

**FORENSIC AUDITING AND FRAUD DETECTION IN PRIVATE UNIVERSITIES IN
UGANDA**

A CASE STUDY OF KAMPALA INTERNATIONAL UNIVERSITY

MAIN CAMPUS-KANSANGA

BY

OCHAR FELEX

BBA/35664/113/DU

**A RESEARCH REPORT SUBMITTED TO COLLEGE OF ECONOMICS AND
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THE AWARD OF BACHELOR'S DEGREE

IN BUSINESS ADMINISTRATION OF

KAMPALA INTERNATIONAL

UNIVERSITY

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DECLARATION

I OCHAR FELEX do here by declare that this report on Forensic Auditing and Fraud Detection in Private Universities particularly Kampala International University was purely my own work and has never been submitted by anybody for the award of Diploma or Degree any University or Institution of Higher Learning.

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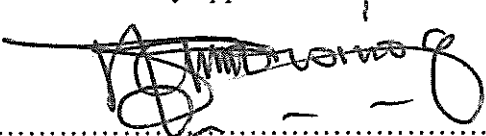
Name; OCHAR FELEX

Reg No.: BBA/35664/113/DU

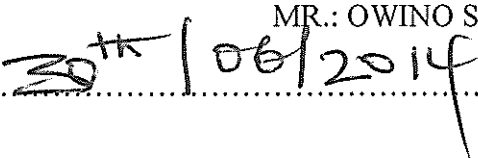
Date: 

APPROVAL

This is to confirm that the report by OCHAR FELEX was done under my supervision as the university supervisor and is ready for submission to the college of Economics and Management for examination with my approval.

Signature.....

Name MR.: OWINO SAMSON

Date

DEDICATION

This research report is dedicated to my beloved brother, Mr, Okoth Charles for the great contribution he rendered to me during my three years of study .

ACKNOWLEDGEMENT

First and foremost I give respect to the almighty God who gave me good health, wisdom, knowledge and courage in this study.

A special note of thank to my supervisor, Mr .Owino Samson whose close supervision, guidance and thoughtful insights helped me get a clear view to write this report, may the lord bless you .

I also owe gratitude to my wonderful parents ,brothers and sisters especially Mr, Okoth Charles for their tireless financial support , my mother ms, Abbo Margret, my brothers Ochwo Stephen, Onyango James, my sisters Alowo Hellen for their contribution towards my studies.

I would like to express my sincere appreciation to my course mates and my closest friends especially Ochieng Patrick , Owor Valentine, Okello Maurice , Namanya Stelah, Magoola Micheal and the rest with whom I interacted most of the time during the course of my study for their contribution, guidance ; the entire staff of college of Economic and Management of Kampala International University .

And lastly to all my respondents during the study may God bless you.

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LIST OF ACRONYMS

KIU	Kampala International University
AIS	Accounting Information Systems
AFF	Advanced Fee Fraud
CF	Computer Forensics
ED	Electronic Discovery
EW	Expert Witness
FA	Forensic Accounting
FA	Forensic Auditing
FAQ	Fraud Assessment Questioning
HF	Health fraud
CFC	Creation of false companies
RF	Red flags
THC	Tax Haven Country
EV	Extraneous variable

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ABSTRACT

This study was set to investigate the role of forensic auditing on fraud detection in private universities in Uganda particularly Kampala International University.

This study involved the use of 96 respondents who were engaged through the use of the questionnaires which were majorly closed ended. A descriptive study design was used which included both qualitative and quantitative research designs.

The main objectives of the study were to find out the manner in which forensic auditing affect fraud detection and the relationship between forensic a.uditing and fraud detection in private universities in Uganda

The study findings were that majority of the respondents strongly agreed that forensic auditing can affect fraud detection through which among other measures include, the organization regularly audit the books of accounts, the organization usually maintains records of what it owes to the clients, the organization usually pays using the payment mode required by majority of the respondents, the organization hire external auditors to prove the work done by the internal auditors, the organization normally keeps a stringent book keeping policy, the organization has put in place an office in charge of environmental accounting. The research was guided by two research questions of the study, the first research question sought to find out whether forensic auditing can help to curb down fraudulent activities in the organization majority of respondents strongly agreed that forensic auditing can help to curb down fraudulent activities in the organization.

This was prove through the following factors which were in a descending order, the organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold, the company has efficient cash flow management systems, the organization regularly registers expenses as they are incurred, the organization's assets are put into their best use and the organization always ensures that its debtors keep to their payment schedules through regular follow up. The second research question was sought to find out the manner in which forensic auditing affect fraud detection and the research revealed that it is through proper planning and management of debtors internal control system.

CHAPTER ONE

Introduction

This chapter introduces the study presenting the problem addressed in this work. It also outlines the brief background of forensic auditing and fraud detection of Kampala International University main campus. It provides relevancy of the study, the research objectives, questions, limitation and the conceptual framework of the study.

Under contemporary conditions of business activity, securing reliable financial information through disclosing financial statements was considered a generally accepted objective.

Numerous financial frauds from the past and the beginning of the century have seriously disrupted the trust of numerous users in financial information contained in financial statements.

The greatest frauds of the users of financial information and primarily investors have been committed by presenting false i.e. falsified financial statements.

The responsibility of preventing, detecting and investigating frauds in financial statements lies in the hands of the management of an enterprise, but also in the hands of other control institutions and mechanisms. The system of internal control, internal auditing and audit committee are the key elements for preventing frauds that are created through property misuse as well as those that use financial statements as instruments of fraud. External aim of detecting omissions and frauds and the aim of securing the reliability and credibility of financial statements.

In the last fifteen years, and increasingly today, the auditors that are called forensic investigators or forensic audits have been engaged in detecting frauds in financial statements. Engaged by the management, owner or other users of financial statements, forensic auditors investigate and document financial frauds or inaccurate materially significant information. In order to perform the given tasks, forensic auditors must have solid knowledge of accounting and auditing, developed capability of good communication -verbal, written and investigative, independence and a considerable degree of knowledge about the usage of information technology in accounting and auditing procedures. Accordingly, the paper will discuss frauds and omissions as the causes of inaccurate financial reporting, control mechanism and instructions responsible for investigating frauds and the place and role of forensic accountants in detecting frauds in financial statements.

1.1 Background

This study was about the role of forensic auditing and fraud detection in higher institutions of learning using Kampala International University as a case study.

Incidents of fraud can be noted in the media on a weekly if not daily basis. Fraud could include confidence tricks such as the 419 and Spanish Prisoner, Long Firms or creation of false companies, embezzlement, false advertising or billing, health fraud, bankruptcy fraud, use of tax haven countries for illegal activities etc. Also, marital fraud can be committed by divorcing spouses who do not wish to identify all marital assets (Marden and Darner, 2006; Rosenberg, 1989).

Financial and other fraud cases involved accounting information. Forensic investigators utilize financial information and will need to understand, interpret, discern what is important/not so important, retrieve, identify, safeguard, report, and testify in court financial information retrieved in a fraud investigation (Kahan, 2005; Manning, 2005, Wells, 2005). A fairly new phenomenon in the research deals with the Effect on jurors as well. Researchers discussed the importance of auditors and forensic accountants receiving training on fraudulent methods but also indicate the importance of fraud investigators knowing Accounting Information Systems (Bodnar and Hopwood, 2010). In addition, studies also indicate the importance of fraud examiners being able to testify as an expert witness on evidence derived from an AIS (Christensen et al., 2005) and a few researchers even suggest that judges and attorneys might wish to be updated in AIS and forensic evidence (Lowe et al., 2002; Neuffer, 2001; Rasmussen and Leauanae, 2004).

