this

context, forensic accounting is considered a set of techniques that integrate accounting, auditing, and investigative skills to detect financial fraud, identify irregularities, and generate evidence for legal and regulatory actions. It uses accounting principles to examine records and transactions in legal disputes, regulatory investigations, or internal audits to analyze financial information and detect violations (Nadaf, 2023).

Financial crimes occur within specific societal and institutional contexts and materially affect economies, individuals, and firms (Silverstone and Sheetz, 2007). Fraud, as an opportunistic act where motive meets opportunity, may or may not result in immediate financial gain and involves deceptive, corrupt, unethical, or otherwise improper behavior. Because such violations can reduce revenues and destroy value, organizations benefit from the ability to prevent, detect, and respond quickly to them. Implementing targeted anti-fraud measures helps prevent losses and improve productivity (Opiyo, 2017).

In recent years, numerous high-profile financial scandals have brought forensic accounting to the forefront, evolving to address these and other emerging fraud-related challenges, particularly with the rise in white-collar crimes (Enofe et al., 2015). A notable example of a financial scandal that significantly impacted the corporate world is Enron, which was the seventh-largest company in the United States at the time. The increasing intricacy of certain crimes necessitates the inclusion of forensic accounting as an essential tool for conducting investigations and successfully prosecuting those involved in criminal activities (Gottlieb, 2014).

Financial crime is usually described as a crime against property in which the assets of others are illegally converted for personal gain. It includes intentional and deceptive acts carried out for personal or organizational gain, such as the manipulation of financial

statements, embezzlement of assets, underhand dealings, Ponzi schemes, money laundering, identity theft and fraud – as well as bribery and corruption. Effective detection and prevention require strong internal controls, ethical conduct and close monitoring of financial transactions (Nadaf, 2023). It can be said that financial crimes are profit-driven crimes aimed at accessing and controlling property that belongs to another person. Pickett and Pickett (2002) define financial crime as the use of deception for illegal gain, which usually involves a breach of trust and some form of concealment. Gottschalk (2010) classifies financial crimes into four categories: corruption, fraud, theft, and manipulation.

Forensic accounting is a niche used to expose any financial or accounting crimes. This branch of accounting not only deals with accounting jobs but also applies the accumulated experiences and skills in this field to test matters related to civil, criminal, and jurisprudential law (Hamdan, 2018). In most countries, forensic accounting has been recognized as a profession. Forensic accounting professionals provide various services to individuals, companies, and organizations in the areas of research and investigation, fraud, and litigation support. In Iran, forensic accounting services are not as diverse as those in the United States and other countries. Official judicial experts in the fields of accounting and auditing are naturally forensic accountants who provide litigation support services, but this is just one of the various services provided by forensic accountants around the world (Ghaemi et al., 2022). Forensic accounting in Iran has involved several high-profile cases, including financial scandals in recent years exemplified by the 3,000 billion toman embezzlement scandal in 2011 (Jafari et al., 2017). Previous theoretical evidence suggests that the adoption of forensic accounting lowers corporate crime. The use of forensic accounting increases the chances of discovering and exposing fraudulent

activities, and knowledge of their existence can be a deterrent for potential fraudsters (Opiyo, 2017).

Financial crimes are costly, with an estimated $3.5 trillion lost worldwide to fraudulent financial statements, embezzlement, and corruption (ACFE, 2022; PwC, 2020). In Iran, financial crimes have deep roots, and any attempt to curb them may cause significant damage to the economy and have negative effects on growth. Accordingly, it seems that the current model of accounting and auditing can no longer guarantee the prevention and detection of fraud and other financial crimes in the information age. The answer to these challenges is a shift in the dominant paradigm to one that incorporates forensic accounting which will lead to changes in the responsibilities and functions of accounting and auditing (Samani and Dehghani, 2021). Research is needed on the role of forensic accounting in minimizing financial crimes through investigation, detection, and prevention. In addition to strengthening internal controls, forensic accountants assess fraud risks, ensure compliance, and provide expert support in legal proceedings. Organizations that use forensic accounting techniques are better equipped to protect assets, reduce financial losses, and maintain stakeholder trust. The results of this research can provide insights into the role of forensic accounting in reducing financial crimes for all stakeholders. Forensic accounting is relatively nascent in Iran and needs to be explored further. A review of domestic research shows that various aspects of forensic accounting have been considered in Iran. For example, Jafari et al. (2017) have examined the role of forensic accountants in handling money laundering cases, Rahmani et al. (2018) have emphasized the need to include forensic accounting more widely in university curricula, Ghaemi et al. (2022) have addressed the application of audit and forensic accounting methods in identifying frauds leading to bankruptcy, and Aminian

and Taheriri (2022) have conceptualized the quality of forensic accounting with an interpretive structural modeling approach. Despite the value of these studies, some limitations can be seen in them. First, most of these studies remain at the conceptual or qualitative level and have provided little empirical evidence. Second, the deterrent and preventive role of forensic accounting in combating various types of financial crimes - including corruption, fraud, theft, and manipulation - has received less attention. Third, the impact of forensic accountants' demographic characteristics on their effectiveness in preventing crime has not been systematically investigated. Therefore, there is a significant gap in the Iranian research literature that this study seeks to fill. The present study is designed to investigate the role of forensic accounting in preventing financial crimes in Iran and attempts to answer the following main question: "What role does forensic accounting play in preventing financial crimes in Iran?"

To answer this question, four research hypotheses are formulated and empirically tested regarding the effectiveness of forensic accounting in preventing corruption, fraud, theft, and manipulation.

2. Literature Review

Contemporary forensic accounting

Forensic accounting is a specialized branch of accounting that uses investigative and investigative methods to detect fraud and other financial crimes. The field has a dual role: it acts as both a deterrent and a method for identifying and prosecuting fraudulent acts (Okoye & Gbegi, 2013). Today, forensic accounting is recognized as the fastest growing segment of the accounting discipline (Bhasin, 2015). Although its development has intensified in recent years, the concept is not new and its roots date back to the early 19th

century in Glasgow, Scotland. However, it was only after financial scandals and increased regulation that the field gained greater prominence. According to Crumbley (2001), forensic accounting was developed with the aim of detecting fraudulent acts both inside and outside organizations, especially in cases where the behavior of third parties affects the performance of the organization. This field is a combination of financial skills, fraud-related knowledge, awareness of business realities, and knowledge of the legal system (Enofe et al., 2015).

