

**EFFECTS OF FORENSIC ACCOUNTING ON THE MITIGATION OF
FRAUDULENT PRACTICES AMONGST UNIVERSITIES IN KENYA**

BY

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DECLARATION

I declare that the work in this dissertation has not been previously published or submitted elsewhere for award of a degree. I also declare that this is my own work and contains no material written or published by other people except where due reference is made and the author duly acknowledged.

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And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed.

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ABSTRACT

This study sought to evaluate the effect of forensic accounting in mitigating fraudulent practices in universities in Kenya. In achieving this objective, it sought to find out the extent of forensic accounting application and the effect it has had in mitigation of fraud. The study adopted a descriptive survey design, where respondents were sought from the accounting, finance and internal audit departments of all 39 chartered universities in order to present the researcher with sufficient information on the use of forensic accounting in the universities and its effect on curbing fraud. Using questionnaires, cross-sectional data was collected and analyzed using both descriptive and inferential statistics. Correlation was used to portray the relationship between forensic accounting and fraud mitigation. The study aimed at scrutinizing the existing universities in a bid to ascertain whether there is sufficient knowledge of forensic accounting and if it has an effect on the attempts by these institutions to curb fraudulent activities. The researcher presented the results in the form of a descriptive conclusion, tables and charts and suggests recommendations that would support reduction of fraudulent practices amongst universities in Kenya. The study found a relationship between fraud investigation tool and mitigation of fraudulent practices in universities in Kenya. Forensic accountancy was found to assist in performing electronic evidence discovery, fraud risk assessment, examination of financial and source documents and to probe suspect financial performance many institutions have not embraced the forensic investigation systems and departments hence still facing fraud attacks and loss of money. The study also found a relationship between auditing skills and mitigation of fraudulent practices in universities in Kenya. The study recommended that more investigative tool should be embraced by institutions to mitigate on fraudulent activities affecting various stakeholders. The study also recommends that institutions should come up with forensic departments to improve on productivity. Based on the study findings, the researcher suggested the following: A similar study to be carried out among other institutions of higher learning. It was valuable to do similar studies in other public and private institutions and further studies especially on factors influencing adoption of Forensic accountancy in public and private institutions.

Key Words: Fraud, Forensic Accounting, Kenyan Universities

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ABBREVIATIONS AND ACRONYMS

ACFE	– The Association of Certified Fraud Examiners
BACP	– Business-Anti-Corruption Portal
CB K	– Central Bank of Kenya
CPI	– Corruption Perception Index
EACC	– Ethics and Anti-Corruption Commission
GOK	– The Government of Kenya
ICPAK	– Institute of Certified Public Accountants of Kenya
IIA	– The Institute of Internal Auditors
IT	– Information technology
KENAO	– Kenya National Audit Office
KNAC	– Kenya National Assurance Company
KNAO	– Kenya National Audit Office
KT B	– Kenya Trust Bank
NHIF	– National Hospital Insurance Fund
SEC	– Securities Exchange Commission
SOX	– Sarbanes-Oxley Act
TI	– Transparency International
WBIs	– World Bank Indicators

TERMS AND DEFINITIONS

- Forensic Accounting** Forensic accounting is a specialty practice area of accounting that describes engagements resulting from actual or anticipated disputes or litigation. Gbegi and Adebisi (2013) define forensic accounting as a field of specialization that has to do with the provision of information that is meant to be used as evidence especially for legal purposes
- Fraud Investigative Tools** Stems and methods used to do forensic accounting e.g Computerized Techniques (Data Analysis), Bedford Law and Net worth analysis.
- Fraudulent Practices** Fraud, according to Sawyer, Dittenhofer and Scheiner (2010) is a false representation or concealment of material fact to induce someone or an organization to part with something of value
- Legal Knowledge** Legislation appropriate policies in an organization enacted on financial fraud that enables determination and establishment of fact in support of legal case
- Forensic Accounting** Forensic accounting is a specialty practice area of accounting that describes engagements resulting from actual or anticipated disputes or litigation. Gbegi and Adebisi (2013) define forensic accounting as a field of specialization that has to do with the provision of information that is meant to be used as evidence especially for legal purposes

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Maurice Peloubet is credited with developing the term forensic accounting in his 1946 essay “Forensic Accounting: Its Place in Today’s Economy.” By the late 1940s, forensic accounting had proven its worth during World War II; however, formalized procedures were not put in place until the 1980s when major academic studies in the field were published (Rasey, 2009). Since the 1980s in some Western countries, particularly in the USA, a new profession in the field of accounting and auditing has emerged. This profession identifies a field composed of accounting, auditing, and investigative skills (Ozkul and Pamukc, 2012).

Forensic accounting is a specialty practice area of accounting that describes engagements resulting from actual or anticipated disputes or litigation. Gbegi and Adebisi (2013) define forensic accounting as a field of specialization that has to do with the provision of information that is meant to be used as evidence especially for legal purposes. Hao (2012) believes that forensic accounting is a result of the integration of the legal framework and the accounting framework.

1.1.1 Fraud and Fraudulent Activities

Fraud, according to Sawyer, Dittenhofer and Scheiner (2010) is a false representation or concealment of material fact to induce someone or an organization to part with something of value. Fraud can cause tremendous loss to the business world and create morale problems in the workplace. It can be perpetrated to the detriment of the organization, and by persons outside as well as inside the organization. The Enron and Madoff scandals of 2001 and 2008 respectively, whose combined losses were in excess of an estimated US\$600 billion is a more serious example that fraud is a threat to the success of businesses today as narrated by Knapp

(2011). These two cases helped re-birth the modern version of forensic accounting and are still a learning example today.

As Govacich (2002) puts it, the opportunity to commit fraud can manifest itself in poor or weak internal controls within an organization or agency. Fraudulent activities are generally not successful in an organization with a strong system of internal controls, and the employees are aware that these controls are in place to deter fraud. Frauds are more likely to occur in circumstances where internal control systems are overridden or circumvented by employees.

Over time, fraud has increased in prevalence, complexity and sophistication, necessitating the growth of forensic accounting profession. Several theoretical frameworks have been produced to provide guidance (Nuun, McGuire, Carrie and Jost, 2006). To understand the ideas and effects behind fraud in an organization, it is very essential to study some essential theories including triangle theory, agency theory, fraud management theory and organizational theory. However, as quoted in Rasha and Andrew (2012), there are three elements of triangle theory that have to exist concurrently to encourage and enable fraud. The three elements include non-shareable financial problem, perceived and rationalization as established by many theories and a guru in fraud management Donald Cressy. To understand fraud, it was important to scrutinize agency theory as a legal relationship that arises when a person, called agent, is appointed or entitled to represent another, called the principal, in a transaction with some other person called third party (Jones, 2011).

Another perspective includes one by Wilhelm (2004) who developed a theoretical framework for fraud management lifecycle. He examined eight significant lifecycle stages, namely, deterrence, prevention, detection, mitigation analysis, policy, investigation and prosecution. Kulzik (2004) studied the relationship between fraud and organizational theory and concluded that they are directly correlated.

1.1.2 Forensic Accounting and Skills

The acquisition of forensic skills plays an important role in combating fraud. One of the advantages of forensic accounting is that when responsibility for fraud detection is acknowledged, and there is skepticism in performance of audit procedures, there is a likelihood of eliminating or reducing some instances of fraud. Secondly, fraud detection adds value to the auditors' work and helps with the formulation of economic policies. This means that cases of fraud that become evident after forensic accounting, act as a reference for an organization to formulate improved policies that would help correct those activities in future (Wells, 2007).

Apart from its advantages, forensic accounting has its own challenges as Sonkushure (2012) has argued. First is gathering evidence that is admissible in the court of law, which is crucial in the prosecution. Secondly, the globalization of the economy has brought about inter-jurisdiction, which also translate to the fact that the fraudsters can be anywhere in the world regardless of industry, organization and even department.

According to Crawford and Weirich (2011), the first instance of possible frauds is in the transactions and contracts that an organization enters into. On the other hand, Gupta and Gill (2012) put the occurrence of financial fraud on failed detection mechanisms, especially in computerized systems. Dunn (2004) places a lot of insider dealings and influence on the perpetration of financial frauds. With respect to the perspective offered by these authors, there are major problems or issues that could arise. In transactions and contracts, there is the misrepresentation of transactional or contractual obligations accruing to the organization. In insider dealings or power, one could ensure that some information, central to decision-making for various stakeholders is not disclosed and computerized systems could be tampered with in order to cover one's trail of wrongdoing and not disclose information to the management or decision-making mechanisms. These elements of fraud can either be

committed by individuals or through collusion of several members to undermine the security systems in place.

Negandhi (2012) mentions the findings of an internal audit department that uncovered a disclosure fraud in an offsite facility by a hired consultant. Tieman (2013) also refers to another fraud that took place in a company where the owner entrusted the business to an employee since he could not read very well. Shortly, the manager, a woman, started by paying her own bills with the company accounts, and even overpaying her salaries since she had been elevated to an executive manager. The fraud affected all the accounts of the company from cash and bank, to expenses, which were inflated. There was also major effect on the vendors' accounts, which she did not debit with the necessary payment received. In turn, the users of the financial statements received completely wrong financial statements and essentially, the owner was misled to believe that everything was well. The best audit procedures that could have been applied to find out this type of fraud include a matching of the physical staff through the personnel files and ensuring that the records in the personnel files should also be verified to exist. This will bring out any ghost workers within the organization. Further, it will show if the existing employees are well qualified to hold the positions they have been accorded (Tiena 2013).

1.1.3 Fraud in Kenya

Many organizations in Kenya have collapsed due to incidents of fraud since the early 1980's. Notable among them include Uchumi Supermarket, whose suppliers were apparently owed in excess of Ksh1.8 billion according to (Okoth, 2010), and Kenya National Assurance Company, according to Parliament proceedings (1996). Other examples are Kenya Trust Bank in 2001, in which an apparent loss of Kenya shillings 1.5 billion was incurred according to All Africa (2010) and most recently, Discount Securities in 2008.

Managing fraud has been and continues to be reported as a major aspect of scandals in all the sectors of the economy. According to Mwangi (2011), statistics from the Central Bank of Kenya (CBK) reflect that Kenyan banks lost a staggering Kshs. 1.7 billion in the three months of August to October 2010, while Commercial banks lost Ksh 761 million in the first six months of 2010 through fraud.

Measures put into place to reduce fraud both locally and internationally, include the introduction of the Sarbanes-Oxley Act (SOX) of 2002 and the World Bank structural measures such as sanctions. A good instance of these sanctions includes the blacklisting of Oxford University press who were suspended and also fined over £1.9 million. Finally, another international measure can be Transparency International's (TI's) rating of world countries using the Corruption Perception Index (CPI). The country that scores the least marks risks warding off investors. As per TI's 2014 Corruption Perception Index, Kenya ranked number 145 out of 175 countries, with a dismal score of 2.5 on a scale of 1 to 10.

In Kenya, the existing anti-corruption networks include the Ethics and Anti-Corruption Commission and the law courts according to Business-Anti-Corruption portal (2012) and the Government of Kenya (2009) respectively. In addition, the internal audit function in our Universities in Kenya is in a position to carry out continuous auditing, as a deterrent to fraud and can expose fraud before occurring. Ideally, while other external bodies, such as external auditors are constantly tasked with investigating financial fraud, it is the responsibility of the management and the organization's employees to make sure it does not take place. Despite all of the above measures, fraud is still a problem.

1.1.4 Fraud in Universities in Kenya

The common types of frauds that affect local universities in Kenya revolve around procurement fraud, falsification of claims, payroll fraud, falsification of fee payment and failure to account for imprest and petty cash reimbursements by staff. This is evidenced by

the general annual reports from Kenya National Audit Office (KENAO), established in 2006 as a special investigations unit to deal with forensic audits. The Auditor General (2011) reported unaccounted for petty cash expenses of Ksh. 12,142,886.00 attributed to the Higher Education sector, of which universities are part of.

Examples of university fraud cases that have been taken to court include Egerton University of Ksh.500 million in payroll scandals as documented by Wikileaks (2007) and Obure (2004), and most recently in Moi University of Ksh.101.7 million fake receipting scandals as documented by Akhuteka (2014).

1.2 Statement of the Problem

Forensic accountants play very important roles within an organization. They look for signs of suspicious financial activity and fraud by individuals and businesses. A good forensic accountant needs to possess unique skills, which according to Digabrielle (2008) are desirable for detecting and exposing fraud. In many cases, forensic accounting are very handy in scrutinizing the system in the universities in Kenya in a bid to find and point out any loopholes that can avail an opportunity for fraud. Sonkushure (2012) claims that while there exists international and local measures in place to address the issue of fraud, they have a myriad of limitations and environmental constraints.

However, while previous academic and professional research offer important insights into the fraud problem from various angles and for different institutions, the effectiveness of these analytics in universities have not been scrutinized. On the other hand, these previous research endeavors leave some gaps concerning the application of forensic in the mitigation of fraud. Instances of these gaps include Digabrielle's (2008) contribution to this debate by bringing out the differences between an accountant with forensic accounting skills and one without. The researcher steered the discussion away from accounting and more into internal audit and controls, and forensic accounting as an independent practice but failed to bring out

the effectiveness of forensic accounting in fraud prevention. Further, according to Negandhi (2012), it remains difficult to detect and prevent an ongoing fraud. Okoye and Okenbor (2009) focus on general economies, while Modugu and Anyaduba (2013) focus on empowering accountants.