Terms

Accounting Information Systems; Accounting Information Systems can be defined as a collection of resources utilized to transform financial and other data into usable information. (Bodnar and Hopwood, 2010)

Computer Forensics; The process of acquisition, restoration and analysis of digital data which could include restoring corrupted or lost data, resurrecting outdated systems and software environments or to simply analyze common security breach activities (Green and Cooper, 2003; Stringer-Calvert, 2002).

Electronic Discovery; Dissecting complicated transactions and revealing important evidence (Hochberg, 2006).

Expert Witness; Specialist in a subject who may present his or her expert opinion such as a forensic accountant or Certified Public Accountants. auditor in the case of evidence utilizing Accounting Information System data. If the expert is challenged by the defendant's council, evidence of their expertise, training, or special knowledge can be an exception to the rule against providing an opinion as testimony. The prosecution must prove any experts' qualifications if challenged and the trial judge has the discretion to rule if the forensic accountant is qualified as an expert, or is limited on the subjects that she or he would be an expert (<http://www.legal-explanations.com/definitions/expertwitness.htm>).

Forensic Auditing Forensic auditing can be defined as the use of accounting, auditing, and investigative skills to assist in legal matters (Houck et al., 2006).

Fraud Assessment Questioning; Questions structured so that the individual being interviewed may not necessarily know that the information they provide is of great significance to the forensic investigation (Buckhoff and Hansen, 2002).

Health fraud; An example would be the selling of products known not to be effective, such as quack medicines (Hyman, 2001).

Long Firms or creation of false companies; (Levi, 2008). This would be the crime of businesses buying on credit, then disappearing.

Red flags; Red flags in AIS would be internal controls within and outside the AIS software that indicated possible suspect transactions (Manning, 2005).

Tax Haven Country; Countries that offer various business services in order for customers to avoid taxes and/or avoid prosecution for illegal acts. Many times individuals intent on fraudulent acts will actively seek tax haven countries to conduct their financial business and/or hide their financial data because of the secrecy laws of certain tax haven countries (Manning, 2005).

1.2 Statement of the Problem

Even though endeavors have been directed to produce quality financial reporting, it is apparent that quality financial reporting is often an illusion or myth. In practice, as can be seen from a number of accounting scandals and bankruptcies, many universities in Uganda both private and government headed like Kampala International University have been faced with fraudulent activities which has been brought by improper book keeping which has led to corruption and embezzlement of funds bad image of the organization, retardation of growth of such organizations if not handled with care will lead to closure of the organization and execution of the concerned officials.

1.3 Purpose of the study

The purpose of the study was to bridging the knowledge gap, generating new ideas and validate other researchers findings through examining the role of forensic auditing in fraud detection in private universities in Uganda with a case study of Kampala International University main campus Kampala.

1.4 Research Objectives

The main objective of the study is to examine the role of forensic auditing on fraud detection in private universities Uganda. The specific objectives are:

- To evaluate the role of forensic auditing in fraud detection.
- To ascertain and recommend corrective measures to be taken to ensure strong and satisfactory fraud detection.

1.5 Research Questions

1)What role did forensic auditing contribution in detection of frauds and errors in the organization ?

2) What recommendations and corrective measures did you suggest to ensure strong and satisfactory fraud detection?

1.6.0 Scope of the Study;

The scope of the study was categorized basing on the geographical scope, content, theoretical and time scope.

1.6.1 Geographical scope

However this study was conducted in Kampala International University main campus, Kampala Uganda . It is located in Kansanga , along Kampala –Ggaba road , 3km from Kampala city center

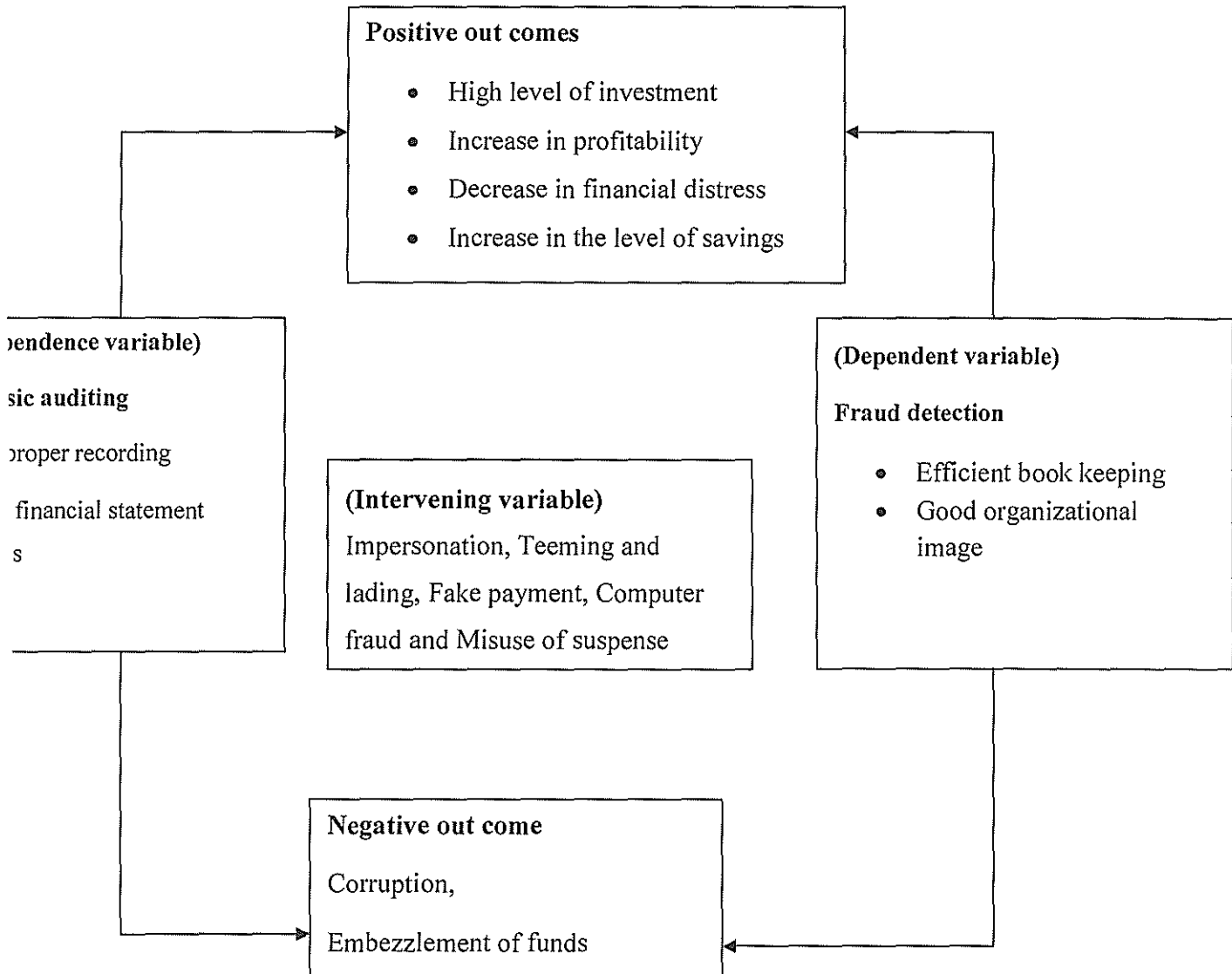
1.6.2 Content scope

This proposal was carried out on Forensic Audit and its effect on Fraud detection in private institutions in Uganda particularly Kampala International University. The purpose of the study established a relationship between the effects of forensic audit on fraud detection in Kampala International University Kampala.