In Iran, forensic accounting is still in its infancy and was first introduced to the academic literature in 2015 through the translation of the book Fraud Auditing and Forensic Accounting by Bologna and Lindquist (2006) (Rahmani et al., 2018). Rasmussen and Leauanae (2004) also used the term "investigative accounting" synonymously with forensic accounting. According to the American Institute of Certified Public Accountants (2004), in addition to detecting fraud, forensic accountants also work in the legal, tax, and financial fields and require specialized knowledge and experience. Hopwood et al. (2008) also emphasized the necessity of research and analysis skills, and Okoye and Akambi (2009) emphasized their role in providing evidence and developing deterrent strategies. Bologna and Lindquist (1995) define forensic accounting as "the application of financial skills combined with an investigative mindset to unresolved issues, within the framework of law and evidence." In the academic literature, some definitions emphasize the legal aspect (Botes & Saadeh, 2018), some emphasize the scope of professional services, and others emphasize the combination of the legal and investigative dimensions (Ellili et al., 2024). Internationally, the Association of Fraud Examiners (ACFE, 2011) defines forensic accounting as "the application of professional accounting skills to matters related to civil or criminal litigation" (Ghaemi et al., 2022).

In general, forensic accounting not only ensures compliance with laws but also helps detect violations (Rahmani et al., 2018). By combining accounting, auditing, and investigative skills, this field provides the ability to identify irregularities and provide legal evidence. Forensic accountants play an important role in identifying fraud patterns, designing preventive measures, and estimating damages. Their duties can include providing expert testimony, assisting in due diligence audits, evaluating internal controls, and designing anti-fraud measures (Guellim et al., 2024). The practical applications of forensic accounting are wide-ranging, including in fraud investigations, insurance claims, bankruptcy, divorce, and corporate disputes (Verret, 2024). Specifically, their activities include:

- ✓ Investigating financial losses and bankruptcy: Working with creditors and liquidators to detect fraud or misuse of assets
- ✓ Resolving family and marital disputes: Investigating financial abuse in divorce cases
- ✓ Identifying hidden or embezzled assets
- ✓ Handling insurance claims: Verifying the validity and credibility of claims
- ✓ Detecting money laundering: Working with judicial and law enforcement agencies (Nadaf, 2023)

Forensic accountants and financial experts also assist courts in clarifying the financial dimensions of disputes (Aminian & Tahriri, 2022). As business models are constantly evolving, fraud patterns also change, causing financial and reputational losses to organizations. Therefore, improving forensic accounting methods can enhance fraud detection and audit effectiveness (Yang & Lee, 2020). The profession emerged in its modern form in the 1980s. In the 1990s, an ACFE report found that only 5% of white-

collar crimes are detected, while 95% of financial losses are caused by these crimes, highlighting the importance of forensic accounting in recovering resources (Carnevale & Richards, 2019). Since then, the field has grown significantly (ACFE, 2022), and professional associations in the United States, the United Kingdom, Australia, and New Zealand have established specialized groups in this area (Samani & Dehghani, 2021).

In the 21st century, major financial scandals have once again highlighted the importance of this area. The collapse of Enron due to the concealment of approximately $70 billion in value, WorldCom's fraud in declaring over $11 billion in unrealized assets, and Volkswagen's manipulation of emissions tests that resulted in billions of dollars in fines are well-known examples (Adejumo & Ogburie, 2025). Iran has also faced major cases in the banking and non-banking sectors (Jafari et al., 2016). Globally, the costs of fraud remain high; in the United States alone, it is estimated at about $400 billion, and developing countries lose nearly 6 percent of their income annually (Caliyurt & Idowu, 2012). According to the 2020 Transparency International report, Iran ranked 149th out of 180 countries, the worst position in recent years. Despite multiple oversight bodies, widespread cases of fraud and embezzlement continue to be observed. Among the most important cases are the following:

- ✓ 92 trillion tomans embezzlement at Mobarakeh Steel Company
- ✓ 123 billion tomans case involving two businessmen
- ✓ Multi-billion-dollar fraud at pension fund
- ✓ 650 million euros in rent-seeking from the Central Bank
- ✓ 8 trillion tomans embezzlement from the Education Reserve Fund (Samani & Dehghani, 2021)

Financial crimes

The rise of financial crimes has become a major challenge for companies, particularly due to the lack of effective frameworks to combat them (Akinbowale et al., 2020). The term “financial crime” encompasses a wide range of offenses that have evolved across jurisdictions in line with regulatory changes and financial innovations. Formally, financial crime refers to any criminal behavior related to money or financial markets, including fraud, misuse of financial information, money laundering, and terrorist financing (Frunza, 2016). In general, these crimes refer to the illegal conversion of other people’s assets for personal gain.

The most common forms include check and credit card fraud, mortgage and corporate fraud, bank account fraud, securities fraud, tax evasion, embezzlement, bribery, identity theft, cyberattacks, money laundering, and social engineering. Interpol (2009) points to the growth of crimes based on new technologies, such as counterfeiting, payment card fraud and cyber terrorism (Gottschalk, 2010). Such crimes affect not only the banking sector but also society as a whole and cause significant financial losses (Ali, 2020). Perpetrators usually cause direct losses, legal claims and reputational damage to organizations by distorting and manipulating financial records. Common examples include financial statement manipulation, asset misappropriation, insider trading, Ponzi schemes, money laundering and identity theft (Nadaf, 2023).

Various studies have shown the role of forensic accounting in combating these crimes. Chesoli and Wafula (2020) confirmed its effectiveness in judicial investigations and support. Akinbowale et al. (2020) emphasized the need for appropriate frameworks, while Yang and Lee (2020) provided a roadmap for linking forensic accounting with corporate governance. Enofe et al. (2013) also found that forensic accounting reduces

fraudulent activities in Nigerian companies. In Iran, Ghaemi et al. (2022) examined judicial techniques in bankruptcy detection, Aminian and Taheriri (2022) modeled the qualitative dimensions of forensic accounting, Rahmani et al. (2018) emphasized the need to include it in university curricula, and Jafari et al. (2016) showed that the demographic characteristics of forensic accountants affect their effectiveness in money laundering cases.

Globally, financial crimes include money laundering, terrorist financing, fraud, tax evasion, embezzlement, forgery, and identity theft. These crimes occur on a daily basis and force governments to prosecute perpetrators. In the meantime, forensic accountants, relying on accounting, auditing, and investigative skills, scrutinize financial activities, provide evidence, and interpret complex business issues (Chesoli & Wafula, 2020). They may work in the insurance, banking, law enforcement, or auditing sectors. In this study, financial crimes are categorized into four main categories: corruption, fraud, theft, and manipulation (Gottschalk, 2010).