Kenya National Audit Office (KENAO), established in 2006 as a special investigations unit to deal with forensic audits reported in its general annual escalating incidences of fraud in Universities in Kenya which continue to pose a serious threat to general performance. KENAO reported unaccounted for petty cash expenses of Ksh. 12,142,886. 00 attributed to the Higher Education sector. This research steps out to answerer the question what is the effect of forensic accounting in mitigating fraudulent practices in universities in Kenya?

1.3 Research Objectives

The general objective of the study was to determine the effect of forensic accounting in mitigating fraudulent practices in universities in Kenya.

1.3.1 Specific Objectives

The study was guided by the following research questions.

- i. To establish the relationship between fraud investigative tool and mitigation of fraudulent practices in universities in Kenya.
- ii. To examine the relationship between the legal knowledge and mitigation of fraudulent practices in universities in Kenya.
- iii. To examine the relationship between auditing skills and mitigation of fraudulent practices in universities in Kenya.
- iv. To examine the relationship between accounting skills and mitigation of fraudulent practices in universities in Kenya.

1.4 Research Objectives

The study sought to answer the following research questions.

- i. Is there a relationship between fraud investigative tool and mitigation of fraudulent practices in universities in Kenya?
- ii. Is there a relationship between the legal knowledge and mitigation of fraudulent practices in universities in Kenya?
- iii. Is there a relationship between auditing skills and mitigation of fraudulent practices in universities in Kenya?
- iv. Is there a relationship between accounting skills and mitigation of fraudulent practices in universities in Kenya?

1.5 Significance of the Study

The findings of this study would benefit individual students, academicians, administrators and other stakeholders in the public universities, in gaining new knowledge and developing better approaches of dealing with fraud issues. The study findings would further provide scholars and forensic experts with an opportunity to benchmark on the acquisition of more knowledge the areas of forensic accounting and their application in fraud mitigation. This study, being a fairly new area in Kenya was come a milestone for the country and would further act as a spring board for guiding further studies.

In addition, accountants and auditors would find the study useful as it would contribute to the pool of knowledge in forensic accounting. Additionally, it would equip them in improving financial reporting and internal control systems. Besides, it would expose the need for the accountants and auditors to be alert to potential fraud and other illegal activities while performing their duties especially in universities.

Moreover, considering the fact that universities are a very efficient sample for institutions in the public sector and the education sub- sector, the findings of this study was useful in mitigating fraud, not only in universities in Kenya but other sectors as well.

1.6 Scope of the Study

The study centered on all chartered universities in Kenya. It also looked at the fraud instances that have been recorded and surveyed in the universities in Kenya to identify and establish, using a combination of methods suitably designed, whether there exists a relationship between fraudulent practices in universities and forensic accounting measures, and also the employee fraud and the internal control systems in place. The groups responding to the questionnaires were mostly the accountants and auditors. A few others were members of management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews theoretical literature and examines published work in this area of study. It examines the common forms, symptoms, effects of fraud and how these areas relate with forensic accounting. It also examines the corporate governance theories, approaches, and some of the relevant external and internal environments of Universities in Kenya. The chapter further reviews what other scholars have published on this subject and measures that have been taken to address the issues of mitigating fraud. The researcher will then finally demonstrate research gaps that this study intends to fill.

2.2 Theoretical Literature Review

This section addresses the theories of fraud, its existence, development and complexities. It further addresses both international and local measures that have been undertaken to reduce fraud. Forensic accounting is a specialized skill that provides an accounting analysis by investigating financial transactions and situations in order to obtain the truth and develop an expert opinion that supports judicial system. It is necessary in recovering any financial loss incurred because of fraudulent activity. Since forensic accounting arose in United States and England in 1900s, it has become very important as fraud is increasing in prevalence, complexity and sophistication.

Employees' fraud that is common in Universities in Kenya centers on fraudulent personal claims, failure to account for imprests taken by staff, procurement, and payroll fraud among others. The severity of fraud in Universities in Kenya could be attributed to causes such as poor internal controls, obsession with privacy and most possibly, lack of increased competent forensic skills (Andae, 2013). The above scenarios are a restraint in attaining an acceptable suitable climate that is necessary for reducing the risk of employee fraud in

universities in Kenya. It is essential to understand the perspectives that other authors feel can contribute to an understanding of the issue of fraud and the management of an organization.

2.2.1 Fraud Triangle Theory

The Association of Certified Fraud Examiners (ACFE) defines fraud triangle theory as a model for explaining the factors that causes someone to commit occupational fraud. It consists of three components that, together, lead to fraudulent behavior. These include perceived un-shareable financial need (pressure), perceived opportunity and rationalization. Fraud triangle theory as postulated by Donald Cressy in 1950s establishes the three elements that encourage and enable fraud, only when they exist concurrently. On one of these, the non-shareable financial problem, Rasha and Andrew (2012), echo Cressy in the analysis stating that a person becomes a trust violator when they conceive of themselves as having incurred financial obligations which are considered as non-socially sanction able and which, consequently, must be satisfied by a private or secret means. The authors also mention that perceived opportunity arises when the fraudster sees a way to use their position of trust to solve the financial problem, knowing they are unlikely to be caught. As for rationalization, Rasha and Andrew (2012) explain that most fraudsters are first-time offenders with no criminal record. They see themselves as ordinary, honest people who are caught in a bad situation. This enables them justify the crime to themselves in a way that makes it seem acceptable or justifiable.

Albrecht, Howe and Romney (1984) developed fraud scale theory as a close variation to the fraud triangle model. The fraud scale theory uses an element called personal integrity in place of rationalization. These authors argue that fraud and other unethical behaviors often occur due to an individual's lack of personal integrity or other moral reasoning. In addition, it assumes that personal integrity can be observed. Albrecht et. al (1995) also introduced an

interesting comparison to the fire theory, which states that with a simultaneous existence of oxygen, heat and fuel, the results is almost inevitable.

Another variation of the fraud triangle theory, called the fraud diamond theory by Wolf and Hermanson (2004), introduced the fourth variable of capabilities to the original three factors of the fraud triangle theory. Further, Gbegi and Adebisi (2013) note that Wolf and Hermanson (2004) believed many frauds would not have occurred without the right person with right capabilities implementing the details of the fraud. However, these authors also criticize this stance, arguing that the theory alone is not adequate because two elements of the model (incentive/pressure and rationalization) cannot be observed, and some important factors like national value system and corporate governance are ignored.

2.2.2 Agency Theory

Developed by Jesnen and Meckling (1976), the agency theory covers the legal relationship that arises when a person, called agent, is appointed or entitled to represent another, called the principal, in a transaction with some other person called third party. Jones (2011) defines agent, in citing the Halsbury's Laws of England, where an agent primarily means a person employed for the purpose of placing the principal in contractual, or other relations, with a third party. The agent acts in such a way that a contract is created between the principal and the third party who is usually the buyer or a seller. Due to the nature of the relationship, the principal risks being defrauded by the agent.

Agency theory deals with people who own a business enterprise and all others who have interests in it. The agency theory postulates that the day to day running of a business enterprise is carried out by managers as agents who have been engaged by the owners of the business who are known as the principals/shareholders. The theory is on the notion of the principle of two-sided transactions, which holds that any financial transactions involve two parties, both acting in their own best interests, but with different expectations. This theory

has a problem of information asymmetry associated with it. Moral hazard is another problem with this theory in which due to information asymmetry, authorized people try to accumulate wealth through unfair means. Adverse selection or biased selection of employees is another major problem associated with this theory (Emery et.al 1991). It is essential to note that the agency relationship simply gives the agent authority and places them in a position to access all the necessary ingredients to commit a fraud.

2.2.3 Fraud Management Lifecycle Theory

Wilhelm (2004) developed a theoretical framework for fraud management lifecycle and brought out eight significant lifecycle stages. First stage is deterrence, which involves actions and activities directed at stopping fraud before it happens. Second stage is prevention, which entails putting measures in place to prevent fraud. Third state is detection, this involves the use of software, ratios or statistical analysis tools to detect fraud prior to, during and finally to the end of the fraudulent activity. The major aim of stage four is to mitigate fraud, by stopping losses from occurring or continues to occur. Analysis is stage five, where an analysis is done on the frauds that have occurred to establish the root causes of the perpetrated frauds.

The next stage is policy, which entails policy formulation that reduces the incidence of fraud. Investigation is the seventh stage, where enough evidence and information to stop fraudulent activity is obtained so as to recover the assets and sufficient evidence for successful prosecution and that brings us to the final state, prosecution which focuses upon prosecutorial and judicial authorities as well as with law enforcement. This theory brings out the life of a fraud and shows the areas that any or all of the variables can focus on in a bid to mitigate fraud. It shows the areas that a fraud is weakest and easiest to handle and this will ensure the correct policies and analytics are positioned well to have a positive effect. Since

this theory focuses on fraud mitigation, the study is anchored on the fraud management life cycle theory.

2.2.4 Organizational Theory

Organizational theory represents the merger of scientific management, bureaucratic theory and administrative theory (Walton 1993). Kulzick (2004) revealed that theft by job dissatisfaction and true costs vastly understated. He also concluded that age and theft were directly correlated, younger employees were less committed, but those with higher position perpetrated bigger theft and that opportunity is only a secondary factor. He also discovered that dissatisfied employees are more likely to break rules regardless of age or position as they try to right perceived inequalities. The author concluded that the management should pay special attention to key aspects in company policy development, for instance, hiring the right people, having reasonable expectations, be sensitive to employees and pay attention to younger employees, as this will mitigate employee fraud (Kulzick 2004).

2.2.5 Bedford's Law

In 1881, Simon Newcomb, astronomer and mathematician, as noted by Durtschi, Hillison and Pacini (2004), published the first known article describing what is now known as Benford's Law. This paper examined how effective the use of Bedford's law was in assisting with fraud detection in accounting data. An overview was provided on how it applied to accounting and in particular, fraud detection. It was concluded that Bedford's analysis, when used correctly, is a tool for identifying suspect accounts for further analysis. It must be borne in mind, however that not all types of frauds could be found with this analysis. The most common tool for fraud indicators currently being used by auditors and accountants is the application of common accounting analytics that are not specific to fraud detection and management such as ratio analysis.

2.3 Empirical Literature Review

As explained in the introduction, forensic accounting plays a crucial role in determining the level of fraud in an organization. What follows below is a selected summary of what several scholars have contributed that is relevant for this study.

2.3.1 Forensic Accounting and Fraud

In his explorative research on fraud waste and abuse, Govacich (2002) considered a new approach that concentrates on integrating anti-fraud waste and abuse with an anti-techno fraud waste and abuse program subset into an assets protection program, by using a highly specialized team to look for fraud waste and abuse and the potential for it. He concluded that winning the battle against techno-frauds begins with establishing and managing an aggressive anti-fraud, waste and abuse program. Gray and Mousalli (2006) reviewed the relationship between forensic accounting and fraud discovery. They acknowledged that fraud discovery was one of the principal objectives of the financial audit in the early years of the accounting profession. In subsequent decades, as the accounting profession kept a distance from fraud discovery responsibilities, forensic accounting became identified as a specialized subset of accounting and is now being reunited with the profession. They argued that tools of the forensic accountant are now being re-discovered as is evidenced in a series of historical events such as, the introduction of SAS 99, which talks about the consideration of fraud in a financial statement audit.

Further, there is a three-hundred-page publication by AICPA on financial reporting fraud, the commencement in 2000 of a new journal on forensic accounting and the introduction of the SOX (2002), which removed much of the accounting profession's power to oversee itself and set its own standards. This critical assessment by Gray and Moussalli (2006) was spanned by the fact that traditionally, it has always been emphasized that the

statutory role of the auditor is not to discover fraud, and that the management board is responsible for the keeping of proper books of accounts.

Musatova and Kenny (2010) observed interactions between twenty nine red flags as indicators of potential issues regarding government failure, collusion and corruption in infrastructure projects. A small sample of World Bank water and sanitation projects was taken in an attempt to collect data on the presence or absence of thirteen commonly accepted red flags. This was part of a larger effort to learn about approaches to improve governance and reduce corruption in construction. The paper found out that almost every contract received raised at least one of the thirteen red flags analyzed, and some of the red flags included unobservable ones such as pressures on bid evaluation committees, falsification of curricula vitae in consultant service proposals, false information of contractor and size of business, financial capabilities and conflict of interest issues. The study concluded that multiple red flags measured pointed up to issues of corruption and project implementation.

In an empirical study, Digabriele (2008) investigated whether the relevant skills of forensic accountants differed among forensic accounting practitioners, accounting academics and users of forensic accounting services. He found out from the results that, practitioners and academics agree that critical thinking, unstructured problem solving, investigative flexibility, analytical proficiency and legal knowledge are important skills of forensic accountants. The researcher did not however point out how exactly these skills were to be applied.