1.6.3 Time Scope

This study has taken a period of five months that is to say from January to June 2014.

1.7 THE CONCEPTUAL FRAMEWORK



Source: Researcher's conceptualization, 2014

From the framework above, good work performed by the forensic auditors led to;

Good proper book recording which normally lead to increase in the financial performance of the organization if it has the ability to put forensic auditors and give them chance to execute their duties independently.

There were proper financial statement analysis which helped the business detect any misappropriation of the organization funds

These would normally bread to the good financial performance of the enterprises.

However for instances where fraud detection is on play, there was a good financial performance of the enterprises and this led to;

High level of investment

Increase in profitability

Decrease in financial distress

Increase in the level of savings

1.8 Significance of the study,

The research study is significant to the researcher himself, Kampala International University as an institution and other third parties more so the future researchers. This is important in the following ways.

It will help the researcher to attain his academic objectives because this study is conducted in partial fulfillment leading to the award of a bachelor's degree in business administration from Kampala International University.

The findings of this study will act as a mirror which will enable the government to rectify its policies so as to achieve its objectives of economic growth.

The findings of the study will also be very beneficial to Kampala International University. The Forensic Auditing in Fraud Detection is important in improving the financial performance of the organization which will lead to better formulation of policies that will create an enabling environment for the improved financial performance and its growth in a changing and highly competitive business environment.

The study will also be used to scholars. The finding obtained from this study will help future researchers to identify different areas of interest in which to conduct their research. Moreover the findings and recommendation of this study might provide the source of literature survey to future researchers and scholars who need to pursue a similar research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter deals with the assessment of literatures which relate to the topic the recruitment and selection practices of organization. Several literatures would be selected and relevant areas would be reviewed and evaluated. This chapter starts with the definition and components of forensic accountants, followed by the second part which carries the definition of fraud detection and the importance of forensic accountants in fraud detection in the financial statement. In the third part we provide the analytical framework of the study. This is followed by the theoretical framework where the fraud detection theories and principal-agent theory are analyzed.

Accounting Information Systems. Accounting Information Systems can be defined as a collection of resources utilized to transform financial and other data into usable information.

(Bodnar and Hopwood, 2010)

Advanced Fee Fraud or 419 fraud and Spanish Prisoner (Adogame, 2009). A scam where the sender requests help in facilitating the transfer of a substantial sum of money usually perpetrated through an email. In return, the sender offers a commission (usually in the millions of dollars) and the scammers will ask that money be sent to pay for some of the costs associated with the transfer. If money is sent to the scammers, they will either disappear immediately or try to get more money with claims of continued problems with the transfer.

Computer Forensics; The process of acquisition, restoration and analysis of digital data which could include restoring corrupted or lost data, resurrecting outdated systems and software environments or to simply analyze common security breach activities (Green and Cooper, 2003; Stringer-Calvert, 2002).

Electronic Discovery; Dissecting complicated transactions and revealing important evidence (Hochberg, 2006).

Expert Witness. Specialist in a subject who may present his or her expert opinion such as a forensic auditors or Certified Public Accountants. Auditor in the case of evidence utilizing Accounting Information System data. If the expert is challenged by the defendant's council, evidence of their expertise, training, or special knowledge can be an exception to the rule against providing an opinion as testimony. The prosecution must prove any experts' qualifications if challenged and the trial judge has the discretion to rule if the forensic accountant is qualified as an expert, or is limited on the subjects that she or he would be an expert (<http://www.legal-explanations.com/definitions/expertwitness.htm>).

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Red flags in Accounting Information System would be internal controls within and outside the AIS software that indicated possible suspect transactions (Manning, 2005).

Countries that offer various business services in order for customers to avoid taxes and/or avoid prosecution for illegal acts. Many times individuals intent on fraudulent acts will actively seek tax haven countries to conduct their financial business and/or hide their financial data because of the secrecy laws of certain tax haven countries (Manning, 2005).

2.1 Review of Literature

According to Albrecht, (2005) argued that fraud is rarely seen. He said that the symptoms of fraud are usually observed. The symptoms do not necessarily mean fraud is being undergone as it may be caused by mistakes. The writer advices are mainly to be cautious when fraud is reported as it may be false allegations. Fraud is not easily proven since frauds have themselves at a safe line where authority could not convict them. This shows that the author is explaining that the fraud defaulters are getting smarter due to the possible mistakes human can cause. This has made detecting and proving fraud a hard work for a forensic accountant. There is a need for deeper understanding on how these defaulters work their fraudulent act. Without constant involvement of the public and improvement in forensic accounting, fraud cases will be hard to detect and thus lead to greater success in financial fraud, which also translates into the failure to meet the expectations of the public, shareholders or even other stakeholders.

Ramaswamy (2005) states that poor corporate governance and accounting failure is one of the reasons why fraud cases emerge. This is because poor corporate governance will lead to the ability of certain individual or a group of people with the same interest to act upon it to commit fraudulent activities in the company. He also states that the problems within the corporate reporting system as a reason because of lack of well implemented policy of corporate governance. This can be reinforced by the fact that top level management should follow the policies of the firm which will help the company to perform better. The problem comes from the fact that certain corporate leaders do not have positive attitude regarding the policies.

Therefore, lack of honesty and transparency in reporting financial statement is another problem. It is agreeable that an auditor does not have the absolute duty to uncover fraud, but they should practice fair and true reporting to ensure that the interests of the public as well as the employees are protected. With the use of forensic accounting guidelines, auditors can act as forensic accountants in cases of suspicious fraud or criminal activities in a company. Ineffective and inefficient system of internal control which is stated by the author points out that a weak management cannot be changed with internal control system. Even if a company applies good internal control systems, the management will still be the major factor influencing the implementation. Companies should look towards new approaches rather than follow the traditional approach as forensic accounting may be the next best alternative in resolving problems.

Ramazani and Refiie (2010) studied the accountants' perception of prevention methods of fraud. In this research they examined accountants' perception of forensic accounting which demonstrates the low extent of accountant's perception of forensic accounting. Forensic accounting is considered as one of the factors in fraud prevention. (Bierstaker, Brody and Pacini, 2006).

Okoye and Gbegi (2013) carried out a study on the evaluation of forensic accountants to planning management fraud risk detection procedures. The study reveals that forensic accountants effectively modify the extent and nature of audit test when the risk of management fraud is high, forensic accountants propose unique procedures that are not proposed by auditors when the risk of management fraud is high, forensic accountants can make to the effectiveness of an audit plan when the risk of management fraud is high, involving forensic accountants in the risk of management fraud assessment process leads to better results than simply consulting them. KPMG's Fraud Survey (2003) reveals that more companies are: recently experiencing incidents of fraud than in prior years; taking measures to combat fraud; and launching new antifraud initiatives and programs in response to the Sarbanes-

Oxley Act of 2002 (KPMG 2003). PricewaterhouseCoopers' (PWC) 2003 Global Crime Survey indicates that 37 percent of respondents in 50 countries reported significant economic crimes with the average loss per company of \$2,199, 930 (PWC 2003). These survey results underscore the importance of forensic accounting practice and education.