Corruption

Corruption is the offering, solicitation, receipt, or acceptance of an illicit benefit that is related to a person's position, position, or duty (Ahmed & Anifowose, 2024). This benefit does not necessarily have to be tied to a specific action; any benefit that is tied to a person's role or responsibility is considered corruption. Common examples include accepting money or gifts for performing duties that a person is legally required to perform, or exercising improper influence in decision-making (Ksenia, 2008). In essence, corruption undermines the foundation of integrity and leads people to behave dishonestly. It usually occurs when public or private officials abuse their position for personal or

family gain. The scope of corruption encompasses a wide range of illegal activities such as bribery, embezzlement, and extortion. Unlike other financial crimes that can be committed by any individual, corruption is often associated with office holders or employees who abuse their authority (Mirsaeidi & Zamani, 2012).

In addition to its social consequences, corruption also increases government debt by reducing tax revenues and increasing public spending (Hope, 2024). Those in power gain illegitimate privileges by distorting norms and exploiting monopolistic dominance or lack of accountability. Therefore, combating corruption requires establishing stronger control systems, limiting monopolies, and increasing transparency (Fallah & Mansoor, 2016).

Various indicators are used to measure the level of corruption in the world, of which two are more important:

1) Corruption Perception Index (CPI): It is the most widely used indicator for measuring corruption at the national and regional levels. Published annually by Transparency International, the index ranks countries or regions based on the level of corruption in the public sector, as perceived by experts and corporate executives. The scale ranges from 0 (very corrupt) to 100 (clean) (Hope, 2024).
2) Control of Corruption (COC): One of the World Bank's six composite indicators of global governance. Data from 2022 show that the index measures the abuse of public power for private gain and covers both petty and grand corruption, including corruption at the government level and at the level of influential individuals (Hope, 2024).

These indicators are common measures for assessing the level of corruption in different countries and regions. Since forensic accounting methods can limit the scope for bribery, embezzlement, and other corrupt behaviors by increasing transparency and accountability, they are expected to help improve CPI and COC scores. Therefore, examining the effectiveness of forensic accounting in preventing financial corruption directly raises the question of whether such mechanisms can lead to improvements in global corruption indices. Contemporary research shows that forensic accounting is a vital tool for uncovering complex and cross-border cases of organized corruption and white-collar crime; findings that strengthen the logical link between improving forensic methods and improving corruption indices (Dimitropoulos & Reading, 2025). Accordingly, the first research hypothesis is formulated as follows:

H1: Forensic accounting is effective in preventing financial corruption.

Theft

Theft can take multiple forms, including stealing cash from a company and embezzlement, which involves a direct violation of trust. Intellectual property crimes also constitute a form of theft and pose significant challenges for manufacturers, media companies, and pharmaceutical firms. According to Interpol (2009), counterfeiting poses a serious threat to public health, particularly in developing countries, where the World Health Organization estimates that over 60% of medicines are counterfeit. Identity theft is another form where an individual's personal information is illegally acquired to obtain credit, goods, or services in the victim's name or to provide false credentials for the perpetrator (Laudon and Laudon, 2010). Accordingly, the third hypothesis is stated as follows:

H2: The implementation of forensic accounting is significantly effective in preventing financial fraud.

Fraud

Despite the increasing growth of financial crimes, their precise definition remains challenging. The lack of a universally agreed-upon definition of financial fraud makes it difficult to assess its dimensions and characteristics (Golladay & Snyder, 2023). Fraud is as difficult to define as it is to detect, as it encompasses a range of "tricks, deceptions, tricks, stratagems, and unfair methods" used to mislead others (Enofe et al., 2013). Essentially, fraud is a deliberate distortion of the truth that induces an individual to accept it, give up property, or waive a legal right (Torki, 2015).

Fraud takes many forms. Embezzlement occurs when trust is violated and assets are misused for personal gain. Consumer fraud forces buyers to pay for goods that are undelivered, of poor quality, or more expensive than they are actually worth. Credit card fraud is a type of identity theft that involves using stolen information to make purchases (Gilsinan et al., 2008). External fraud involves scams such as advance-fee scams, while identity fraud involves the misuse of personal data such as name, date of birth, or banking information for illegal purposes. Financial statement fraud also involves manipulating profit and loss statements to present a more favorable picture of a company's financial condition. Today, fraud of this type is observed on a large scale in the fields of insurance, capital markets, banking, real estate, and e-commerce (Gottschalk, 2010).

Typically, financial fraud is classified into three main categories:

- ✓ Misappropriation of assets: includes theft of cash, fictitious invoices, or unrealized expenses.

- ✓ Corruption: occurs when employees use their influence for personal gain, such as bribery or conflict of interest.
- ✓ Financial statement fraud: involves the intentional manipulation or omission of information to mislead users of financial reports (Akinbowale et al., 2020).

Previous research has shown that demographic characteristics, personality, attitudes, and behavior of individuals play a role in the risk of fraud. Given the diversity of fraud forms, risk factors within each category may differ. This highlights the need for further research to examine the similarities and differences, along with their different impacts on victims (Golladay & Snyder, 2023). Based on these discussions, the second research hypothesis is formulated as follows:

H3: Forensic accounting is effective in preventing financial theft.

Manipulation

In Iran, manipulation was first criminalized in the 1925 Penal Code, Article 242, "Conspiracy and Fraud in Business and Trade" (Ghorbani and Bagheri, 2009). Bid rigging is a prevalent form of manipulation in which a vendor is given an undue advantage, undermining free competition for a contract by accessing additional information that allows for a low bid initially, followed by raising more money through numerous changes to the fixed contract. This illegal activity may be fueled by kickbacks (Pickett and Pickett, 2002). Misappropriation schemes can involve actions like altering sales figures, writing off legitimate income, obtaining blank purchase orders, modifying documents, diverting vendor discounts, and writing off balances. Currency counterfeiting and money laundering have the potential to destabilize national economies and pose a threat to global security. Non-compliance with national income tax laws is one of the most widespread financial crimes in various countries. Malkawi and Haloush (2008)

differentiate between tax avoidance and tax evasion. Tax avoidance involves legally using available opportunities to minimize tax liability, whereas tax evasion is the deliberate attempt to illegally circumvent tax laws to reduce tax liability. While tax evasion is illegal, tax avoidance is a legal strategy to save on taxes (Malkawi and Haloush, 2008 According to these arguments, the fourth research hypothesis is formulated as follows:

H4: Forensic accounting is effective in preventing financial manipulation.