2.3.2 Legal Framework and Litigation Support

As aforementioned, forensic accounting skill and science as a whole is applied in many areas including those recognized by law. This means that forensic analysis can be used in litigation support or opposition of legal standings in court. This is an indication of the fact that the science is well rooted in its field and as such, should be used in the normal and daily

operations of any organization to achieve exceptional results (Panel 2007). Degboro and Olofinsola (2007) noted that forensic investigation is about the determination and establishment of fact in support of legal case. That is, to use forensic techniques to detect and investigate a crime is to expose all its attending features and identify the culprits. This underscores the fact that there is need for professional support and application of the science in an organization. According to Enofe, Okpako & Atube's (2013) conclusion, traditional auditing has limitation in detecting fraudulent practices, which the forensic accountants will effectively fill. Unlike auditors, forensic accountants and analysts have the professional ability backed up by law to break into the organization system and examine the books, make discoveries and present the documentary evidences in the law courts. While organizations do not intend to end up in a courtroom in litigation involving financial irregularities, it is essential to make a mark with a practice that has shown a high level of effectiveness.

2.3.3 Fraud Investigative Techniques

Zysman (2001) put forensic accounting as the integration of accounting, auditing, and investigative skills. Zysman believes that forensic accounting interrogates almost all other processes in the organization in a bid to find out the main aspects of the processes and thus, identify the areas that have irregularities. In comparison to auditing and accounting, forensic accounting is explained as a very different and independent practice, maybe, superior to the two other practices in finance. In average organizations, the fraud detection responsibilities are allocated to the internal auditors. Ngai, et al., (2011) investigate and recommend that there should be sufficient data mining techniques that are entrenched in the accounting and auditing procedures for them to be applied in fraud investigations. This idea, coupled by the perspective by the Zysman's (2001) idea of the relationship between forensic accounting and accounting, auditing and investigation, indicates that the presence of data mining techniques

in forensic accounting may be the biggest and major difference between its practice and the other finance related fields.

2.3.4 Auditing Skills and Fraud Mitigation

It is widely known that an auditor determines compliance with auditing standards and considers the possibility of fraud. The role of auditors is very crucial, it is the heart and mind for fraud prevention. Auditors have the apex financial and accounting knowledge. Hence their importance is more in fraud detection and prevention (Begum, 2014). Auditors often have the best access to detailed information on financial transactions, project management, procurement procedures and use of funding and grants in their institution. As a professional responsible for risk management and internal audit you are especially responsible for guarding the ethical standards of your authority and for being a good example in ensuring adherence to rules, procedures and recommended practices (Davis, Farrell & Ogilby 2014).

Tackett, Wolf & Claypool (2006), concluded that even with the internal control reporting requirements of Sarbanes-Oxley, significant opportunities for financial statement fraud exists because of management collusion. The addition of fraud specialists to the audit team adds a significantly increased improvement in fraud detection capability, Tackett et. al (2006) in their conclusion stated that utilizing fraud specialists on independent audits has positive net benefits to financial reporting.

2.3.5 Accounting Skills and Fraudulent Practices

The accounting profession underwent radical changes because of the Enron and WorldCom debacles, as well as other accounting scandals. With the spotlight on the accounting profession, a new market with a new breed of accountants, forensic accountants, emerged (Davis, Farrell & Ogilby 2014). Panel (2007) observed that the new breed of accountants, practicing what is refer to as creative accounting participate in the inclusion of accounting and accounting concepts in almost all areas of the organization. In this case, accounting

which is a major part of processes such as budgeting, planning, procurement, cash and inventory management, can be misused or creatively doctored to overlap fraudulent practices. Begum (2014) stated that the fraudulent practices in the accounting arena that are mostly investigated involve willing customer accomplices, vendors, and agents or distributors. However, with the relevant accounting skills and appropriate policies in an organization, the risk of fraudulent practices reduces significantly. These accounting skills that are essential to reduce and stop future fraudulent practices, according to Panel (2007) include skills in document analysis for forgeries, alterations and even authenticity.

2.3.6 Organizational Policies

Begum (2014), states that the development of fraud protection policy and make it knowledgeable to all employees, customers, government, depositors and other stake holders is a step closer to fraud mitigation. Superiors should closely monitor their subordinates and report immediately if any suspicion occurs. Internal monitoring was of great help to deal with frauds. This is simply one of the many areas of participation in fraud prevention in which an organization can participate in and, additionally, ensure safeguards are instituted.

Tackett et. al (2006) affirmed that many policy statements are structured in a way to ensure that the responsibility against fraud and incidences that might be considered fraudulent is placed on every member of the organization. Additionally, the policy ensures that there is a channel that is provided to ensure that all cases and incidences of fraud can be reported and appropriate action taken against the offenders. It is essential to also point out that while there are a myriad of organizational policies that employees are expected to abide by, there should be one that specifically addresses issues of fraud and the reporting and actions and mechanisms that was applied in the event of cases of fraud cases (Begum 2014).

2.3.7 Forensic Accounting as an Asset

The field of forensic accounting has some benefits. One of them is the enhancement of knowledge. Wells (2007) analyzed past fraud cases to help readers learn, detect, investigate and more importantly, prevent fraud. He comments in the preface "My experience in this field has taught me that when fraud occurs, there are no winners. That makes prevention the ultimate goal. And that process begins with educating ourselves." The researcher could not agree more. Sonkushre (2012) in his study argues that forensic accounting is an important area in the world of business, because it helps organizations and individuals in preventing crime. Further, Gray and Mousalli (2006) argue that two benefits of forensic accounting are; acknowledging responsibility for fraud detection and adding value to the work of the forensic accountant.

2.3.8 Existence of Fraud, its Development and Complexities

Sawyer, et al. (2010) describes fraud as a false representation or concealment of a material fact to induce someone to part with something of value. A legal definition of fraud is found in Chapter 63, sections 330-331, of the Laws of Kenya, as explained in GOK (2009). These sections also prescribe the appropriate sentences for the frauds. There exists numerous examples of organizations, both local and international that was brought on their knees due to the effects of fraud.

Global examples of fraud cases include the Madoff Investment Securities Scandal, which broke out in 2008 when former NASDAQ chairman admitted that his company had been involved in fraudulent activities that spanned decades of defrauding unsuspecting customers of billions of dollars. At some point, the Securities and Exchange Commission (SEC) came under fire for not investigating Madoff more thoroughly. The auditor, Frierling & Horowitz, also got into legal trouble for aiding and abetting that investment fraud. A top FBI official maintained that the auditor, merely rubberstamped statements which had not

been audited and betrayed his fiduciary duty to investors. According to Knapp (2011) the firm of auditors had issued unqualified reports the entire time even when numerous red flags had been raised for a long time. The whistle blower possessed investigative skills, which had not been applied earlier, probably due to this conviction that no-one would have listened then. The harm caused to society by this scandal was incalculable.

Closely related to the Madoff scandal, was the Enron Corporation scandal, unearthed in 2001, where institutionalized, systematic and well-planned accounting fraud was committed. The trend of revenues for ten years preceding the scandal, as told by Peterson (2006) reflected a growth in revenue from US\$ 19 billion to over US\$100 billion. However, as the company experienced significant growth, it also reported significant debt, removed from its balance sheet into non-existent entities, deliberately created to conceal fraud. What followed after the whistle was blown was that Enron's share dropped from US \$85 to 30 cents. Further, according to Jensen (2012), over 5,000 employees lost their jobs, US \$800 million in pension investments was lost and the firm's auditing firm, scaled employees from 28,000 to 250.

Although the alleged masterminds behind Enron's case were convicted, the toll taken on the public accounting profession was not limited to the auditors alone, but as Knapp (2011) explains, the case tainted and embarrassed practically every accountant in the United States of America. Local examples of fraud include the case of Uchumi Ltd, which was incorporated in 1975. Uchumi experienced signs of trouble in early 2000, which culminated in its shutting down ten of its branches and being declared insolvent in 2006. What followed later was more than 13 senior managers charged in court over a fraud related issue, (apparently selling a building that housed one of its branches for Kshs. 147 million and then renting the same building back to the supermarket at a monthly rate of Kshs. 1.7 million, without an independent valuation or following an open competitive bidding process).

According to Okoth (2010), Uchumi later emerged from the receivership in 2010, but the effects of the fraud were felt, including job losses for employees, and a drastic fall in share prices. It can be noted here that the internal environment probably contributed to the fraud, as managers (usually respected, feared and not easily questioned) were mentioned, though later acquitted for lack of evidence.

According to Paul (1997) the health care programs most frequently victimized by fraud in the United States are Medicare and workers' compensation. The position is still the same today. Usually, Medicare fraud takes one or more of six forms including up coding, phantom billing, billing for unnecessary services, double billing, and kickbacks. Billing for unnecessary services, which is an almost universal practice, is difficult to detect. Although the above-mentioned methods are the most common, they are not by any means the only method of fraud. Employees have been found to be involved in fraud through techniques such as identity card abuse, listing ineligible dependents, billing for unqualified dependents and seeking reimbursement for false medical bills.

The above described medical fraud scenario cannot be ruled out in the Kenyan medical sector context. In 2013, the National Hospital Insurance Fund (NHIF) organization was negatively implicated in a scandal worth 4.3 billion. A forensic probe is still investigating the fraud and therefore the matter is not yet conclusive. Apart from medical fraud, the list of other frauds is endless. Examples affecting universities, include, imprests not accounted for, as reported by Kenya National Audit Office (2012) and other crimes as reported by Ndanyi (2010) and Obure (2004) relating to Moi University and Egerton University, in relation to computer fraud and payroll fraud respectively.

The above-mentioned frauds are more likely to be perpetrated in a permissive environment, where corporate governance is weak. When employees are aware that they are constantly under surveillance, that in itself may be a fraud deterrent and lead to fraud

mitigation in Universities in Kenya. Much more recently, according to Kenya Law Reports (2011), the Permanent Secretary in the Ministry of Tourism and the Ex-tourism boss were involved in a fraud scandal that landed them in jail for 4 and 3 years respectively. The managing director for Maniago travels, who was also mentioned in this scandal was jailed for 7 years and ordered to return a sum of Kshs18.6 million to the Ministry of Tourism, which was double the amount defrauded.

2.3.9 Measures Taken to Reduce Fraud in Organizations

The World Bank, which acts through global monitoring, has recently waged a fight against corruption within the bank, according to World Bank (2011). The Bank continues to embrace the anti-corruption reforms by putting in efforts to sharpen the institution's focus on eradicating bribery and graft from its development record around the world through pursuing millennium development goals (MDG's), of which fighting corruption is one. Further, as per World Bank (2010), the World Bank Indicators (WBIs) reflects Kenya as scoring a negative perception index of -2, when it comes to control of corruption, as compared with other countries like Australia and Canada which score highly.

The big four audit firms have attempted to carry out regular economic surveys. Price Waterhouse Coopers (2011) carried out one, which proved that in Australia, where apparently the corruption rate is lower than Kenya, the Government has in place annual reports prepared by the Institute of Criminology. The Auditor-General also prepares regular fraud control reports, which are exhaustive and transparent.

The Institute of Internal Auditors (IIA) has been promoting continuing professional education through numerous seminars and conferences at which its members are updated with the most current information. The Institute of Certified Public Accountants of Kenya (ICPAK), as a professional body also promotes knowledge as well as plays the role of punishing errand members who commit professional malpractices. World governments have

slowly started having an interest in corporate governance, whose concepts include openness, accountability, responsibility, fairness, independence, reputation and integrity. Of significance is the constitution of the Audit committee whose main role is to review the organizations' internal financial controls. Most organizations have in place the internal audit departments. This is crucial because internal audit is in a position to carryout continuous audits throughout the year (Negandhi, 2012).

The Government of Kenya has in place several regulatory measures to deter fraud. One of them is the enforcement of the penal code as is detailed in Cap 63 of GOK (2009). Secondly, the government, on 27th August 2010, ratified a new constitution, that is founded on principles of good governance, integrity, transparency and accountability. Further, according to Business-Anti-Corruption Portal (2012), there is in place the Ethics and Anti-Corruption Commission (EACC), which was founded on 24 August 2011. Other measures include the enactment of the Public Officers Ethics Act, mandating public officers to declare their wealth, the Public Procurement and Disposal Act, aiming to promote more transparent procurements and the Witness Protection Act, aiming to protect whistle blowers. Another important measure is the embracing of E-governance, which reduces contact between Kenya Revenue Authority and the public, thus recovering lost ground, in the fight against corruption.

2.3.10 Forensic Accounting as a Challenge

According to Sonkushre (2012), the challenges of forensic accounting application as a measure to reduce fraud, include the chances of leakage of confidential matter, increased chances of threats, negative publicity and high costs involved. There is also the possibility of losing employee trust, especially if no fraud is identified after the investigations, bearing in mind that lost trust can be difficult to regain. He also cites the difficulty of detection especially when employees are in a position of trust and therefore not easily doubted even

when there is a red flag raised. Deception in such scenarios can continue for years, especially when there is no thorough surveillance, hard questions asked, or auditors don't analyze and scrutinize both operations and reports. Further, gathering evidence that is admissible in the court of law, which is crucial in the prosecution. In addition, globalization of the economy has brought about inter-jurisdiction, which also translate to the fact that the fraudsters can be anywhere in the world regardless of industry, organization and even department.