Prior research (Rezaee 2002; Crumbley 2003 and 2009; Peterson and Reider 1999, 2001; Rezaee, Reinstein, and Landar 1996; Rezaee and Burton 1997) reviews the literature on forensic accounting practices, certifications, and education.

These studies also provide evidence indicating that forensic accounting education has evolved from being limited, to continuing professional education sessions for practicing accountants, to a current state of being offered as a credit course by several universities. Buckhoff and Schrader's study (2000) finds, "adding a forensic accounting course to the accounting curriculum can greatly benefit the three major stakeholders in accounting education academic institutions, students, and employers of accounting graduates."

Empirical evidence from a study by Boritz, Kotchetova and Robinson (2008) confirms that forensic accountants could detect significantly higher number of fraud than auditors. Srivastava, Mock and Turner (2003) in their study found that forensic audit procedures significantly lowered

fraud risks. Furthermore, research has also proven that proactive forensic data analysis using computer based sophisticated analytical tests can detect fraud that may remain unnoticed for years (Brown, Aiken, and Visser 2007).

A study by Bierstaker, Brody and Pacini (2006) researched accountants' perception regarding fraud detection and prevention methods. The findings revealed that organizational use of forensic accountants was the least often used of any anti-fraud method but had the highest effectiveness rating. This is similar to the findings of Ernst and Young's (2003) worldwide fraud survey, which states that only 20% of organizations employed forensic accountants although the satisfaction level for the service 88% was the highest.

According to the US General Accounting Office (GAO) (1996), there is now a strong emphasis on fraud prevention and detection during statutory audits. In fact the United States and international standards setters have increased the responsibility of auditors to consider the risks of fraud while conducting audits of financial statements. There is even a call for stronger forensic skills in those who perform these audits. This has been collaborated by Enyi (2009) who submits that all normal statutory audits should contain some elements of forensic enquiry as the evidence of fraudulent activities can be easily discovered if a thorough evaluation of the adequacy and compliance of the internal control mechanism is made.

All these are aimed at fraud prevention and detection. But, this may not be achieved by an auditor without some understanding of forensic accounting methods (Efiong, 2012).

CHAPTER THREE

STUDY METHODOLOGY

3.1 Research Design

The objective of the research answered the research question and identified whether there was a relationship between forensic auditor and fraud detection. The survey method was selected for the purpose of this study in order to collect a sufficient amount of primary data. The use of questionnaires is the most widely used data collection technique in a survey and, in this study.

The study used a descriptive approach with co-relational design. Descriptive studies are none experiential researches that describe the characteristics of a particular individual or of a group. It deals with the relationship between variables, testing of hypothesis and development of generalizations and use of theories that have universal validity. It also involved events that have already taken place and may be related to present conditions. This research approach would be used in describing variables that could be measured in qualitative terms like the respondents' opinions, attitudes and reactions to working capital practices.

3.2 Study Population.

The target population included 1 proprietor, 15 finance officers, 2 managers (with deputy), 18 workers and 90 students and this summed up to 126 people from each department or management.

3.3 Sample Size

In view of the nature of target population where both managers and proprietors were concerned, a sample was taken from each category. Table 3.3.1 below shows the distribution of respondents of the study from different categories Owners and managing officers. The Slovenes formula below will be used to determine the minimum sample size.

$$n = \frac{N}{1+N(e)^2}$$

Where: n=sample size
 N=population size
 e=margin of error desired

$$= \frac{126}{1+126 \times (0.05 \times 0.05)}$$

$$= \frac{126}{1+126 \times (0.0025)}$$

$$= \frac{126}{1+0.315}$$

$$= \frac{126}{1.315}$$

= 96 respondents

TABLE 3.3.1 : Distribution of the sample size

category	Population	Sample size
Proprietor	1	1
Managers	2	2
Finance officers	15	14
Workers	18	17
Clients	90	62
Total	126	96

Source: Primary data, 2014

From the primary data gathered, it was found out that among the respondents whom the questionnaires were given; there were 90 client (students), 18 workers, 15 finance officers, 2 managers and 1 proprietor. All these gave responses to the researcher.

3.4 Sampling Procedures;

This study employed a non- probability sampling technique in respondents selection. The technique was Purposive based on different criteria amongst the following: qualification, area of specialization, duration in service, training acquired and frequency of training etc.

3.5 Research Instruments

The study tools that were used in this study included the following (i) Face sheet to gather data on the respondent's demographic characteristics area of specialization (ii) Researcher will devise questionnaires to determine the level of working capital management and level of financial performance (iii) Items concerning the level of working capital management and level of financial performance.

Validity and Reliability of the Instrument.

An introduction letter was obtained by the researcher from the College of higher degrees and research evaluations at Kampala International University, requesting the Director of Finance of Kampala International University to allow the researcher to collect data from the institution.

On approval, the researcher secured a list of the targeted respondents from the selected institution so as to arrive at the minimum sample size.

The respondents were briefed about the study and requested to sign the informed consent form (Appendix 1).

More than enough questionnaires were produced for distribution to the respondents.

The Researcher deployed assistants to assist in the data collection; they were oriented in order to be consistent in administering and questionnaires.

During the Administration of the Questionnaires.

The respondents were requested to answer all the questions to the best of their abilities.

The researcher and assistants emphasized retrieval of the questionnaires within five days from the date of distribution.

On retrieval, all returned questionnaires would be checked to ensure that all will be answered.

After the administration of the questionnaire, the data gathered would be collected and input in a computer for statistical analysis.

3.6 Data Analysis

The frequency and percentage distribution were used to determine the demographic characteristics of the respondents.

The mean item analysis were used to evaluate the level of role of forensic accountants and level of fraud detection based on indicators of strengths and weaknesses. From these the recommendations to the study would be formulated.

A multiple correlation coefficient to test the hypothesis on correlation (H1) at 0.05 level of significance using t-test would be employed.

The regression analysis R² (co-efficient of determination) will be used to determine the influence of forensic accountants to fraud detection in Kampala International University.

3.7 Ethical Considerations.

To ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in the study, the following activities were implemented by the researcher.

The respondents were coded instead of reflecting the names through a written request to the concerned officials of the institution in order to access the data from them.

The researcher requested the respondents to sign the informed consent form (appendix). Specifically, participants will be informed about the aim and nature of the research.

The researcher acknowledged the authors quoted in the study through citations and referencing. Findings to the study would present in a generalized manner to enhance privacy and confidentiality.

3.8 Limitations of the Study

In view of the following threats to validity, the researcher claimed an allowable 5% margin of error. Measures would be indicated in order to minimize if not to eradicate threats to validity the findings of the study as shown below;

Extraneous variables which would be beyond the researchers control such as respondents honesty, personal biases and uncontrolled setting of the study.

Instrumentation: The research instruments on resource availability and utilization were not standardized. Therefore a validity and reliability test were done to produce credible measurement of research variables.

Testing: The use of research assistants would bring about inconsistency in the administration of questionnaires in terms of time administration, understanding of the items in the questionnaires and explanations were given to the respondents. To minimize this threat, the research assistants were briefed on the procedures that had to be done in data collection.