3. Methodology

The present study is descriptive-correlational research that investigates the role of forensic accounting in preventing financial crimes. The data are collected through a survey. The population of this study consisted of all the official judicial experts in the fields of taxation, accounting, auditing, investment, and insurance, totaling 1,844 people. A sample of 318 individuals was selected from 1,844 official judicial experts in the fields of taxation, accounting, auditing, investment, and insurance using the Krejcie and Morgan table. To ensure adequate representation of the statistical population, a stratified random sampling method was used across specialized fields and different geographical regions of Iran. In this process, experts were first categorized based on their area of expertise and then randomly selected in proportion to the size of each category. Respondents were contacted through the official judicial expert's registration system. Questionnaires were distributed through three channels: in-person delivery at professional meetings, postal delivery, and a secure online survey link. Follow-up reminders were also conducted to increase the return rate, which ultimately resulted in the receipt of 291 completed questionnaires (equivalent to 91.5 percent). Ethical considerations were fully observed at all stages. Participation was voluntary, and all

respondents were informed of the purpose of the study, the confidentiality of responses, and the right to withdraw without consequences. No personally identifiable information was recorded, and all data were analyzed in aggregate form only. The research protocol was also implemented in accordance with the ethical guidelines of the Iranian Ministry of Science, Research, and Technology to ensure full compliance with research ethics standards.

The research instrument was designed based on a five-point Likert scale and was structured in two sections:

- ✓ General section: included questions about the demographic characteristics of the sample, such as gender, age, field of study, level of education, and experience in forensic accounting.
- ✓ Specialized section: included technical questions related to the research topic.

The demographic characteristics of the participants are presented in Table 1.

Table 1. Demographic characteristics of the participants

Characteristic		**Frequency**	**Percentage**
Gender	Female	108	37.1%
	Male	183	62.9%
Field of Study	Accounting	222	76.3%
	Auditing	24	8.2%
	Management/Economics	34	11.3%
	Other	12	4.1%
Academic Degree	Bachelor's degree	24	8.2%
	Master's degree	219	75.3%
	Doctorate degree or higher	48	16.5%
Age Group	20-30 yrs.	6	2.1%
	30-40 yrs.	180	61.9%
	40-50 yrs.	90	30.9%
	> 50 yrs.	15	5.2%
Work Experience	0-5 yrs.	21	7.2%
	5-10 yrs.	108	37.1%
	10-15 yrs.	87	29.9%
	> 15 yrs.	75	25.8%

The technical section of the questionnaire consisted of 29 items developed based on the conceptual model above and following prior research (e.g., Nadaf, 2023; Akinbowale et al., 2020; Enofe et al., 2013; Gottschalk, 2010; Rehman and Hashim, 2021). Table 2 provides a breakdown of these items. The measurement models of latent constructs in this study were considered to be reflective. The theoretical basis for this decision is that a change in the latent construct (such as the "role of forensic accounting") causes a change in the direction of all relevant items and the indices are expected to have a high correlation. Therefore, the measurement models were evaluated based on factor loadings, convergent validity (AVE), composite reliability (CR), Cronbach's alpha, and divergent validity (HTMT/Fornell–Larcker).

Table 2. Components and items of the questionnaire

Component	**No.**	**Item**	**Completely Agree**	**Agree**	**No Opinion**	**Disagree**	**Completely Disagree**
Financial Corruption	1	Forensic accounting can be an effective tool to prevent "**taking bribes**" through evidence gathering, evaluation, and analysis of accounts and financial/non-financial documents.	35	50	0	7	8
	2	Forensic accounting can be an effective tool to prevent "**giving bribes**" through evidence gathering, evaluation, and analysis of accounts and financial/non-financial documents.	36	47	0	9	5
	3	Forensic accounting can be an effective tool to prevent "**extortion**" through the use of financial crime detection and investigation techniques.	22	51	12	10	5
	4	Forensic accounting can be an effective tool to prevent "**embezzlement**" through the use of techniques to detect and investigate financial crimes.	40	38	6	12	4
	5	Forensic accounting can be an effective tool to prevent "**misuse of resources**" by tracking hidden or embezzled assets.	34	48	10	5	3

	6	Forensic accounting can be an effective tool to prevent "**concealment**" through compliance checks, scrutiny, and risk assessment.	30	50	14	2	4
	7	Forensic accounting can be an effective tool to prevent "**violation of the law and legal framework**" by increasing the awareness and understanding of managers in organizations.	16	61	9	11	3
Financial Fraud	8	Forensic accounting can prevent "**asset misappropriation**" through risk control processes.	18	64	8	7	3
	9	Forensic accounting can prevent "**suspicious and fraudulent transactions**" by examining documents through structured data mining technique.	23	65	6	3	3
	10	Forensic accounting can prevent "**identity fraud**" through the control of organizational systems and business environment.	16	67	4	10	3
	11	Forensic accounting can prevent "**manipulation of accounting procedures**" through the review and analysis of financial evidence.	15	64	11	6	4
	12	Forensic accounting can prevent "**falsification and alteration of financial records and business transactions**" by developing applications with advanced technology.	19	59	9	10	3
	13	Forensic accounting can prevent "**intentional acts of omission or commission**" through investigation, analysis, and reporting.	14	61	16	6	3
	14	Forensic accounting can prevent "**intentional misconduct in the use of accounting principles, policies, and procedures**" through investigation, analysis, and reporting.	10	71	10	6	3
Financial Theft	15	Forensic accounting can be an effective tool to prevent "**cash theft**" by strengthening the organization's internal controls and assessing fraud risks.	16	62	6	12	4
	16	Forensic accounting can be an effective tool to prevent "**intellectual theft**" by recognizing patterns and identifying anomalies.	9	51	21	15	4
	17	Forensic accounting can be an effective tool to prevent "**identity theft**" through comprehensive analysis of identity data and documents.	9	60	15	12	4
	18	Forensic accounting can be an effective tool to prevent "**physical property theft**" through the collection and management of data and reporting of facts.	9	64	11	12	4
	19	Forensic accounting can be an effective tool to prevent "**financial fraud**" by developing regulatory and strategic tools for internal controls and organizational structures.	22	61	7	6	4