2.4 Research Gaps

Kenya's forensic practice is on a limited scale. Previous researchers in this field of study such as Digabrielle (2008) and Durtschi, Hillison and Pacini, (2004), who investigated on whether the relevant skills of forensic accountants differed among practitioners and examined how effective Bedford's law was in assisting with fraud detection in accounting data, respectively are mainly from foreign countries. Digabrielle (2008) also found out that skills such as critical thinking, analytical proficiency, increased legal knowledge and others are relevant for a forensic accountant, but he did not exactly explain how the skills were to be acquired. Okoye and Akenbor (2009), find Bedford's law to be discriminatory, in that as a tool for identifying suspect accounts for further analysis, it does not necessarily work for all types of fraud, hence the justification for identifying further methods through new knowledge. The newness of this study in Kenya is the knowledge that the research is contributing to the knowledge gap (Shanikat&Khan, 2013).

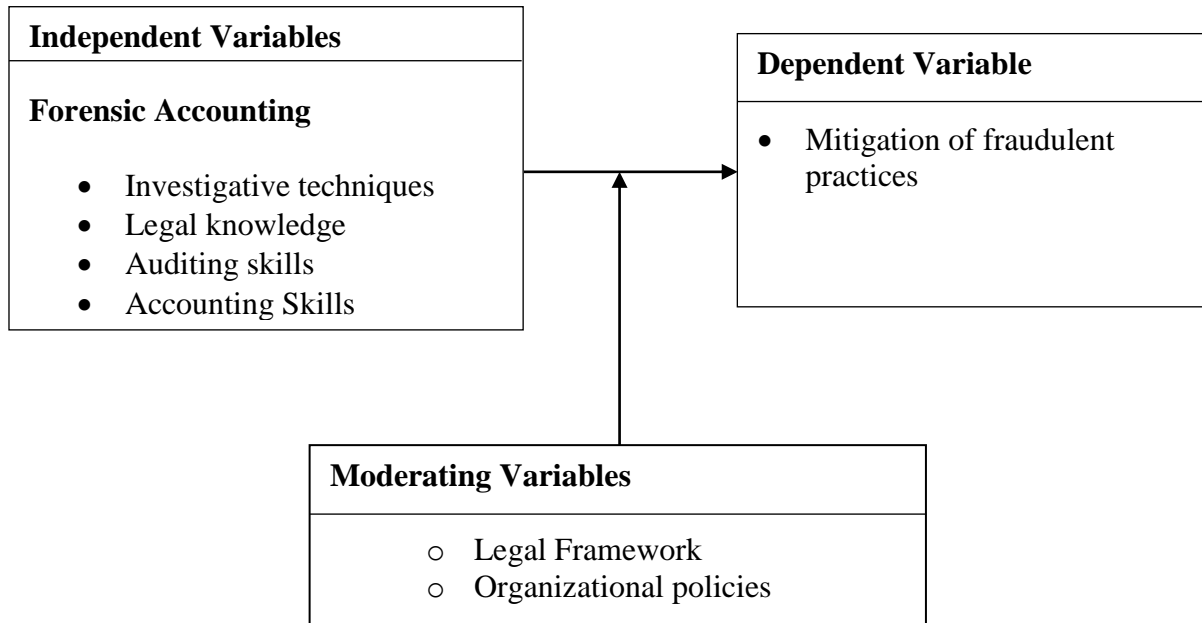
Another paper by Carcello and Hermanson (2008) also scrutinizes the idea behind the forensic accounting but attempts to bring out the effects through a scrutiny of the financial reporting. This perspective tallies with the idea by Ruankaew (2013) and Modugu and Anyaduba (2013) since while they also bring in the perspective of forensic accounting, they also tie it to fraud to make sure the measurement is easier. Moreover, the insignificant ratio of universities offering basic forensic courses to the total number of the existing ones adduces to

the fact that this is just one step towards thousands and thousands of miles. A summary of research gaps is presented in Table 1A.

2.5 Conceptual Framework

FIGURE 1

Conceptual Framework



Source: Researcher, 2015

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter addresses the methodology that was adopted for the study. This includes the research design, population, sample size, data collection, and data analysis and presentation techniques.

3.1 Research Design

The research design is a plan of the methods and techniques to be adopted for collection and analysis of the data required in obtaining answers to research questions, (Kothari, 2004). This study adopted both descriptive survey design and inferential statistics. Kothari (2004) states that descriptive studies are fact finding enquiries and their purpose is to describe the state of affairs as it exists at present. Descriptive research describes the existing conditions and attitudes through observation and interpretation techniques (Mugenda & Mugenda, 1999). The study intended to describe the variables associated with the problem.

3.2 Target Population

Chartered Universities accredited by CUE were thirty-nine in number as at 12th June 2014, (Appendix II). The targeted respondents were the heads of accounting and finance departments and the heads of the internal audit departments, because these are the members of staff who are relevant to forensic accounting. For practical purposes, however, while the target population in this survey was all the chartered institutions, five members from the selected university in each stratum were selected to form the respondent pool. Based on the number of universities and the sample pool, the total number of respondents targeted was 195.

3.3 Sampling and Sample Size

Sampling refers to the selection of a given number of subjects from a defined population as

representative of that population. Any statements made about the sample should also be true of the population (Orodho, 2002). Gay, (1992) recommends that when the target population is small (less than 1000 members), a minimum sample of 30 per cent is adequate for educational research. The targeted respondents for this study was the heads of accounting and finance departments, the heads of the internal audit departments and members of management that head the finance department, because these are members of the institution who are relevant to forensic accounting. The sample comprised of five workers from all chartered universities; two respondents from finance and accounting department; two respondents from auditing department and one member of management heading the finance department. In using this very widely used method, the sample size would be 195.

However, an alternative method for an appropriate sample size as determined by Bartlett et.al (2001) used. They came up with a size determination table which takes into consideration, regression analysis and aims at improvement of common existing methods, by factoring in, disregard for non-response rate, which is a flaw in most surveys. The study argued that using an adequate sample would result in more reliable, valid and generalizable results. According to their determination table, the appropriate sample size for a population of 200 for a margin of error at ± 0.05 is 195. This choice is not very different from the first method.

3.4 Data Collection

The research approached all the institutions in the sample and sought guidance from the Human Resources Office/directorates on the candidates that best fit the researcher's profile. The researcher used research assistants to be able to reach and approach respondents to fill in the questionnaire at their own time. In other cases, the researcher will conduct interviews to ensure that she gets first-hand information from the respondents. The survey, using a structured questionnaire and an interview schedule was administered on the selected samples.

The target was to get opinions that are based on structured questionnaires. This method was considered to be more suitable with this kind of research design and sample. Those targeted to be interviewed were employees in the accounting and auditing departments. Secondary sources of data collection will also be reviewed. The researcher will seek out journals, magazines, and use of internet in collection of data (Royal Roads University, 2013).

3.5 Reliability and Validity of the Instrument

To ensure reliability of the measuring instrument, careful wording, format and content was used. As an added reliability measure, the Cronbach's alpha method was used to measure internal consistency. This was done by administering the questionnaire to the universities represented in Nakuru town, and the Cronbach's coefficient alphas obtained from SPSS was used to determine the internal consistency by examining if the alpha values exceed 0.7 thresholds as recommended by Cliem and Gliem (2003). To be able to determine the relationship of each variable and for all the variables in entirety, factor loadings was used, and averages of the same used to determine α (Alpha). The study realized an alpha value of 0.71.

It was perceived by getting the inter correlation between all the variables of the study, that is, legal knowledge, investigative tools, accounting and auditing skills. The respondent were not indicate their names hence the probability of giving honest answers was high. The researcher intends to use questionnaire with semi structured questions. The relationships between all the variables of the study including legal knowledge, investigative tools, accounting and auditing skills were then formed from the information. To guarantee validity, the researcher conducted a face validity test on the measuring instrument, and has the test reviewed by the faculty and obtains feedback. In addition, content validity was done to check the operationalization of the instrument. This ensured that the objectives are clearly defined and operationalized.

3.6 Data Analysis

Data collected was analyzed using both descriptive and inferential statistics. Different variables of the study i.e. legal knowledge, investigative tools, accounting and auditing skills were identified by explaining the relationships.

3.6.1 Operationalization of Variables

TABLE 1

Operationalization of study variables

Variable Type	Variable Indicators	Indicators	Measurement
Dependent	Fraudulent Cases	<ul style="list-style-type: none"> – Loss of Money – Unaccounted expenditure 	A change in the number of fraud cases reported and identified
Moderating	Organization policy, Legal framework	<ul style="list-style-type: none"> – organizational by-laws – Policy framework – Legal Department – Clear Litigation procedure 	Presence of policies, rules, strategies that works towards fraud mitigation. Presence of legal framework
Independent	Forensic Accounting	<ul style="list-style-type: none"> – forensic accounting department – Skilled employees, – systems – Money Procedures 	Focus on forensic accounting aspects Presence and documentation of training in forensic accounting Presence of forensic accounting software and/or system.

Source: Researcher (2015)

3.6.2 Descriptive Data Analysis

After the data was collected, questionnaires was checked and coded. Percentages and frequencies were used in interpretation of data. Correlation was used to portray the relationship between forensic accounting and fraud mitigation. The outcome for descriptive analysis was presented using summary tables, charts and graphs. This is consistent with Robson (2002) who argues that there is an influential modern approach to quantitative analysis, which takes an informal pictorial approach to data and is used by researchers to make inferences regarding relationships between variables. These tools ensure that

information is understood and interpreted as it should be, and further, that this is done at a glance (Saubders, Lewis, & Thornhill, 2012).

According to Bryman and Bell (2003), data analysis refers to a technique used to make inferences from data collected by means of a systematic and objective identification of specific characteristics. Once data is collected, it has to be edited to verify the completeness of data, coded in order to assign numbers or symbols to the various answers for effective categorization/classification, entered in order to convert the information gathered to a medium for viewing and manipulation (e.g. excel or statistical package for social sciences SSPS) and finally displayed through the use of frequency tables and charts. Case summaries was generated to check for any errors in data entry as well as to determine missing responses. Descriptive statistics was used to obtain useful summaries of responses. These include: frequencies, percentages, mean as a measure of central tendency as well as standard deviation as a measure of dispersion.

3.6.3 Inferential Analysis

The inferential statistics was done through Pearson product moment correlation and multiple regressions to evaluate the relationships between the dependent and independent variables. The correlation and multiple regression analyses was done to first determine the degree of interdependence of the independent variables and also show the degree of their association with the dependent variable separately. The unknown parameters in the model were estimated, using observed values of the dependent and independent variables. The following model is the regression equation representing the relationship between the mitigation of fraudulent practices as a linear function of the independent variables (Schools based factors, Social cultural factors & Environmental factors), with ϵ representing the error term.

$$Y_i = \alpha + \beta_1 (X_1) + \beta_2 (X_2) + \beta_3 (X_3) + \epsilon. \quad \text{Where; } \beta_4=0 \dots \dots \dots (\text{Equation i})$$

Where; Y_i = mitigation of fraudulent practices

X_1 = *legal knowledge*

X_2 = *auditing skills*

X_3 = *accounting Skills*

ϵ = Error term

α = *Constant*

β_1 = Beta Values

3.7 Ethical Considerations

All necessary measures were taken to observe utmost confidentiality and to interpret results accurately and responsibly without manipulation. In carrying out this research all the information collected was held confidentially and all participants was informed about it. There was no respondent that was put in a risky situation as a result to their response, and remained anonymous throughout the study. In accordance to the governing principles of research regarding to those who participate in this study were required to give informed consent prior to participating in the study. Those who did not wish to participate were excused from the study.

CHAPTER FOUR

DATA PRESENTATION INTERPRETATION AND DISCUSSIONS

4.0 Introduction

This chapter presents the results and discussion of the finding, in relation to the objectives of the study. The presentation follows the order by which the specific objectives of the study are stated. After the questionnaires were collected from the field, the data was analyzed, summarized and presented in form of frequency tables and charts to reflect statistics that accompany explanations for better understanding. The study assessed the Effects of forensic accounting on the mitigation of fraudulent practices amongst universities in Kenya. The study sought to establish the relationship between fraud investigative tool and mitigation of fraudulent practices; examine the relationship between the legal knowledge and mitigation of fraudulent practices; examine the relationship between auditing skills and mitigation of fraudulent practices and to examine the relationship between accounting skills and mitigation of fraudulent practices in universities in Kenya.

All respondents were reached and there was 82.1 % return rate as indicated in table 2 below.

TABLE 2

Response Return Rate

Respondents	Administered	Returned	Percentage return rate
Heads of accounting and finance departments	78	65	83.3%
Heads of internal audit departments	78	63	80.7%
Management(Finance department)	39	32	82.1%
TOTAL	195	160	82.1%

Thirty five out of 195 ($35 / 195 = 17.9\%$) questionnaires were found to be unusable for the study, these were not well filled hence their results were not included in the findings.