Attrition Mortality: Not all questionnaires were returned neither completely answered nor even retrieved back due to circumstances on the part of the respondents such as travels, sickness, hospitalization and refusal or withdrawal to participate. In anticipation to this the researcher would reserve more respondents exceeding the minimum sample size. The respondents would be reminded not to leave any item in the questionnaires unanswered and were closely followed up as to the date of retrieval.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter attempts to analyze the data collected and its interpretation in relation to the studied subjects. The empirical findings of the study were presented, analyzed and interpreted. The collected data was organized from the responses to questionnaires administrated to key informants most especially the respondents. This data was processed qualitatively and quantitatively. The information was summarized using tables, graphs and pie charts to show the responses of the respondent.

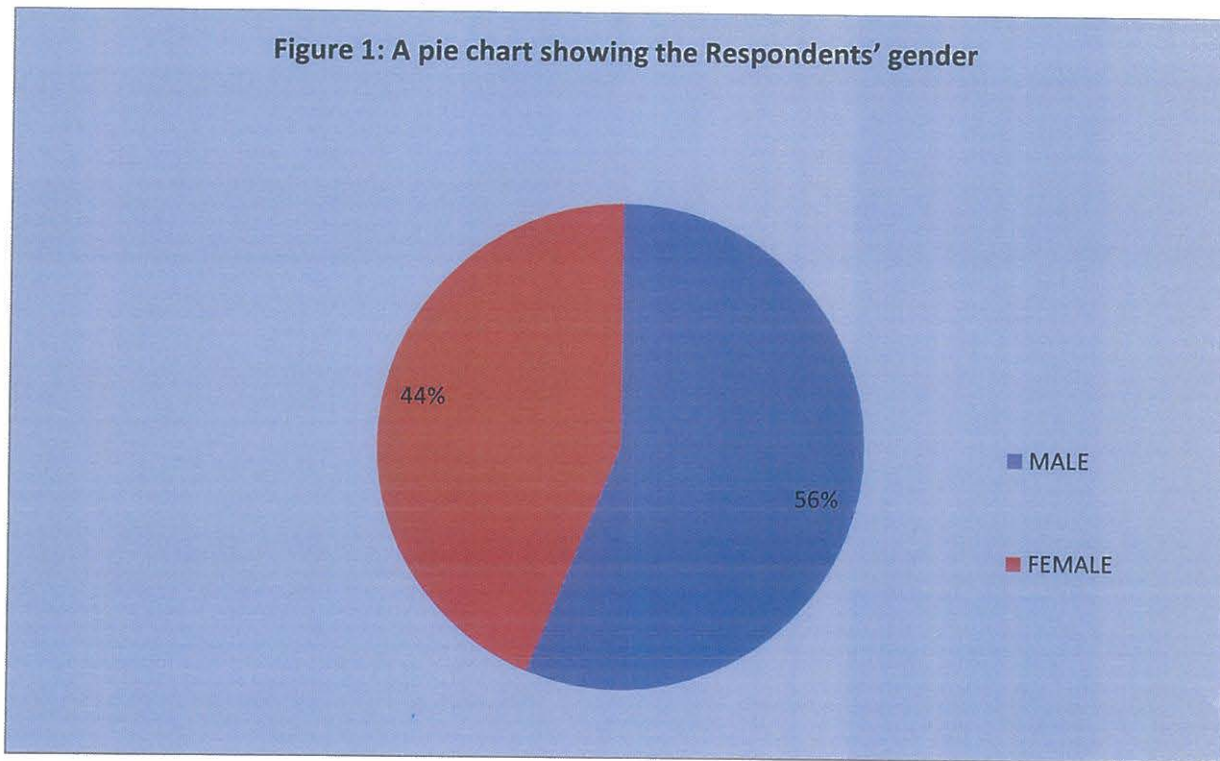
4.1 Nature of the respondents

This section presents socio- economical demographic characteristics of respondents that include; level of education, age and sex. Below is the table showing the respondents in response to sex

Table 4.1.1: Respondents' gender

Gender	Frequency	Percentages
Female	42	43.8
Male	54	56.2
Total	96	100

Source: Primary data, 2014



Source: Primary data, 2014

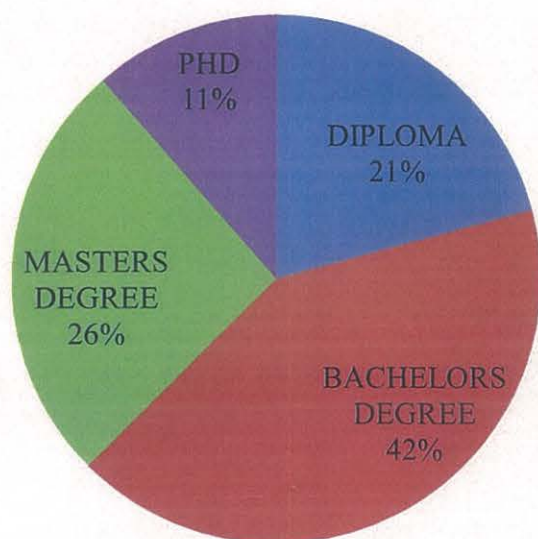
From table 4.1.1, it is true that the largest sample of respondents was from the male people with a percentage of 56.2% and the female only took 43.8%. This was because the male respondents felt comfortable in giving the information to the research than the female.

Table 4.1.2: Frequency distribution of the level of education among the respondents

Level of education	Frequency	Percentage
Diploma	20	20.8
Bachelors degree	40	41.7
Masters degree	25	26.0
PHD	11	11.5
Total	96	100

Source: Primary data, 2014

Figure 2: A pie chart showing the Frequency distribution of the level of education among the respondents