Financial Manipulation	20	Forensic accounting can prevent "**money laundering**" through effective internal controls and fraud risk assessments.	35	46	6	10	3
	21	Forensic accounting can prevent "**cybercrimes**" through the use of digital analytical models.	12	49	26	8	5
	22	Forensic accounting can prevent "**bid rigging**" by tracking activities and analyzing accounts and financial statements.	13	65	10	9	3
	23	Forensic accounting can prevent "**insider trading**" by tracking activities and analyzing accounts and financial statements.	16	63	10	7	4
	24	Forensic accounting can prevent "**manipulation of financial statements**" through the use of financial skills.	17	59	15	6	3
Forensic Accounting	25	Internal auditors use forensic accounting to detect fraud.	15	38	22	22	3
	26	Corporate governance, backed by forensic accounting, is necessary to reduce corporate crimes.	15	67	13	5	0
	27	There is an inevitable need for forensic accounting in companies due to the inability of auditing laws to identify, uncover, and prevent corporate governance weaknesses.	13	45	30	12	0
	28	There is an inevitable need for forensic accounting in companies due to the inability of auditing laws to identify, uncover, and prevent internal control weaknesses.	12	55	20	13	0
	29	There is an inevitable need for forensic accounting in companies due to the inability of auditing laws to identify, uncover, and prevent fraudulent financial statements.	20	45	20	13	0

In this research, the convergent (construct) validity of the instrument was tested using confirmatory factor analysis (CFA). Figure 1 and Table 3 report the results of this analysis.

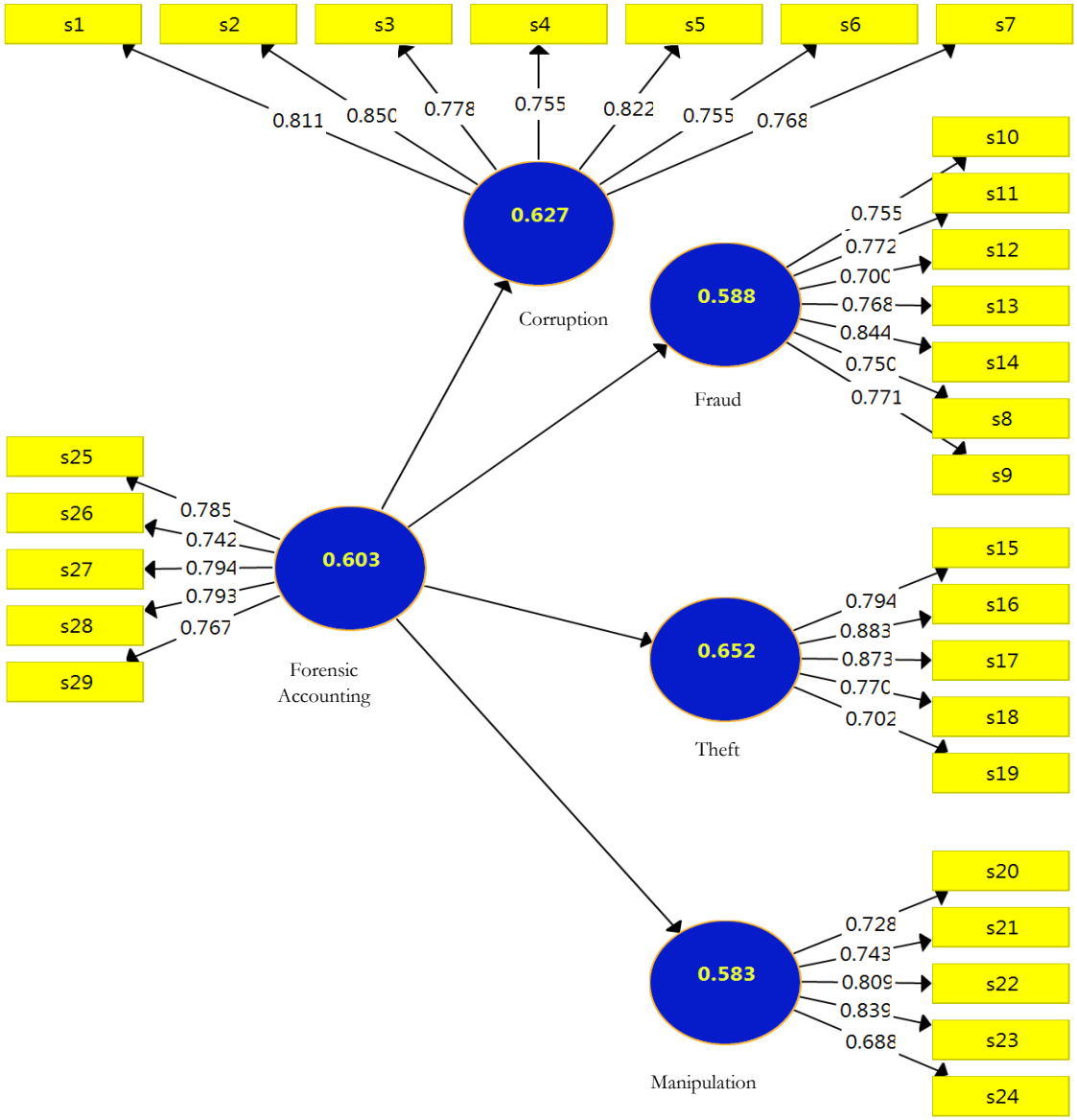

Figure 1. Factor loadings of the questionnaire items.

Table 3. Results of testing the convergent (construct) validity of the instrument

Variable	Item/Indicator	Factor Loading	t-statistic	AVE
Corruption	Receiving bribes	0.811	29.387	0.627
	Giving bribes	0.850	36.267	
	Extortion	0.778	22.281	
	Embezzlement	0.755	18.541	
	Misuse of resources	0.822	37.378	
	Concealment	0.755	20.979	

	Violation of the law and legal framework	0.768	25.532	
Fraud	Asset misappropriation	0.750	17.437	0.588
	Suspicious and fraudulent transactions	0.771	18.350	
	Identity fraud	0.755	21.400	
	Manipulation of accounting procedures	0.772	22.950	
	Falsification and alteration of financial records and business transactions	0.700	14.343	
	Intentional acts of omission or commission in financial disclosures	0.768	17.961	
	Intentional misconduct in the use of accounting principles, policies, and procedures	0.844	35.007	
Theft	Cash theft	0.794	24.345	0.652
	Intellectual property theft	0.883	56.370	
	Identity theft	0.873	40.065	
	Physical property theft	0.770	21.078	
	Financial fraud	0.702	12.566	
Manipulation	Money laundering	0.728	18.637	0.583
	Cybercrimes	0.743	19.715	
	Bid rigging	0.809	25.497	
	Insider trading	0.839	33.037	
	Manipulation of financial statements	0.688	12.402	
Forensic Accounting	Detecting fraud	0.785	25.548	0.603
	Reducing corporate crimes	0.742	20.166	
	Uncovering and preventing corporate governance weaknesses	0.794	23.813	
	Uncovering and preventing internal control weaknesses	0.793	22.294	
	Uncovering and preventing financial reporting weaknesses	0.767	19.994	

According to the results presented in Figure 2, the obtained factor loading for all the indicators is greater than 0.4, which is acceptable. Therefore, the unidimensionality of the components is confirmed. In addition, the t-values of the relevant factor loadings (path coefficients) are greater than 1.96, which means that the factor loadings of all components related to the role of forensic accounting in preventing financial crimes are significant at the 0.05 level ($t > 1.96$). Meanwhile, the average variance extracted (AVE)

for all the components of the model is greater than 0.4, thus confirming the convergent (construct) validity of the model.