4.1 Demographic Characteristics of Participants

The participants included 65 Heads of accounting and finance departments, 63 Heads of internal audit departments and 32 members of Management in Finance department.

4.1.1 Gender of Respondents

The researcher first sought to establish the gender of the respondents for the study. The findings are indicated in Table 3.

TABLE 3
Gender of Respondents

Respondents	Male	Female	Percentage (%)	
			M	F
Heads of accounting and finance departments	35	30	6.2 %	43.8%
Heads of internal audit departments	43	20	68.3 %	31.7%
Management(Finance department)	20	12	62.5%	37.5
Total	98	62	61.2 %	38.8 %

The distribution of the respondents by gender showed that 61.2. % respondents were males, while the (38.8%) were female. Male dominance is also seen among the heads of accounting and finance departments at 46.2 %, Heads of internal audit departments at 68.3 % and 62.5% in the Management (Finance department).

4.1.2 Type of the Institution

The study then examined the nature of institution under study. The findings are shown in figure 2.

FIGURE 2

Institution type

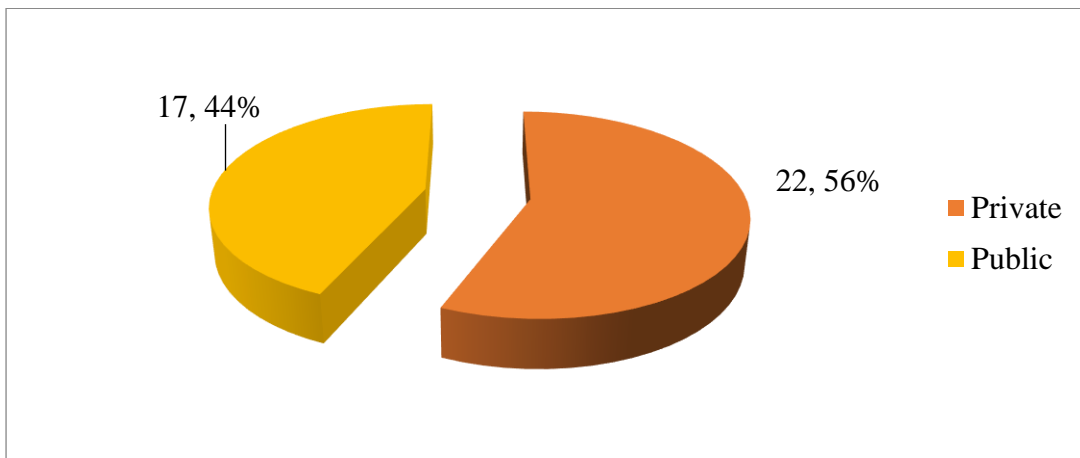


Figure 2 above indicates that majority of the sampled institutions were public representing 56% while the remaining 44% represented private institutions. Different type of institutions has different management styles and policy issues which consequently influence the adoption of various financial management systems like forensic accounting.

4.1.3 Age of the Respondents

The researcher also sought to establish the age of the respondents and Table 4 below shows the distribution of the age among the respondents.

TABLE 4

Age bracket of respondents

AGE	Number of respondents	Percentage (%)
25 -34yrs	18	13.1%
35-44years	58	36.2%
45-54yrs	51	31.9%
Above 55 yrs	30	18.8%
Total	160	100

Source: Research Data (2015)

An analysis of the age of respondents revealed that majority are in the age of 35-44 years at 36.2%, 45-54 years at 31.9% and above 55 yrs 20%. The minority groups are staff of

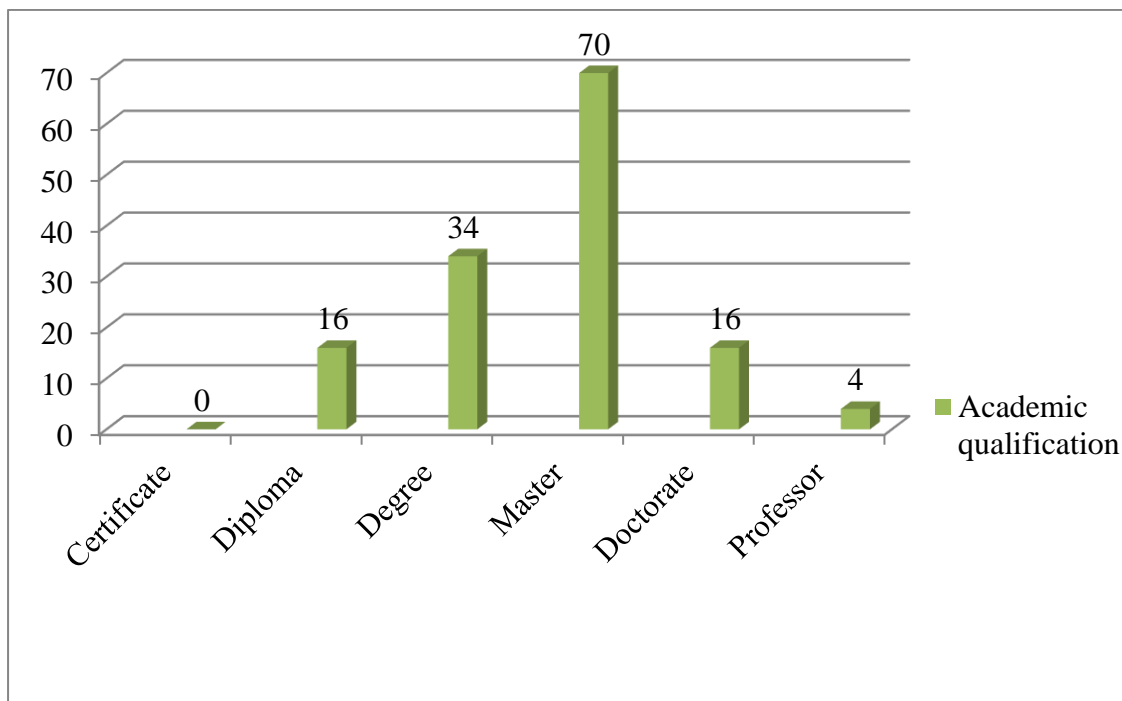
age 25-34years representing fresh graduates and recently employed staff 13.1% of the respondents. The age groups of the respondents sampled are appropriate for this study. Majority of the respondents are within the ages of 29-39 and 40-50 years representing staff members who have been working for more than 7-10 years; hence they may understand the challenges effects of forensic accounting on the mitigation of fraudulent practices amongst universities in Kenya.

4.1.4 Education Level of the Respondents

The research sought to establish the educational levels of the respondents and the findings are as shown in the figure below.

FIGURE 3

Education Level of respondents



The findings in figure 3 revealed that 70% of the respondents had attained Masters degree, 34% had attained a degree, and 16% had a diploma and doctorate respectively while only 4% had attained professorship. Kamuli and Katahore (2003) asserted that the level of

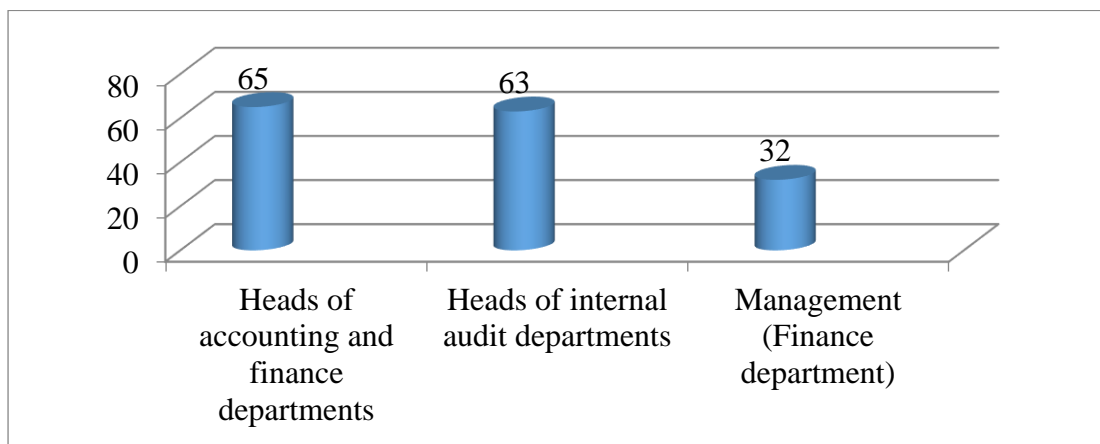
training and education for an employee determines the kind of knowledge they will share and their ability to appreciate complex ideas and systems.

4.1.5 Designation of the Respondents

The research sought to establish the designation of the respondents and the findings are as shown in the Figure 4.

FIGURE 4

Designation



The figure 4 indicates that the respondents included in the study were 65 Heads of accounting and finance departments, 63 Heads of internal audit departments and 32 members of the Management (Finance department). These respondents were from the relevant departments and understood about to forensic accounting.

4.1.6 Length of Service In the organization

The researcher also attempted to find out how long the respondents have served in the organization.

TABLE 5

Length of Service in the organization

Category	Frequency	Percentage
0-5 Years	30	18.8 %
6-10 Years	38	23.9%
11-15 Years	65	40.6 %
16-20 Years	17	10.6 %
More than 20	10	6.3%
TOTAL	160	100

Source: Research Questionnaire (2015)

Majority of the employees had served between 11-15 years representing 40.6% of the respondents. These were followed by between 6-10years at 23.9 % and 0-5years at 18.8 %.The least majority were staff members who have served between 16 -20 years and for more than 20 years representing 10.6% and 6.3% of the respondents respectively.

4.1.7 Length of Service in Other Organizations

The researcher further more examined how long the respondents have served in other organizations.

TABLE 6

Length of Service in Other Organizations

Category	Frequency	Percentage
0-5 Years	74	46.3%
6-10 Years	60	37.5%
11-15 Years	15	9.4%
Over 16 Years	10	6.3%
More than 20	1	0.5%
TOTAL	160	100

Table 6 indicates that the majority (46.3%) of the respondents had worked in other organizations for only 0-5 years followed by 6-10 Years representing 37.5% of the respondents. This means that majority of the respondents had worked in their current institution more than any other before. Only 9.4%, 6.3% and 0.5% had worked for other organizations between 11-15 years 16-20 years and over 20 years respectively. An employee length of stay at a particular institution and experience at work determines their capacity to give valuable information about the subject matter in their departments such as effect of forensic accounting in mitigating fraudulent practices. This length of service was appropriate enough for the study.

4.1.8 Presence of forensic accounting department

The researcher finally found out if the institutions had forensic accounting department. The findings indicate that all the institutions didn't have a forensic accounting department, but relied on the internal audit departments.

4.2 Relationship between fraud investigative tool and mitigation of fraudulent practices

In the first objective of the study, the researcher sought to establish the relationship between fraud investigative tool and mitigation of fraudulent practices in universities in Kenya. The findings are discussed in the following sub-sections.

4.2.1 Fraud Experience

The researcher first inquired whether the institutions had ever experienced fraud. The finding is as shown in figure 5.

FIGURE 5

Experienced Fraud

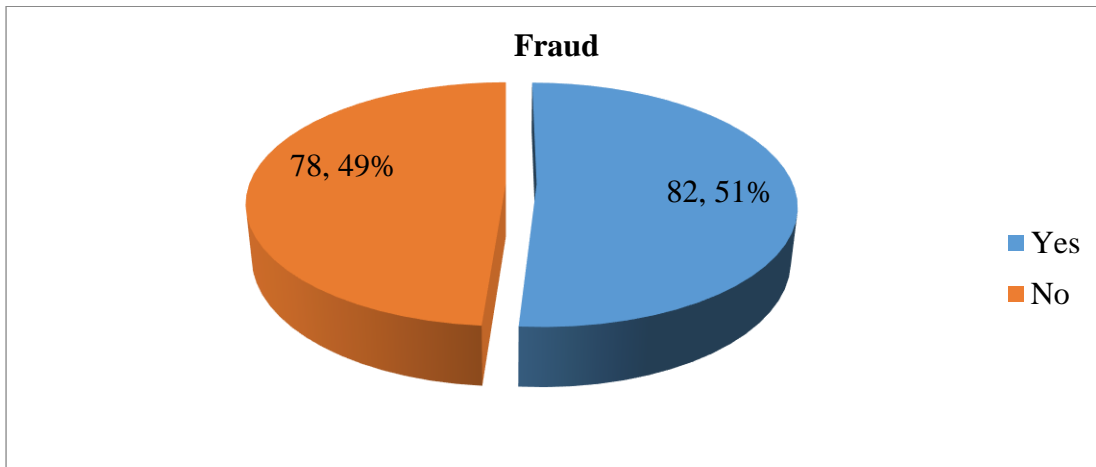


Figure 5 show that a majority (51%) of the institutions had experienced fraud. This meant that the study was relevant to the sampled institutions. The respondents were then asked how they came to know about the fraud .The findings are shown in the figure 6.

FIGURE 6

Who Exposed the Fraud?