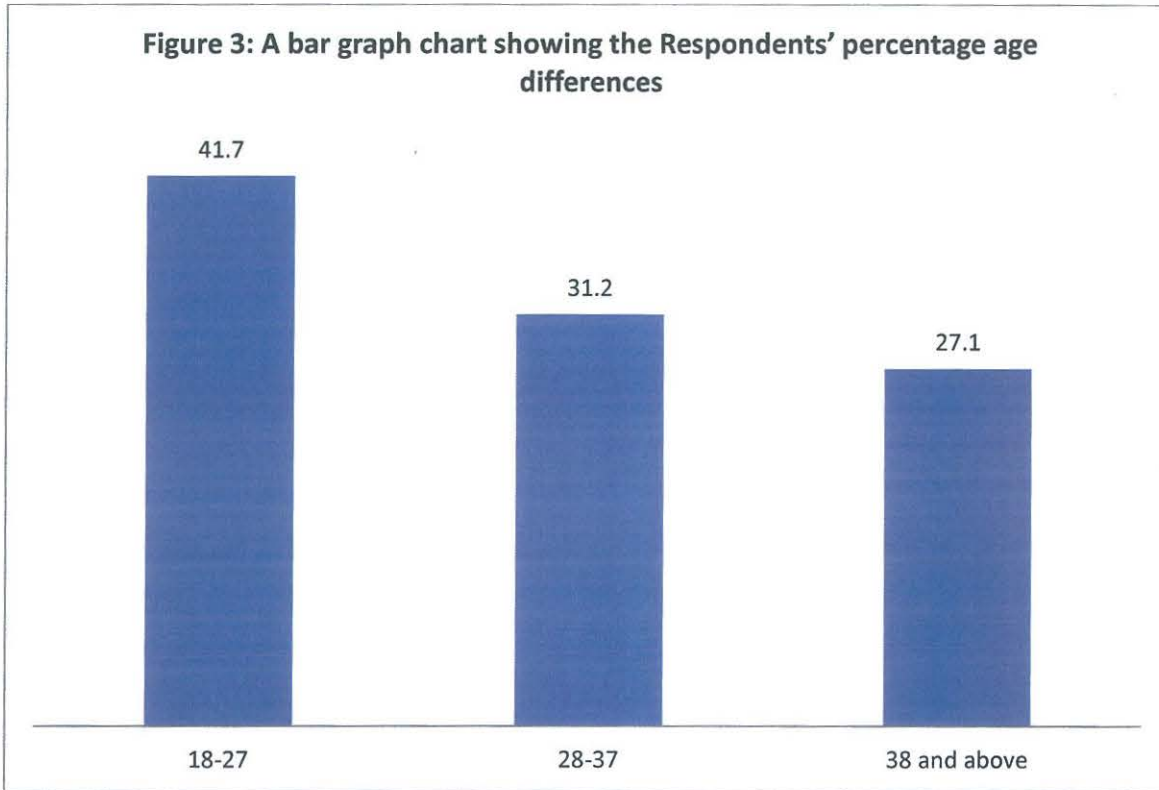
Source: Primary data, 2014

Out of 96 respondents, majority were found to be those with bachelors degree (41.7%), followed by those with masters degree 26.0%, these were followed by those with Diploma (20.8%) and lastly those with PHD followed (11.5%) as shown in table 4.1.2 above.

Table 4.1.3: Respondents' age differences

Age range	Frequency	Percentage
18-27	40	41.7
28-37	30	31.2
38 and above	26	27.1
Total	96	100

Source: Primary data, 2014



Source: Primary data, 2014

With regard to age, the majority of the respondents were in age range of 18 – 27 years (41.7%), with a big difference of those in age range of 28 years to 37 years (31.2%) and the difference is 10.5%. Other were in age of 38 years and above (27.1%). These characteristics were very important in the study because it gives a background where one can build to critically assess the study phenomenon.

4.2 Research Question One

What role did forensic auditing contribution in fraud detection in the organization?

Various questions were set in relation to this research question and they were addressed to a cross section of 96 respondents who contributed primary data. Their responses were compiled into frequencies and percentage and then presented in tables. To get valid and reliable data to this research question, respondents were asked by the researcher with the aim of identifying the range to which forensic audit affect fraud detection in the study area. Responses to this question were given as it's indicated in table below.

Table 4.2.1: Showing the manner in which forensic auditing affect fraud detection and how respondents reacted

	Strongly disagree(1)		Disagree(2)		Agree(3)		Strongly agree(4)		Total	
	F	%	F	%	F	%	F	%	F	%
Organization regularly audit the books of accounts	1	1.0	2	2.1	32	33.3	61	63.5	96	100
Organization usually maintains records of those it owes to the clients.	2	2.1	3	3.1	33	34.4	58	60.4	96	100
Organization usually pays using the payment mode required by majority of the respondents	1	1.0	2	2.1	28	29.2	65	67.7	96	100
Organization hire external auditors to prove the work done by the internal auditors	1	1.0	3	3.1	40	41.7	52	54.2	96	100
Organization normally keeps a stringent auditing policy	2	2.1	2	2.1	53	55.2	40	41.7	96	100
Organization has put in place an office in charge of environmental accounting	2	2.1	3	3.1	48	50.0	43	44.8	96	100

Source: Primary data, 2014

From the table above it is indicated that 63.5% strongly agreed that the organization regularly audit the books of accounts. This was followed by 33.3% who just agreed for those who disagreed it were 2.1% and 1.0% was for those that strongly disagreed.

This questionnaire also proved that the organization usually maintains the records of those that it owes to the clients following a percentage of 60.4% as those who strongly agreed, 34.4% agreed, 3.1% disagreed and only 2.1% strongly disagreed. This helped to prove a high level of follow up of the books in times when forensic auditing is taking place.

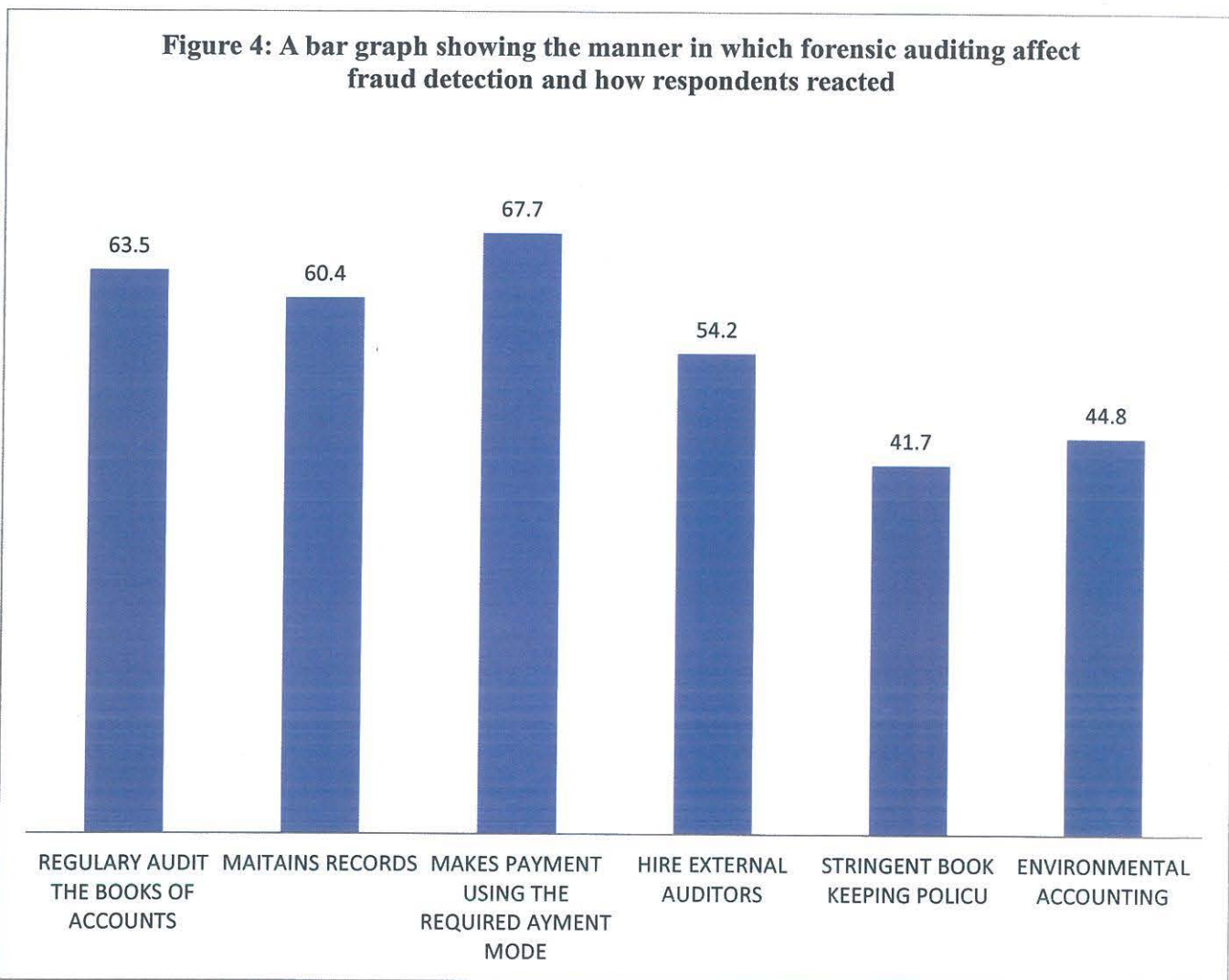
The data also presented that the organization usually pays its employees using the payment mode required by the majority. This is proved by a 67.7% as those who strongly agreed, 29.2% agreed, 2.1% disagreed and a 1.0% strongly disagreed.