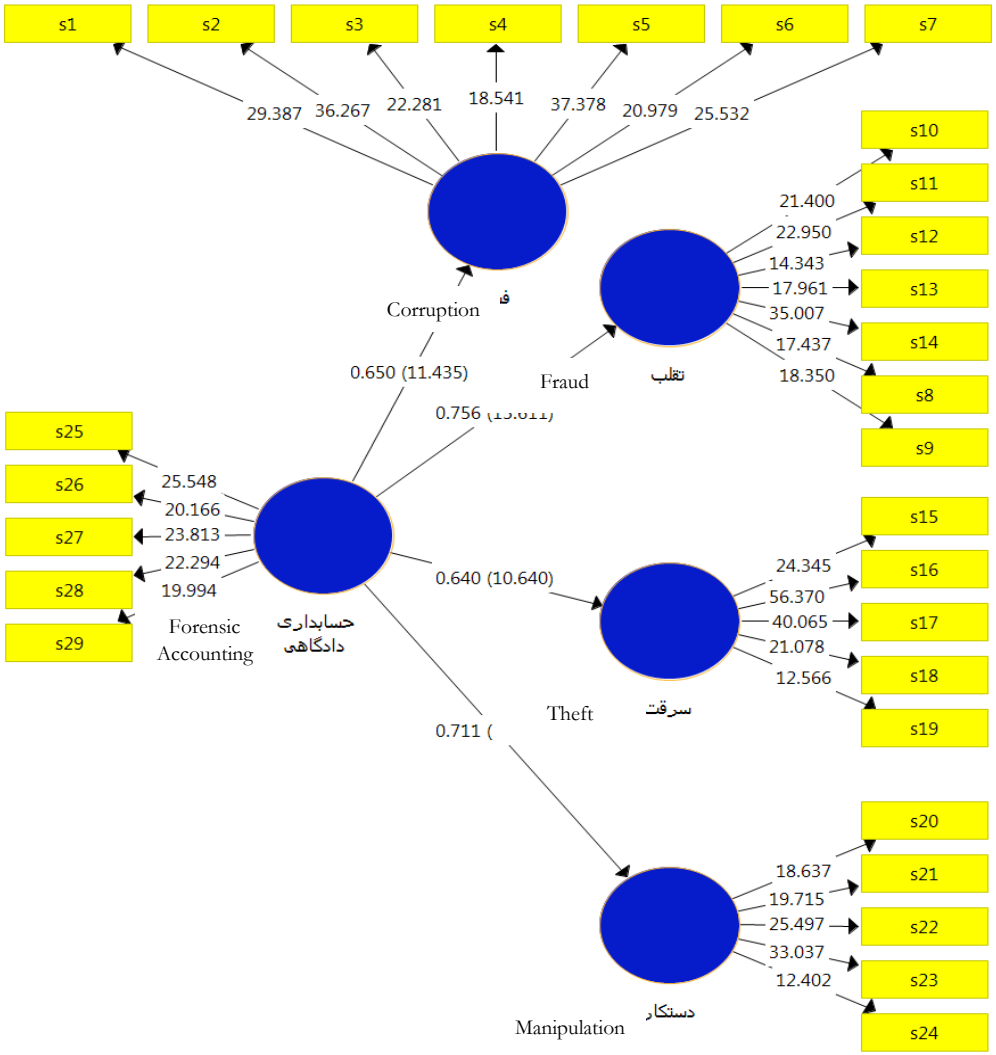

Figure 2. Path coefficients and t-values for the proposed model.

Findings

First, the measurement models were evaluated. All standardized factor loadings were above 0.70 and AVE values for all constructs were ≥ 0.50; CR and ρA values were also above 0.70, indicating adequate reliability. The Fornell–Larcker and HTMT criteria also confirmed divergent validity (HTMT < 0.85). Then, the structural model was evaluated.

The path coefficients, t values, and f^2 values are shown in Table 6. Overall fit indices, including SRMR, were also reported (SRMR < 0.08). Also, the R^2 and Q^2 values indicate the explanatory power and adequate predictive ability of the model.

Data analysis is done using descriptive statistics in SPSS software, including frequency distribution tables and the Kolmogorov-Smirnov test to check for normality (See Table 4). Next, structural equation modeling (SEM) is used to test the hypotheses.

As shown in Table 5, given that the p-values obtained for the components of the model are lower than the significance level (0.05), the null hypothesis for the normal distribution of the average scores of these components is rejected. Therefore, SmartPLS is used for data analysis and testing the model. The model fit indicators are reported in Table 5.

Table 4. Descriptive statistics and normality test results

Variable	**Descriptive Statistics**		**Kolmogorov-Smirnov test**	
	Mean	**SD**	**Z**	**p-value**
Corruption	3.92	0.83	0.176	0.001
Fraud	3.82	0.68	0.187	0.001
Theft	3.65	0.78	0.195	0.001
Manipulation	3.78	0.72	0.190	0.001
Forensic Accounting	2.82	0.77	0.187	0.001

Table 5. Fit indicators for the proposed model of the role of forensic accounting in preventing financial crimes

Variable	**AVE**	**CR**	**(CR>AVE)**	**Q^2**	**Cronbach's alpha**	**R^2**	**GOF**
Corruption	0.627	0.922	0.922>0.627	0.373	0.901	0.420	
Fraud	0.588	0.909	0.909>0.588	0.330	0.883	0.571	
Theft	0.652	0.903	0.903>0.652	0.334	0.864	0.409	
Manipulation	0.583	0.874	0.874>0.583	0.327	0.819	0.571	0.406
Forensic Accounting	0.603	0.884	0.884>0.603	0.313	0.836	-	
Average	0.610	0.898	-	0.335	0.860	0.492	

The results reported in Table 5 indicate the convergent reliability of the proposed model, as the average composite reliability index (0.89) and the average Cronbach's alpha (0.86) are greater than 0.70, and the average AVE (61.61) is greater than 0.5. Given that CR>AVE, convergent validity is also established. In addition, the average coefficient of determination (R^2 = 0.49) is greater than 0.35, and the average Q^2 (0.33) is greater than 0.15, indicating the good fit and above-average predictive power of the proposed model. The goodness of fit (GOF) indicator (0.40) is also greater than 0.35, which indicates that the overall model has an acceptable fit. Next, the hypotheses are tested using SEM, specifically path analysis and t-test. The results are presented in Table 6.