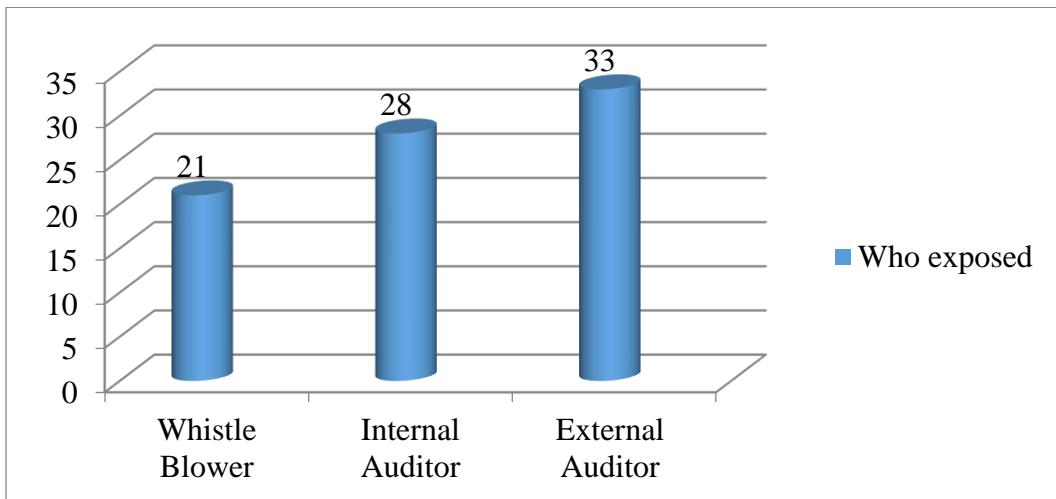


Figure 6 indicates that the majority (8) out of the 20 frauds were exposed by internal Auditor. An examination of how much monetary value was involved is shown in table 7 below.

TABLE 7**How much was involved**

Category	Frequency	Percentage
Ksh 1 -100,000	45	55%
Ksh 100,001 -1,000,000	29	35%
Above 1,000,000	8	10%
TOTAL	82	100

Table 7 indicates that the major fraud involved Ksh 1 -100,000as indicated by 35% of the respondents followed by Ksh 100,001 -1,000,000at 35% and finally Above 1,000,000 at 10%.

4.2.2 Forensic Accountant Tools

The researcher then examined the Forensic Accountant Tools used in the investigation. The study first examined who investigated the fraud, the investigative tools/techniques used and the recovery measures taken .The findings are shown in the following tables and figures.

TABLE 8**Investigator**

Category	Frequency	Percentage
Forensic Accountant	5	25%
Internal Audit	7	35%
Audit firm	8	40%
TOTAL	82	100

The Table 8 indicates that the majority (40%) of the institution sought the services of external Audit firms followed by 25% who relied on the internal auditor and the finally 26% who used a forensic accountant. The study then checked which tools were used for the investigations. The findings are shown in table 9.

TABLE 9

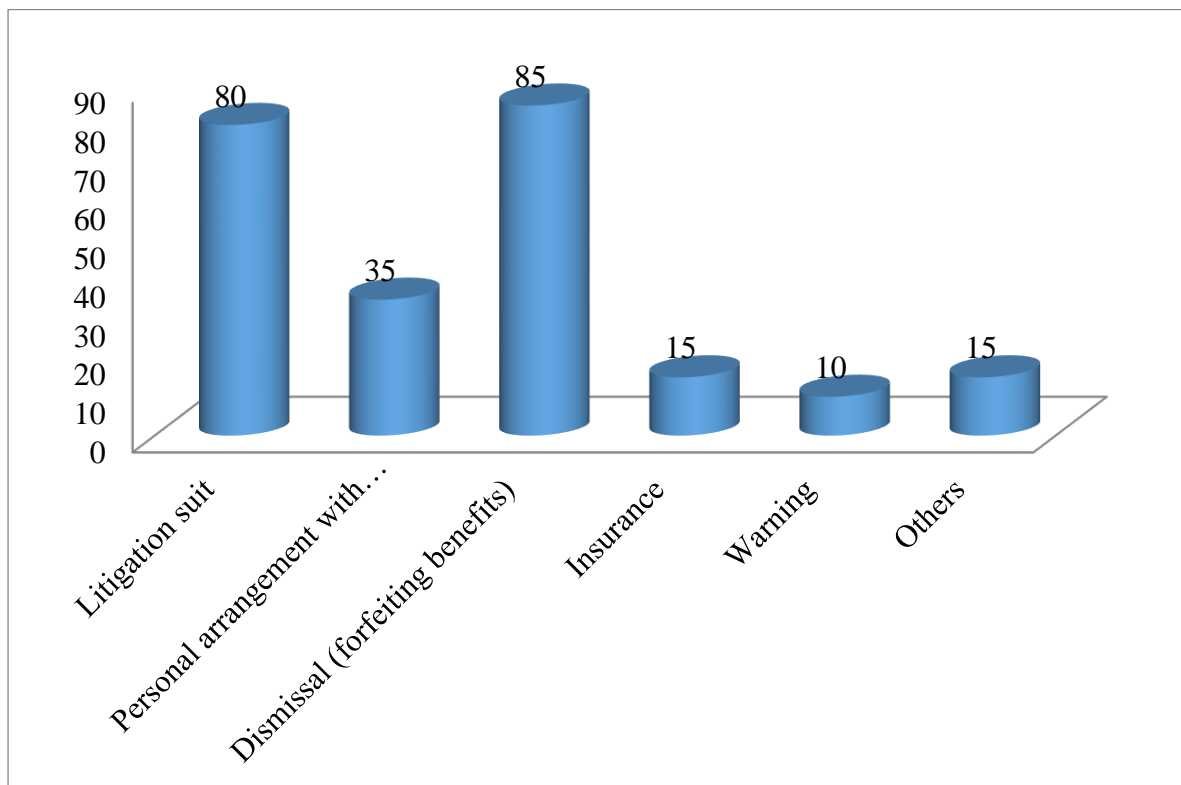
Investigative Tools/Techniques

Category	Frequency	Percentage
Computerized Techniques (Data Analysis)	41	50%
Bedford Law	12	15%
Net worth analysis	21	25%
Others, Specify	8	10%
TOTAL	82	100

The findings in Table 9 indicated that the majority (50%) used Computerized Techniques (Data Analysis) to conduct the forensic investigation. This was followed by users of Net worth analysis at 25%, Bedford Law at 15% and other unspecified methods at 10% of the respondents. Finally the study examined the recovery measures taken by the institution. The findings are as shown in Figure 7.

FIGURE 7

Recovery Measures Taken



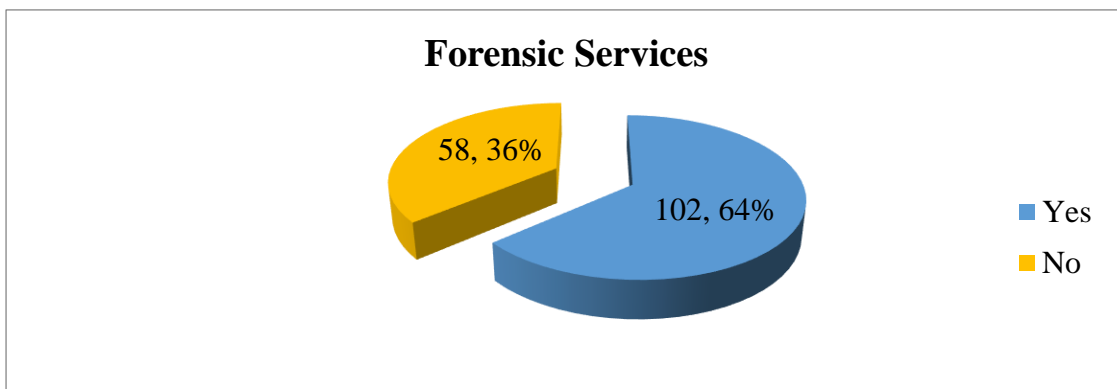
As indicate in the figure 7 above, Majority (85%) and (80%) of the respondents respectively preferred Dismissal (forfeiting of benefits) and litigation suit respectively in handling fraud matters. These were a followed by personal arrangement with the perpetrator at 25%, Insurance compensation and warnings at 15% each and finally alternative methods at 10%

4.2.3 Nature of Forensic Engagement

In determining the availability of an effective forensic unit in the institutions, the researcher first inquired whether the institution engages the expertise of a forensic accountant. The findings are shown in figure 8.

FIGURE 8

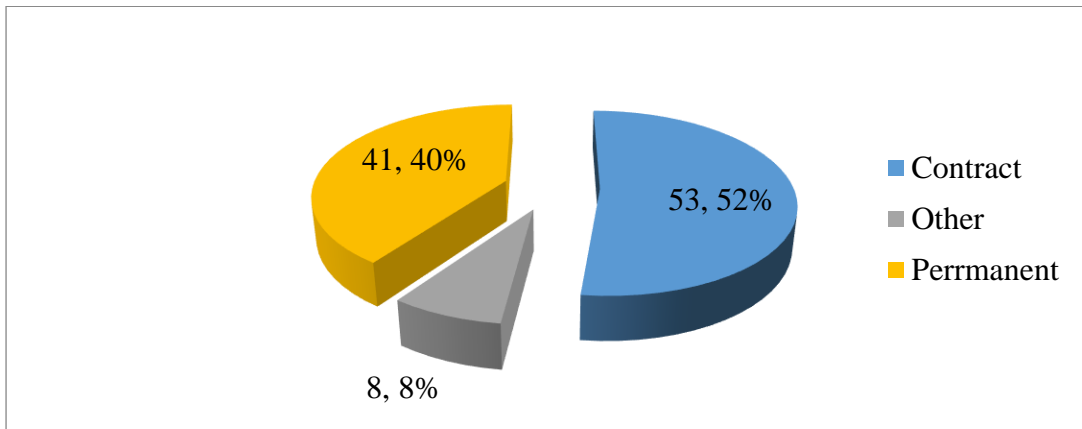
Institution Engages the Expertise of a Forensic Accountant



As indicated in Figure 8 out of the 64% the institution sought forensic accounting services. The preferred terms of service was established and the findings are as shown in figure 9.

FIGURE 9

Nature of Engagement



A majority (13) of the 25 institutions engaged the investigators on contract basis.

4.2.2 Forensic Accounting and Analytics

The researcher also established the type of forensic accounting and analytics in the institutions. The findings are shown in table 10.

TABLE 10

Forensic Accounting and Analytics

	Yes		No		Total
	F	P	F	P	
Office or Department	90	88%	12	22%	102
Manual	33	32%	69	68%	102
Software	28	41.5%	41	58.5%	69
System	41	58.5%	28	41.5%	17

Table 10 indicates that out of 25 institutions that practice forensic accounting a majority (88%) had either an office or department under internal audit. Out of the 25 institutions a majority 68% did not do manual forensic accounting and analytics. Out of these 68% that did not do manual forensic accounting, 58.5% used a software where as another 58% used computer system. The researcher further established if the process was related to

internal controls office or Top management offices of the organization. The findings are shown in Table 11.

TABLE 11
Extent of Investigation

	Yes		No		Total
	F	P	F	P	
Appropriate policies in an organization	20	80%	5	20%	25
Top management offices of the organization	15	60%	10	40%	17

It was found that a majority (80%) of the institution only used forensic accounting within the internal control office. Furthermore 40% of the organization did not subject their Top management offices through forensic accounting. These raise the question of its effectiveness due to double standards.

4.2.3 Attributes of Forensic Accounting

The objective also investigated the attributes necessary in investigative techniques on fraud prevention. The findings are shown in Table 12.

TABLE 12
Attributes of Forensic Accounting

Attribute	(5)	(4)	(3)	(2)	(1)
Performing electronic evidence discovery	21%	37%	5%	13%	24%
Fraud risk assessment	50%	29%	3%	3%	15%
Examination of financial and source documents	44%	22%	0%	4%	30.0%
Looking into alleged fraud or illegal activity	40%	40%	0%	6%	14%
Structure regulatory compliance strategies	54%	26%	0%	0%	20 %
Probe suspect financial performance	24%	25%	5%	22%	24%

Table 12 indicates the various attributes of forensic investigation.58% of the respondents agreed that forensic accounting is good in performing electronic evidence

discovery. Another 79% confirmed that forensic accounting assist in fraud risk assessment. Furthermore 66% of the respondents agreed that forensic accounting assist in examination of financial and source documents. On whether forensic accounting assist in looking into alleged fraud or illegal activity a significant 80% majority attested to this fact as well as for Structure regulatory compliance strategies The study further establishes that forensic accounting facilitates to Probe suspect financial performance as confirmed by 49% of the respondents. These findings asserts the findings by Ngai, (2011) who investigate and recommend that there should be sufficient data mining techniques that are entrenched in the accounting and auditing procedures for them to be applied in fraud investigations.

4.2.4 Influence of Forensic Accountant on Fraud Mitigation

The researcher finally examined the extent to which and how forensic accountants influence fraud mitigation. The findings are shown in Table 14.