Also in the issue of the organization hiring external auditors to prove the work done by the internal auditors, 54.2% strongly agreed, 41.7% agreed, 3.1% disagreed as 1.0% strongly disagreed.

In the essence of the organization putting stringent book keeping policies, 41.7% strongly agreed, 55.2% agreed, and 2.1% disagreed as 2.1% strongly disagreed.

In things concerning the organization putting in place an office in charge of environment, 44.8% strongly agreed, 5.0.0% agreed, 3.1% agreed, as 2.1% strongly disagreed.

Figure 4: A bar graph showing the manner in which forensic auditing affect fraud detection and how respondents reacted



Source: Primary data, 2014

In the figure above it is indicated that forensic audit can strongly affect fraud detection. This was proved by looking at the primary data as we follow those who strongly agreed and the results were as follows: the organization pays its employees using the required mode was 67.7%, 63.5% the organization regularly audit the books of accounts, 60.4% for maintenance of records, 54.2% strongly says that the organization hire external auditors to prove the work of the internal auditors and 44.8% for environmental accounting as 41.7% for stringent book keeping policy.

Therefore, those who mentioned that the organization will curb fraudulent activities through forensic auditing. Responses to this question were given as it's clearly indicated in table 5 below;

Table 4.2.2: Showing Recommendations and measures that were taken to ensure

	Strongly disagree(1) %		Disagree(2) %		Agree(3) %		Strongly agree(4) %		Total %	
the organization carries out careful planning and monitoring of cash flows over time so as to determine optimal cash to hold.	2	2.1	4	4.2	38	39.6	52	54.2	96	100
the organization always ensures its debtors keep to their payment schedules through regular follow up.	3	3.1	8	8.3	42	43.8	43	44.8	96	100
the company has efficient cash flow management systems.	3	3.1	3	3.1	40	41.7	50	52.1	96	100
the organization regularly registers expenses as they are incurred	3	3.1	5	5.2	40	41.7	48	50.0	96	100
the organization's assets are put to their best use	1	1.0	6	6.3	42	43.8	47	49.0	96	100

Source: Primary data, 2014

The table above as it was extracted from the primary data proves that there forensic audit can help to curb down fraudulent activities. This was proved from the primary data source that; 54.2% the organization carries out careful planning and monitoring of cash flows, 39.6% just agreed, 4.2% disagreed as only 2.1% strongly disagreed.

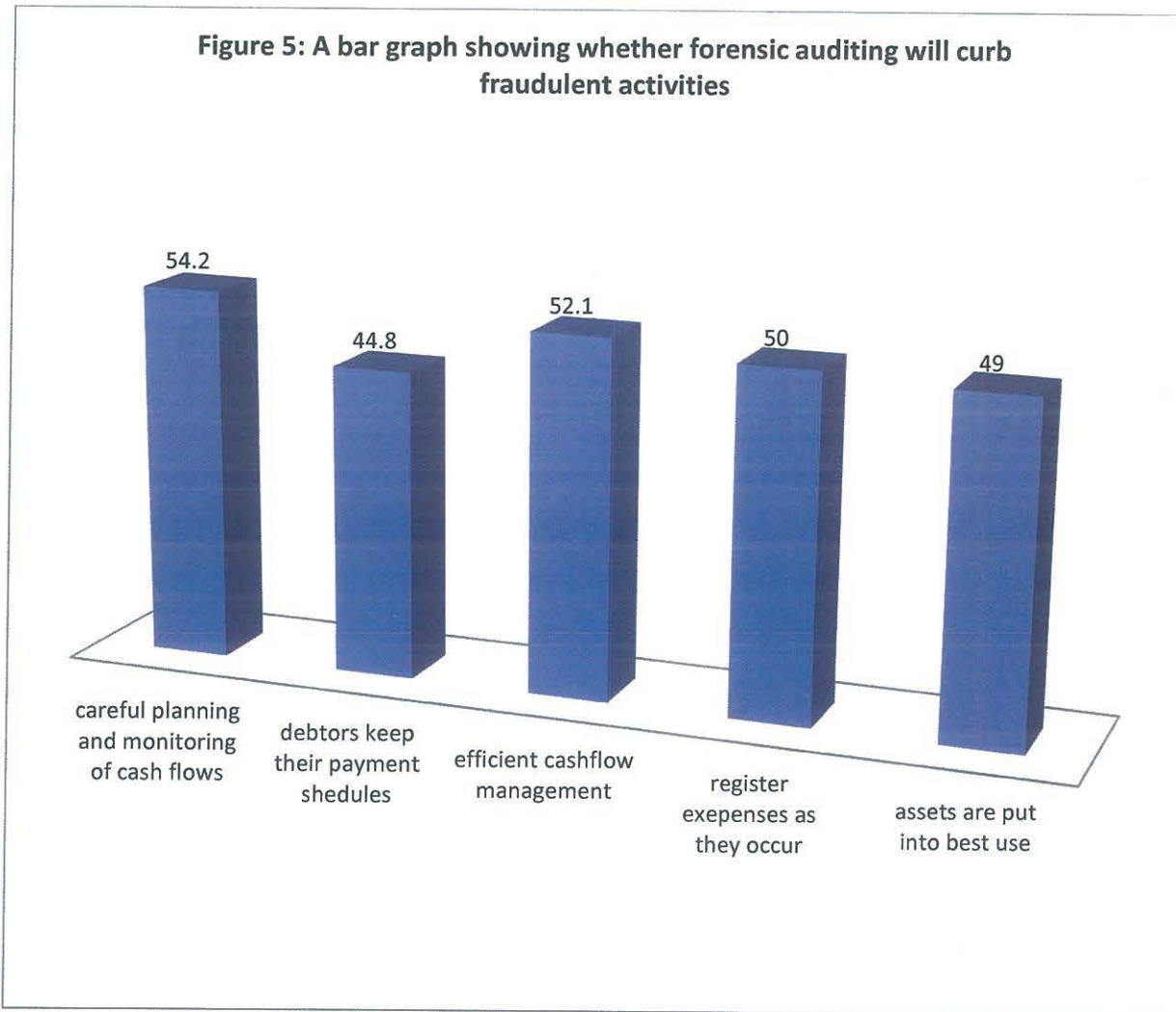
In the issue of debtors keeping their payment schedule through regular follow up, 44.8% strongly agreed, 43.8% agreed, and 8.3% disagreed as 3.1% strongly disagreed.

In the essence of efficient cash flow management, 52.1% strongly agreed, 41.7% agreed, and 3.1% disagreed as 3.1% strongly disagreed. This shows that forensic audit can strongly curb fraudulent activities.

In things concerning regular registering of expenses as they occur, 50.0% strongly agreed, 41.7% agreed, 5.2% disagreed, as 3.1% strongly disagreed.

For the organization putting assets into best use, 49.0% strongly agreed, 43.8% agreed, 6.3% disagreed, as 1.0% strongly disagreed.