Table 6. SEM results for the role of forensic accounting in preventing financial crimes

Path	**Coefficient (β)**	**SE**	**t-value**	**p-value**
Forensic accounting → Preventing financial corruption	0.650	0.057	11.435	0.001*
Forensic accounting → Preventing financial fraud	0.756	0.048	15.611	0.001*
Forensic accounting → Preventing financial theft	0.640	0.060	10.640	0.001*
Forensic accounting → Preventing financial manipulation	0.711	0.051	14.069	0.001*

* Significant at $p < 0.05$.

The first hypothesis of this study was whether the use of forensic accounting is effective in preventing financial corruption. In this path, the p-value (0.001) is lower than the 0.05 significance level, and the t-value (11.435) is greater than 1.96, thus confirming the role of forensic accounting in preventing financial corruption. Also, the 0.65 path coefficient indicates a positive effect. The second hypothesis was whether the use of forensic accounting is effective in preventing financial fraud. In this path, the p-value (0.001) is lower than the 0.05 significance level, and the t-value (15.611) is greater than 1.96, thus confirming the role of forensic accounting in preventing financial fraud. Also, the 0.75 path coefficient indicates a positive effect. The third hypothesis was whether the use of forensic accounting is effective in preventing financial theft. In this path, the p-value (0.001) is lower than the 0.05 significance level, and the t-value (10.640) is greater than

1.96, thus confirming the role of forensic accounting in preventing financial theft. Also, the 0.64 path coefficient indicates a positive effect. The fourth hypothesis was whether the use of forensic accounting is effective in preventing financial manipulation. In this path, the p-value (0.001) is lower than the 0.05 significance level, and the t-value (14.069) is greater than 1.96, thus confirming the role of forensic accounting in preventing financial manipulation. Also, the 0.71 path coefficient indicates a positive effect.

8. Robustness checks

In this section, the effect of the demographic characteristics of forensic accountants (gender, age, field of study, academic degree, and work experience) on the effectiveness of forensic accounting in preventing financial crimes is investigated. In general, demographic characteristics can provide important insights on both quantitative and qualitative research. In inferential statistics, researchers can group or compare a variable based on these factors. Therefore, these factors can raise the level of research quality. Following Broberg et al. (2018), the regression models below are used to explain the effect of demographic characteristics on different forms of financial crime:

Eq. (1). Effect of demographic variables on the relationship between forensic accounting and prevention of corruption:

$$Corruption_i = \beta_0 + \beta_1 Forensic\_Accounting_i + \beta_2 Gender_i + \beta_3 Age_i + \beta_4 Field_i + \beta_5 Degree_i + \beta_6 Exp_i + \varepsilon_i$$

Eq. (2). Effect of demographic variables on the relationship between forensic accounting and prevention of fraud:

$$Fraud_i = \beta_0 + \beta_1 Forensic\_Accounting_i + \beta_2 Gender_i + \beta_3 Age_i + \beta_4 Field_i + \beta_5 Degree_i + \beta_6 Exp_i + \varepsilon_i$$

Eq. (3). Effect of demographic variables on the relationship between forensic accounting and prevention of theft:

$$Theft_i = \beta_0 + \beta_1 Forensic\_Accounting_i + \beta_2 Gender_i + \beta_3 Age_i + \beta_4 Field_i + \beta_5 Degree_i + \beta_6 Exp_i + \varepsilon_i$$

Eq. (4). Effect of demographic variables on the relationship between forensic accounting and prevention of manipulation:

$$Manipulation_i = \beta_0 + \beta_1 Forensic\_Accounting_i + \beta_2 Gender_i + \beta_3 Age_i + \beta_4 Field_i + \beta_5 Degree_i + \beta_6 Exp_i + \varepsilon_i$$

In these models, $Forensic\_Accounting$ is the independent variable; $Corruption$, $Fraud$, $Theft$, and $Manipulation$ are dependent variables; and $Gender$, Age, $Field$, $Degree$, and Exp are control variables. The regression models are estimated using the F-test and t-test in EViews software.

Table 7. Estimation results for the effect of demographic variables on the effectiveness of forensic accounting in preventing financial crimes

Variable	**Model (1)**		**Model (2)**		**Model (3)**		**Model (4)**	
	Coefficient	t-statistic	Coefficient	t-statistic	Coefficient	t-statistic	Coefficient	t-statistic
Constant	1.942	6.298	1.455	7.070	1.562	5.511	1.998	8.394

Forensic Accounting	0.575 (0.000)*	11.303	0.554 (0.000)*	16.336	0.526 (0.000)*	11.266	0.542 (0.000)*	13.812
Gender	-0.116 (0.132)	1.508	-0.059 (0.251)	1.148	-0.134 (0.059)	1.895	-0.193 (0.001)*	3.233
Age	-0.085 (0.267)	1.110	-0.235 (0.000)*	4.573	-0.153 (0.030)	2.171	-0.246 (0.000)	4.133
Field of Study	-0.028 (0.267)	0.639	0.076 (0.011)*	2.583	-0.022 (0.579)	0.554	0.069 (0.047)*	1.989
Academic Degree	0.303 (0.001)*	4.001	0.371 (0.000)*	7.337	0.412 (0.000)*	5.916	0.276 (0.000)*	4.722
Work Experience	0.150 (0.002)*	3.089	0.011 (0.715)	0.364	0.056 (0.210)	1.256	0.021 (0.570)	0.568
R^2	0.495		0.662		0.515		0.598	
Adjusted R^2	48%		65%		50%		58%	
F-statistic (p-value)	46.537(0.000*)		92.79(0.000*)		50.447(0.000*)		70.484(0.000*)	

* Significant at $p < 0.05$.