TABLE 13**Influence of Forensic Accountant on Fraud Mitigation**

Statement	(5)	(4)	(3)	(2)	(2)
Forensic accounting influence fraud mitigation to a great extent.	21%	37%	5%	24%	13%
Forensic accounts enhance institution's operations, accountability and transparency, to achieve goals and objectives by deterring fraudulent practices.	50%	29%	3%	15%	3%
Forensic accountants are not readily available in the country.	44%	22%	0%	30%	4%
The organization's corporate system does not have an allocation for forensic accountants	59.8%	19%	1.1%	2.1%	18%
Forensic accountants are too expensive to employ and maintain.	40%	40%	0%	14%	6%
Forensic accountants filter the internal audit report, to detect fraudulent.	44%	26%	10%	20 %	4%

Source: Research Data (2015)

Table 13 indicates the various influences of forensic accountant on fraud mitigation. 58% of the respondents agreed that forensic accounting influence fraud mitigation to a great extent. Another 79% confirmed that forensic accounts Enhance institution's operations, accountability and transparency, to achieve goals and objectives by deterring fraudulent practices. However 66% of the respondents felt that forensic accountants are not readily available in the country. On whether Forensic accountants are too expensive to employ and maintain a significant 80% majority attested to this fact with only 20% who disagreed. The study further establishes that Forensic accountants filter the internal audit report, to detect fraudulent as confirmed by 80 % of the respondents. These findings agree with Gray and Mousalli (2006) who reviewed the relationship between forensic accounting and fraud discovery. They acknowledged that fraud discovery was one of the principal objectives of the financial audit in the early years of the accounting profession.

4.3 Legal Knowledge and Mitigation of Fraudulent Practices

On the second objective the researcher examine the relationship between the legal knowledge and mitigation of fraudulent practices in universities in Kenya .The findings are shown in Table 14.

TABLE 14

Legal Knowledge and Mitigation of Fraudulent Practices

Statement	(5)	(4)	(3)	(2)	(1)
Policies: The institution has clear policies and procedure on fraud mitigation	47%	16 %	1%	26%	10%
Rules: There are clear rules that govern the institution in regards to fraud mitigation	55%	35 %	1 %	8%	1%
Strategies: The board advises management in the development of strategic priorities and plans that align with the mission of the institution and the best interests of stakeholders in regards to fraud mitigation.	53 %	23 %	3%	18%	3%
Integrity: The board set the ethical tenor for the company, while management adopts and implements policies and procedures designed to promote both legal compliance and appropriate standards of honesty, integrity and ethics throughout the organization	15%	29%	1%	34%	21%
Legal Knowledge enables Analysis of the financial components of the initial complaint	40 %	39%	1 %	13%	7%
Legal Knowledge enables Accounting and financial analysis for damages	59.8%	19%	1.1%	2.1%	18%
Legal Knowledge enables Preparation of disclosure statements including expert report	35%	35%	4%	16%	10%
Legal Knowledge enables Presentation of expert testimony	59%	20%	5%	6%	15 %
Legal Knowledge enables Discovery, interrogatory preparation and requests for production	33%	36%	5%	12%	14%

Source: Research data (2015)

Table 14 indicates that a majority 63% of the respondents agreed that the institution has clear policies and procedure on fraud mitigation. Another greater majority (90%) of the respondents also agreed that there are clear rules that govern the institution in regards to fraud mitigation but only 44% of the respondents agreed that the board set the ethical tenor for the company, while management adopts and implements policies and procedures designed to promote both legal compliance and appropriate standards of honesty, integrity and ethics throughout the organization.

On the importance of legal knowledge in forensic accounting 76% of the respondents agreed that it enables Analysis of the financial components of the initial complaint. Another 77.9% indicated that forensic accounting enables analysis of the financial components of the initial complaint. Furthermore 70% of the respondents agreed that legal knowledge enables Preparation of disclosure statements including expert report, 79% agreed that legal knowledge enables presentation of expert testimony while another majority (69%) agreed that legal knowledge enables discovery, interrogatory preparation and requests for production.

These findings were also asserted by Degboro and Olofinsola (2007) who noted that forensic investigation is about the determination and establishment of fact in support of legal case. That is, to use forensic techniques to detect and investigate a crime is to expose all its attending features and identify the culprits. According to Enofe, Okpako & Atube's (2013) conclusion, traditional auditing has limitation in detecting fraudulent practices, which the forensic accountants will effectively fill. Unlike auditors, forensic accountants and analysts have the professional ability backed up by law to break into the organization system and examine the books, make discoveries and present the documentary evidences in the law courts.

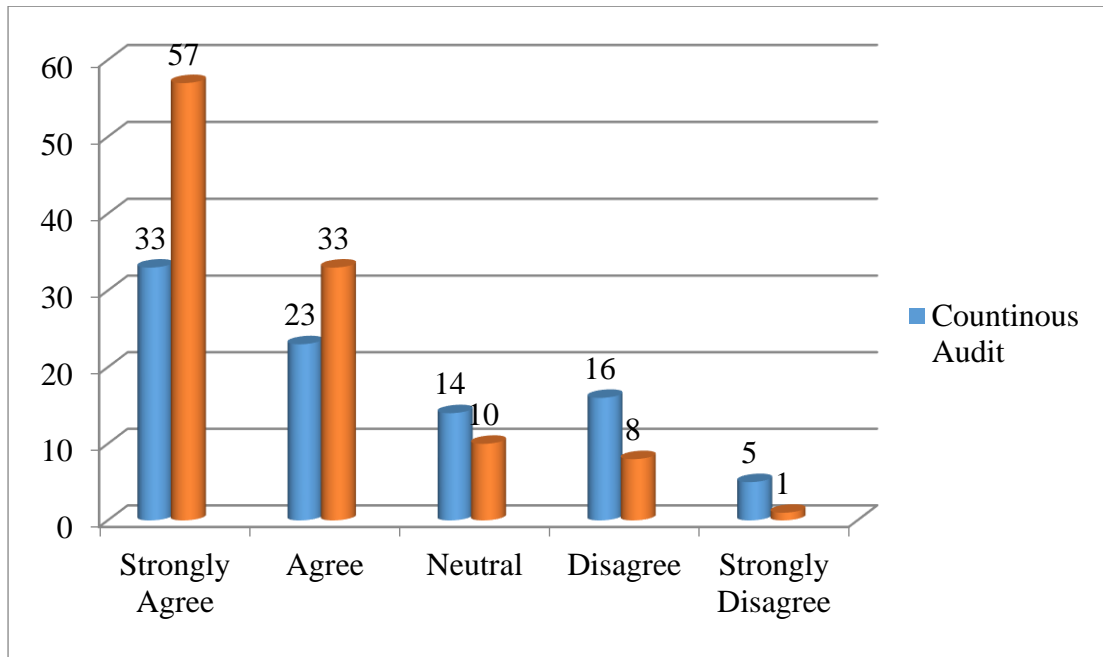
4.4: Relationships between Auditing Skills and Fraud Mitigation

In the third objective the study sought to examine the relationship between auditing skills and

mitigation of fraudulent practices in universities in Kenya. The respondents were asked to what extent they agreed some attributes as ways that Auditing skills impact on fraud mitigation. The findings are as shown in figure 10.

FIGURE 10

Accounting Skills and Mitigation of Fraudulent Practices



The figure 10 indicates that the majority 33% and 57% strongly agreed Auditing skills enabled the institution carry out continuous auditing and to conduct effective Investigative financial fraud respectively. As was observed in (Begum, 2014), the role of auditors is very crucial, it is the heart and mind for fraud prevention. Auditors have the apex financial and accounting knowledge. Hence their importance is more in fraud detection and prevention. Davis, Farrell & Ogilby (2014) further observed that Auditors often have the best access to detailed information on financial transactions, project management, procurement procedures and use of funding and grants in their institution. As a professional responsible for risk management and internal audit you are especially responsible for guarding the ethical standards of your authority and for being a good example in ensuring adherence to rules, procedures and recommended practices.

4.5 Accounting Skills and Fraud Mitigation

Finally, the study sought to examine the relationship between accounting skills and mitigation of fraudulent practices in universities in Kenya. Various attributes of accounting skills were queried and the findings are as shown in Table 15.

TABLE 15

Accounting Skills and Mitigation of Fraudulent Practices

Statements	1	2	3	4	5
Accounting Skills reduces Financial accounting misstatements	59.8%	19%	2.1%	18%	1.1%
Accounting Skills mitigates on Inappropriate journal vouchers	47%	16 %	26%	10%	1%
Accounting Skills assist in management in addressing strategic accounting and financial reporting challenges	55%	35 %	8%	1%	1 %

Table 15 indicates that Accounting Skills reduces financial accounting misstatements as is indicated by 78.8% of the respondents. Additionally, 63% of the respondents agreed that accounting skills mitigates on inappropriate journal vouchers whereas a significant 90% agreed that accounting skills assist in management in addressing strategic accounting and financial reporting challenges. These studies agree with Digabrielle (2008) while investigating whether the relevant skills of forensic accountants differed among forensic accounting practitioners, accounting academics and users of forensic accounting services, it was found out from the results that, practitioners and academics agree that critical thinking, unstructured problem solving, investigative flexibility, analytical proficiency and legal knowledge are important skills of forensic accountants.

4.6 Inferential Statistics

To evaluate the relationships between the dependent and independent variables, correlation and multiple regression analysis was done and the findings presented in the following subsections.

4.6.1 Correlation Analysis

In this subsection a summary of the correlation and multiple regression analyses is presented. It seeks to first determine the degree of interdependence of the independent variables and also show the degree of their association with the dependent variable separately.

TABLE 16

Correlation Coefficients between, legal knowledge, auditing skills, accounting Skills and mitigation of fraudulent practices in institutions of higher learning

	Legal Knowledge	Auditing Skills	Accounting Skills	financial fraud prevention
Legal knowledge influencing fraud prevention	1			
Auditing skills influencing fraud prevention	0.852	1		
Accounting Skills influencing fraud prevention	0.455	0.644	1	
Financial fraud prevention	0.629	0.741	0.655	1

The correlation matrix in the table above indicates that factors influencing financial fraud prevention are strongly and positively correlated with Legal knowledge that influence financial fraud prevention as indicated by a correlation coefficient of 0.629. Further the matrix also indicated that Auditing skills influencing fraud prevention is also positively correlated with Legal knowledge influencing fraud prevention as indicated by a coefficient of 0.741. The correlation matrix further indicates that accounting Skills influencing fraud

prevention also strongly and positively correlated with Legal knowledge influencing fraud prevention as indicated by a coefficient of 0.655. The correlation matrix implies that the independent Variables; legal knowledge auditing skills **and** accounting skills influencing financial fraud prevention very crucial in enhancing financial fraud prevention as shown by their strong and positive relationship with the dependent variable that is mitigation of fraudulent practices in universities in Kenya.

4.6.2 Regression and Correlation Coefficients of Effects of forensic accounting on the mitigation of fraudulent practices amongst universities in Kenya

Regression analysis was utilized to investigate the relationship between the variables. These included an error term, whereby a dependent variable was expressed as a combination of independent variables. The unknown parameters in the model were estimated, using observed values of the dependent and independent variables. The following model is the regression equation representing the relationship between the mitigation of fraudulent practices as a linear function of the independent variables (Schools based factors, Social cultural factors & Environmental factors), with ϵ representing the error term.

$$Y_i = \alpha + \beta_1 (X_1) + \beta_2 (X_2) + \beta_3 (X_3) + \epsilon. \quad \text{Where; } \beta_4=0 \dots \dots \dots \text{ (Equation ii)}$$

Where; Y_i = mitigation of fraudulent practices

X_1 = legal knowledge

X_2 = auditing skills

X_3 = accounting Skills

ϵ = Error term

α =Constant

β_1 =Beta Values

TABLE 17

**Regression Results of the Relationship between legal knowledge, auditing skills,
accounting Skills and mitigation of fraudulent practices in universities in Kenya**

	Unstandardized Coefficients Beta	Std. Error	Standardized Coefficients Beta	t-values	t-critical	Significance
(Constant)	4.481	5.30		0.912	1.667	0.472
Legal knowledge	1.421	1.222	0.97	1.467	1.667	0.375
Auditing skills	1.752	1.324	0.68	1.226	1.667	0.041
Accounting Skills	1.782	1.235	0.94	1.444	1.667	0.0342

NB: T-critical Value 1.667 (statistically significant if the t-value is less than 1.667: from table of t-values).

$$Y_i = 4.481 + 1.421 X_1 + 1.752 X_2 + 1.782 X_3 + \epsilon \dots \dots \dots \text{Equation 2}$$

(Equation 2: Regression Equation with Beta Values).

From table 17 the variable legal knowledge has the most statistically significant coefficient as indicated by a t-ratio of 1.467. This implies that a change in legal knowledge will effectively improve mitigation of fraudulent practices in universities by a margin of 1.467. There is also a positive relationship between financial fraud prevention and auditing skills with a statistically significant coefficient as indicated by a t-ratio of 1.226. Accounting Skills are also statistically significant as indicated by a t- ratio of 1.444.