Figure 5: A bar graph showing whether forensic auditing will curb fraudulent activities



Source: Primary data, 2014

In the figure above it is indicated that forensic auditing can help to curb down fraudulent activities. This was proved by looking in the primary data as we follow those who strongly agreed and the results were as follows: careful planning and monitoring of cash flows was 54.2%, 52.1% for efficient cash flow management, 50.0% for those who strongly agreed that the organization register expenses as they occur, 49.0% for assets are put into best use and 44.8% for debtors keep their payment schedules.

CHAPTER FIVE

DISCUSSION, FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Discussion

The main problem of this study as indicated in chapter one was about forensic auditing and fraud detection in private universities in Uganda particularly Kampala International University. The subsequent discussion in this chapter is based on the results presented in chapter four of this report as given by the respondents. From the socio-economic demographic characteristics respondents that is, sex, age and level of education attained, majority of them were male, 18 - 27 years of age and those with bachelors' degree respectively. These characteristics were very important in the study because it gives a background where one can build to critically to assess the phenomenon and suggest for possible suggestions.

From the field study, majority of the respondents strongly agreed that forensic audit can affect fraud detection. It was mentioned that, the organization makes payments using the required payment mode this was 67.7%, 63.4% regularly audit the books of accounts, 60.4% usually maintains records, 54.2% hires external auditors to prove the work of the internal auditors, environmental accounting was 44.8% and stringent book keeping policies was 41.7%.

From the study, in reference to the research question two, it was strongly agreed by the majority of the respondents that there is careful planning and monitoring of cash flows which was at 54.2%, 52.1% for efficient cash flow management, 50.0% register expenses as they occur, 49.0% assets are into best and 44.8% debtors keep their payment schedules.

5.1 Findings

The researcher found out the roles, effects and suggested the possible solutions. The study findings revealed that forensic auditors should come up with better skills, knowledge to impact in the beneficiaries (organization particularly Kampala International University) so that all organizations both public and private can benefit. However there is a need to provide for a productive design features to remove the challenges faced by the clients in making use of the forensic auditing.

5.2 Conclusion

The study concluded that forensic audit department in Kampala International University has played an important role in checking the financial records of Kampala International University, that is to say fraud eradication, reduction in misappropriation of funds. From the discussion, use of forward strategies to up lift these Universities benefit from forensic audit, more attention should be put on clear book keeping so as to address the problems that they face. Such strategies include; mass sensitization and awareness, better government policies among others. All these should be done if all private universities are to benefit from forensic auditing.

5.3 Recommendations

From the findings of the study, it is contented that the following recommendations should be given due considerations by the government through the Ministry Finance. These include the following;

The government should give support to audit companies so as to encourage the independence of such companies and avoid being corrupted in one way or the other. This can be in form of subsidizing the existing firms.

Different organizations especially these private universities should be encouraged to put more emphasis on forensic auditing. This should be done through putting up workshops, seminars and putting advertising in news papers and radios so that to make them discover the advantages of having forensic auditing department.

Organizations should come up with better skills and knowledge to impact in the beneficiaries so that they can learn how to overcome the typical risks that are associated with auditing for example fraud, misappropriation of funds. However there is a need to provide for a productive design features to remove the challenges faced by the organizations in making use of the forensic audit services

5.4 Area of Further Research

Because of the limitations in time and finance, the study has only been focused about forensic audit and fraud detection of private universities with particular reference to Kampala International University. It is suggested that further research should be done on;

Factors hindering government efforts to develop and implement appropriate policies that can help to improve on forensic auditing services in private universities.

More research should be done in other universities both private and public in the country areas, so as to compare with Kampala International University

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APPENDIX 1:

INFORMED CONSENT

I am giving my consent to be part of the research study of **Mr Ochar Felex** that will focus on the Forensic auditing and Fraud detection.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the options of refuse and the right to withdraw of my participation anytime and that the result will be given to me if I ask for it.

Initial:

Date: _____

Sign: _____

APPENDIX II:
KAMPALA INTERNATIONAL UNIVERSITY
COLLEGE OF BUSINESS AND MANAGEMENT SCIENCE
RESEARCH QUESTIONNAIRE

Dear respondent,

My name is **Ochar Felex** a student of Kampala International University pursuing bachelor's degree in Business Administration carrying out an academic research on Forensic auditing and Fraud detection in private universities particularly Kampala International University. You have been randomly selected to participate in the study and you are therefore kindly requested to provide an appropriate answer by either ticking the best option or give explanation where applicable. The answers provided will only be used for academic purposes and will be treated with utmost confidentiality.

NB: Do not write your name anywhere on this paper.

APPENDIX III:

QUESTIONNAIRE

FACE SHEET: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Please tick on the right alternative provided as your response

Gender:

- Male
- Female

Age:

- 20 – 39
- 40 – 59
- 60 +

Education level

- Certificate
- Diploma
- Undergraduate degree
- Post graduate degree

Years of experience

- Under one year
- One to three years
- Three to five years
- More than five

Job employment position _____

Section A:

Questionnaire to determine the manner in which forensic auditing affect fraud detection

Please write your answer to the statements below. Kindly use the rating guided as follows

- 4- Strongly agree you agree with no doubt
- 3- Agree you agree with some doubt
- 2- Disagree you disagree with some doubt
- 1- Strongly disagree you disagree with no doubt

Please tick on the right alternative provided as your response



Table 5: Showing the manner in which forensic auditing affect fraud detection and how respondents reacted

Please indicate your level of agreement for each of the following statements by ticking	Strongly disagree(1)	Disagree(2)	Agree(3)	Strongly agree(4)
The organization regularly audit the books of accounts				
The organization usually maintains records of what it owes to the clients.				
The organization usually pays using the payment mode required by majority of the respondents				
The company's hire external auditors to prove the work done by the internal auditors				
The organization normally keeps a stringent book keeping policy				
The organization has put in place an office in charge of environmental accounting				

Section B:

Questionnaire to ascertain whether forensic auditing will curb fraudulent activities

Please write your answer to the statements below. Kindly use the rating guided as follows

- 4- Strongly agree you agree with no doubt
- 3- Agree you agree with some doubt
- 2- Disagree you disagree with some doubt
- 1- Strongly disagree you disagree with no doubt

Please tick on the right alternative provided as your response

√

Table 6: Showing whether forensic auditing will curb fraudulent activities

Profitability	Strongly disagree(1)	Disagree(2)	Agree(3)	Strongly agree(4)
The organization carries out careful planning and monitoring of cash flows over time so as to determine the optimal cash to hold.				
The organization always ensures that its debtors keep to their payment schedules through regular follow up				
The company has efficient cash flow management systems.				
The organization regularly registers expenses as they are incurred				
Usually cash payments are preferred in the organization				
The company regularly delivers more relevant solutions and higher value to customers				
The organization's assets are put into their best use				

Thank you for your Time

APPENDIX B

BUDGET

PARTICULARS	QUANTITY	UNIT PRICE	PRICE (Ug shs)
Transport			100,000
Printing			35,000
Typing			100,000
Feeding			100,000
Phone calls			50,000
Internet			40,000
Library work (photocopying)			30,000
Total			455,000

APPENDIX C

TIME FRAME

PARTICULAR	DURATION
Selecting and approval of topic	January 2014
Doing library research	Feb- 2014
Writing of proposal	March 2014
Doing field research	March- April
Compiling the data collected	April
Editing the work	April-May 2014
Handing in of the final work	June 2014