The estimation results for Model (1) show that academic degree (t=4.000, P≤0.05) and work experience (t=3.089, P≤0.05) have a significant positive effect on the effectiveness of forensic accounting in preventing financial corruption. Moreover, the adjusted coefficient of determination is equal to 0.48, indicating that about 48% of changes in the dependent variable (financial corruption) can be explained by the explanatory variables of the model.

The estimation results for Model (2) show the significant negative effect of age (t=4.573, P≤0.05) and field of study (t=2.583, P≤0.05) as well as the significant positive effect of academic degree (t=7.337, P≤0.05) on the effectiveness of forensic accounting in preventing financial fraud. Moreover, the adjusted coefficient of determination is equal to 0.65, indicating that about 65% of changes in the dependent variable (financial fraud) can be explained by the explanatory variables of the model.

The estimation results for Model (3) show the significant negative effect of age (t=2.171, P≤0.05) and the significant positive effect of academic degree (t=5.916, P≤0.05) on the effectiveness of forensic accounting in preventing financial theft. Moreover, the adjusted coefficient of determination is equal to 0.50, indicating that about 50% of changes in the dependent variable (financial theft) can be explained by the explanatory variables of the model.

The estimation results for Model (4) show the significant negative effect of gender (t=3.233, P≤0.05) and age (t=4.133, P≤0.05) as well as the significant positive effect of field of study (t=1.989, P≤0.05) and academic degree (t=4.722, P≤0.05) on the effectiveness of forensic accounting in preventing financial manipulation. Moreover, the adjusted coefficient of determination is equal to 0.58, indicating that about 58% of changes in the dependent variable (financial manipulation) can be explained by the explanatory variables of the model.

9. Discussion and results

The findings of this study indicate that forensic accounting plays an important role in preventing various forms of financial crimes in Iran, including corruption, fraud, theft, and manipulation. All four research hypotheses (H1–H4) were confirmed, indicating that forensic accounting is not merely a reactive tool, but rather acts as an active preventive mechanism in the financial and legal system. These results are consistent with previous research; Nadaf (2023) and Navarrete & Gallego (2023) have shown that forensic accounting tools act as a deterrent against financial fraud, while Chesoli & Wafula (2020) have emphasized their importance in judicial support. Enofe et al. (2013) and McKittrick (2009) have also reported that the presence of forensic accountants reduces the incidence of fraudulent activities in organizations. The present findings extend this evidence to the Iranian context and show that even in a developing economy with institutional weaknesses, forensic accounting can significantly reduce the risk of financial crimes.

One of the innovations of this study is the examination of the role of demographic characteristics of the experts. The results showed that young professionals were less effective in applying forensic methods, which is likely due to their limited practical experience. In contrast, higher education levels and related fields of study significantly

increased effectiveness. This finding is consistent with Akinbowale et al. (2020) who consider professional training to be a factor in improving anti-fraud outcomes. The positive role of work experience also confirms the findings of Jafari et al. (2016) on the importance of expertise and practical experience in money laundering cases. These results indicate that targeted professional development and continuing education programs are essential to enhance the capabilities of forensic accountants. Another important point relates to the broader institutional environment. Previous studies (Ali, 2020; Hope, 2022) have stated that weaknesses in governance structures exacerbate corruption and fraud, especially in developing countries. The findings of this study also support this view: forensic accounting can partially fill the gaps in the regulatory system by creating specialized capacities in detecting and providing legal evidence. However, without strong institutional support, forensic accounting alone will not be able to completely eradicate financial crimes. From this perspective, policymakers should pursue the use of forensic accounting alongside broader reforms in corporate governance, internal controls, and regulatory enforcement.

Overall, this study adds to the existing scientific literature by placing forensic accounting in the specific context of Iran, which faces deep-rooted challenges in the field of financial crimes and governance weaknesses. The findings show that forensic accounting simultaneously has both potential and limitations: on the one hand, it is considered a key mechanism for prevention, and on the other hand, its success depends on institutional support, continuous training, and integration into organizational governance systems.

7. Conclusion

This study set out to answer the central research question: *What is the role of forensic accounting in preventing financial crimes in Iran?* The results indicate that forensic accounting is effective in this regard. All four hypotheses, covering corruption, fraud, theft, and manipulation, were supported, suggesting that forensic accounting contributes to the deterrence and detection of financial crimes.

The research objectives were achieved by empirically testing the preventive effects of forensic accounting using data from 291 judicial experts. The study not only demonstrated its overall effectiveness but also identified key demographic factors (education, field of study, and work experience) that enhance the performance of forensic accountants. This adds nuance to existing literature and emphasizes the importance of specialized education and training. The key findings can be summarized as follows:

1. Forensic accounting reduces the risk and occurrence of corruption, fraud, theft, and manipulation.
2. Demographic characteristics influence effectiveness, with higher education and professional expertise improving outcomes.
3. Forensic accounting serves as both a preventive and investigative mechanism, complementing weak institutional controls in developing economies.

From a professional application perspective, it is recommended that regulatory agencies and institutions integrate forensic accounting techniques into corporate governance systems, mandate their use in high-risk industries, and invest in continuing education programs. In the academic field, the results of this study support considering the inclusion of forensic accounting in university curricula and point to the value of comparative and interdisciplinary research. However, the present study is not without limitations. Its reliance on quantitative methods and self-reported data from official experts may limit

the generalizability of the results. Also, the newness of the topic of forensic accounting in Iran has limited the range of participants. Therefore, it is suggested that future research be conducted using qualitative approaches such as case studies and interviews and that the analysis be extended to other developing economies to allow for cross-country comparisons. In addition, the role of emerging technologies such as artificial intelligence, blockchain, and big data analytics in enhancing the effectiveness of forensic accounting deserves further investigation.

Finally, this research demonstrates that forensic accounting is a powerful tool for reducing financial crimes in Iran. By addressing phenomena such as corruption, fraud, theft, and manipulation, this field helps to strengthen financial health, increase trust in the reporting system, and lay the foundation for more transparent governance.

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AUTHOR CONTRIBUTIONS

Abbas Ali Daryaei

Conceptualization: equal;

Project administration: equal;

Supervision: equal;

Visualization: equal;

Writing – review and editing: equal.

Shima Shahmohammadi

Data curation: equal;

Methodology: equal;

Resources: equal;

Software: equal;

Writing – original draft: equal.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

DATA AVAILABILITY STATEMENT

The entire dataset supporting the results of this study can be made available upon request to the authors.

GENERATIVE AI DISCLOSURE

The authors declare that no generative artificial intelligence was used in any stage of the production of this manuscript (including research, writing, data analysis, formula generation, or the creation of graphic elements).

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