4.7 Regression Model Summary of the legal knowledge, auditing skills, accounting Skills and mitigation of fraudulent practices in universities in Kenya

From the results shown in table 18, the model shows a goodness of fit as indicated by the coefficient of determination (r^2) with a value of 0.7448. This implies that the variations in independent variables; legal knowledge, auditing skills and accounting Skills explains seventy four percent (74%) of the variations of mitigation of fraudulent practices in universities in Kenya.

TABLE 18

**Regression Model Summary of the legal knowledge, auditing skills, accounting Skills
and mitigation of fraudulent practices in universities in Kenya**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.863	0.7448	0.7011	0.7638

Predictors: (Constant), legal knowledge, auditing skills, accounting Skills.

4.8 Chapter Summary

This chapter presented the data presentation, interpretation and discussions. All respondents were reached and there was 82.1 % return rate. The participants included 65 Heads of accounting and finance departments, 63 Heads of internal audit departments and 32 members of Management in Finance department. The Demographic Characteristics of Participants were discussed showing the gender, type of the institution, age of the respondents, education level of the respondents, designation of the respondents, length of service in the organization, length of service in other organizations and an examination whether there was a forensic accounting department.

Further findings were discussed in line with the study objectives under the themes, relationship between fraud investigative tool and mitigation of fraudulent practices; the relationship between the legal knowledge and mitigation of fraudulent practices in universities in Kenya; relationships between auditing skills and fraud mitigation; the relationship between accounting skills and mitigation of fraudulent practices in universities in Kenya. Finally, the chapter presented an Inferential Statistics to evaluate the relationships between the dependent and independent variables where correlation and multiple regression analysis were done and the findings presented in tables. The next chapter will present the Summary of findings, conclusions and recommendations.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes and concludes on the research findings as carried out. It presents the summary of the findings and the conclusions drawn from them, and lastly the recommendations. The implications of the research are discussed and suggestions made on areas of further study. Some useful recommendations for all the stakeholders are proposed by this study at the end of the chapter to enlighten and enable them to craft viable solutions with regard to the problem statement based on the research findings.

5.1 Summary of Findings

This study set out to assess the Effects of forensic accounting on the mitigation of fraudulent practices amongst universities in Kenya. A brief overview of the background was discussed. The theoretical framework, on which this study was based, was expounded. Accordingly, the objectives of the study were formulated on the basis of relationship between fraud investigative tool and mitigation of fraudulent practices; relationship between the legal knowledge and mitigation of fraudulent practices; relationship between auditing skills and mitigation of fraudulent practices and the relationship between accounting skills and mitigation of fraudulent practices in universities in Kenya. A descriptive survey design was used as the preferred research design and data was collected using questionnaires. Data was presented using tables and graphs. Based on the data analysis, the following is a summary of the findings in this study:

5.1.1 Fraud Investigative Tool and Mitigation of Fraudulent Practices

In the first objective, the study assesses the relationship between fraud investigative tool and mitigation of fraudulent practices in universities in Kenya. The study found that out of the 39 sampled institutions only 25 sought forensic accounting services of with a majority (13)

engaged the investigators on contract basis. Out of 25 institutions that practice forensic accounting a majority (88%) had either an Office or Department a majority 68% of which did not do manual forensic accounting and analytics with 58.5% using software while 58% used computer system. The study also found that the majority (80%) of the institution only used forensic accounting within the internal control office with only organization and did not subject their Top management offices through forensic accounting. 58% of the respondents agreed that forensic accounting is good in performing electronic evidence discovery. Another 79% confirmed that forensic accounting assist in fraud risk assessment. Furthermore 66% of the respondents agreed that forensic accounting assist in examination of financial and source documents.

The study further found that forensic accounting facilitates to Probe suspect financial performance as confirmed by 49% of the respondents. These findings indicate that forensic accounting is very effective as a fraud prevention and investigative tool. Gray and Mousalli (2006) reviewed the relationship between forensic accounting and fraud discovery. They acknowledged that fraud discovery was one of the principal objectives of the financial audit in the early years of the accounting profession. In subsequent decades, as the accounting profession kept a distance from fraud discovery responsibilities, forensic accounting became identified as a specialized subset of accounting and is now being reunited with the profession.

5.1.2 Legal knowledge and mitigation of fraudulent practices

The study found that a majority (63%) of the respondents agreed that the institution has clear policies and procedure on fraud mitigation. Another greater majority (90%) of the respondents also agreed that there are clear rules that govern the institution in regards to fraud mitigation but only 44% of the respondents agreed that the board set the ethical tenor for the company, while management adopts and implements policies and procedures designed to promote both legal compliance and appropriate standards of honesty, integrity and ethics

throughout the organization. On the importance of legal knowledge in forensic accounting 76% of the respondents agreed that it enables Analysis of the financial components of the initial complaint. 77.9% indicated that forensic accounting enables analysis of the financial components of the initial complaint.

Further more study found that 70% agreed that legal knowledge enables Preparation of disclosure statements including expert report, 79% agreed that legal knowledge enables presentation of expert testimony while another majority (69%) agreed that legal knowledge enables discovery, interrogatory preparation and requests for production. A correlation analysis to determine whether the Legal knowledge had an influence on mitigation of fraudulent practices showed that a relationship existed ($r = 0.629$). This suggested strong positive linear correlation between variables. These findings agreed with Enofe, Okpako & Atube's (2013) conclusion that traditional auditing has limitation in detecting fraudulent practices, which the forensic accountants will effectively fill. Unlike auditors, forensic accountants and analysts have the professional ability backed up by law to break into the organization system and examine the books, make discoveries and present the documentary evidences in the law courts. While organizations do not intend to end up in a courtroom in litigation involving financial irregularities, it is essential to make a mark with a practice that has shown a high level of effectiveness.

5.1.3 Auditing Skills and Mitigation of Fraudulent Practice

On the third objective the study sought to examine the relationship between auditing skills and mitigation of fraudulent practices in universities in Kenya. The correlation analysis was used to determine whether the Auditing skills had an influence on mitigation of fraudulent practice in Universities in Kenya. This showed that a relationship existed ($r = 0.741$). This implies that there exists a strong positive linear correlation between the variables. The study also found that the majority 33% and 57% strongly agreed Auditing skills enabled the

institution carry out continuous auditing and to conduct effective Investigative financial fraud respectively. Zysman (2001) put forensic accounting as the integration of accounting, auditing, and investigative skills. Zysman believes that forensic accounting interrogates almost all other processes in the organization in a bid to find out the main aspects of the processes and thus, identify the areas that have irregularities

5.1.4 Accounting skills and mitigation of fraudulent practices

Finally, the study assessed the relationship between accounting skills and mitigation of fraudulent practices in universities in Kenya. The study determined that there existed a significant relationship between Accounting skills and its influence on mitigation of fraudulent practices in universities in Kenya. The correlation analysis shows that a relationship exists ($r = 0.855$). The study further found that, that Accounting Skills reduces financial accounting misstatements as is indicated by 78.8% of the respondents mitigates on inappropriate journal vouchers (63%) whereas a significant 90% agreed that accounting skills assist in management in addressing strategic accounting and financial reporting challenges. As observed in the Wilhelm (2004) who developed a theoretical framework for fraud management lifecycle and brought out eight significant lifecycle stages. First stage is deterrence, which involves actions and activities directed at stopping fraud before it happens. Second stage is prevention, which entails putting measures in place to prevent fraud.

Third state is detection, this involves the use of software, ratios or statistical analysis tools to detect fraud prior to, during and finally to the end of the fraudulent activity. The major aim of stage four is to mitigate fraud, by stopping losses from occurring or continues to occur. Analysis is stage five, where an analysis is done on the frauds that have occurred to establish the root causes of the perpetrated frauds.

The next stage is policy, which entails policy formulation that reduces the incidence of fraud. Investigation is the seventh stage, where enough evidence and information to stop

fraudulent activity is obtained so as to recover the assets and sufficient evidence for successful prosecution and that brings us to the final state, prosecution which focuses upon prosecutorial and judicial authorities as well as with law enforcement. This theory brings out the life of a fraud and shows the areas that any or all of the variables can focus on in a bid to mitigate fraud. It shows the areas that a fraud is weakest and easiest to handle and this will ensure the correct policies and analytics are positioned well to have a positive effect. Since this theory focuses on fraud mitigation, the study is anchored on the fraud management life cycle theory.

5.2 Conclusions

The study was successful in addressing its objectives. Given the foregoing, the study arrived at the following conclusions;

The study concludes that there is a relationship between fraud investigative tools and mitigation of fraudulent practices in universities in Kenya. The study further concludes that Forensic accountancy assist in performing electronic evidence discovery, fraud risk assessment, examination of financial and source documents and to probe suspect financial performance as confirmed by 49% of the.

It can also be concluded that many institutions have not embraced the services of forensic accountants hence still facing fraud attacks and loss of money. The study also concludes that, most institutions have clear policies and procedure on fraud mitigation and clear rules that govern the institution in regards to fraud mitigation.

It was also concluded that forensic accounting enables analysis of the financial components of the initial complaint, financial components of the initial complaint and preparation of disclosure statements including expert report, presentation of expert testimony while another agreed that legal knowledge enables discovery, interrogatory preparation and requests for production.

It was further concluded that there is a significant relationship between auditing skills and mitigation of fraudulent practices in universities in Kenya. It was also concluded that Auditing skills enabled the institution carry out continuous auditing and to conduct effective investigative financial fraud respectively.

Finally, on strategy, the study concludes that there is a relationship between accounting skills and mitigation of fraudulent practices in universities in Kenya. It can also be concluded that Accounting Skills reduces financial accounting misstatements, mitigates on inappropriate journal vouchers and management in addressing strategic accounting and financial reporting challenges.

5.4 Recommendations

Based on the findings of this study, the researcher makes the following recommendations: The study recommends that more investigative tool should embrace by institution to mitigate on fraudulent activities affecting various stakeholders. More punitive measure should be added by the government to prosecute those who are found having contravened the institutional regulation. The study also recommends that institutions should come up with forensic departments to improve on productivity. The study further recommends frequent and professional training for other members of the organization especially on accounting skills or the departments on forensic system.

5.5 Suggestions for Further Studies

Based on the findings, the researcher suggested that a similar study to be carried out among other institution of higher learning such as collages and technical institutes. In addition, further studies are also advised especially on factors influencing adoption of Forensic accountancy in public and private institutions. Lastly, the researcher suggests similar studies to be carried out among public offices such as county government offices and parastatals.

5.6 Limitations/Assumptions of the Study

The study and its outcome was limited by ethical and logistical constraints, since issues surrounding the fields are confidential in nature, and thus, the information required was very limited and closely guarded by the respondents. In anticipation of this, assurance of confidentiality was repeatedly given to allow for more ease and freedom in expression.

The researcher anticipates difficulty in knowing how honest the respondents were in their responses. To mitigate this, and thus enhance the reliability of the instruments to be used, the researcher will ensure a high level of privacy when sourcing information from respondents. Further, the instruments used were anonymous and were administered with utmost care to assure that the respondents are honest in their responses.

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- Ksh 100,001 -1,000,000
 - Above 1,000,000
10. If yes to 7 above, who investigated?
- Forensic Accountant
 - Internal Audit
 - Audit firm
 - Others, specify
11. If yes to 7, what investigative tools/techniques were used?
- Computerized Techniques (Data Analysis)
 - Bedford Law
 - Net worth analysis
 - Others, Specify.....
12. Who were the fraudsters involved?
- Top management
 - Supervisory Staff
 - Junior staff
 - Others, specify.....
13. Recovery measures:
- Litigation suit
 - Personal arrangement with perpetrator
 - Dismissal (forfeiting benefits)
 - Insurance
 - Warning
 - Others, specify.....
14. Does the institution engage the expertise of a forensic accountant?
- Yes [] No[]
15. If yes, on what terms?
- Contract []
- Permanent []
- Other (specify).....
16. Is there a forensic accounting and analytics

	Yes	No
Office or Department		
Manual		
Software		
System		

17. If yes to any above, is it (are they) related to the;

	Yes	No
Internal controls office		
Top management offices of the organization		

	1	2	3	4	5
Detect fraudulent practices,					
Prevent fraudulent practices					
Filter the internal audit report, to detect fraudulent					
Enhance institution's operations, accountability and transparency, to achieve goals and objectives by deterring fraudulent practices					
Other (Specify)					

18. The following are items to extent to which and how forensic accountants influence fraud mitigation. Please tick where appropriate

Scale: 5- Strongly agree, 4 - Agree, 3 - Natural, 2 - disagree, 1- Strongly disagree,

Statement	(5)	(4)	(3)	(2)	(1)
Forensic accounting influence fraud mitigation to a great extent.					
Forensic accounts enhance institution's operations, accountability and transparency, to achieve goals and objectives by deterring fraudulent practices.					
Forensic accountants are not readily available in the country.					
The organization's corporate system does not have an allocation for forensic accountants.					
Forensic accountants are too expensive to employ and maintain.					
Forensic accountants filter the internal audit report, to detect fraudulent.					

Attribute	(5)	(4)	(3)	(2)	(1)
Performing electronic evidence discovery					
Fraud risk assessment					
Examination of financial and source documents					
Looking into alleged fraud or illegal activity					
Structure regulatory compliance strategies					
Probe suspect financial performance					

PART 3: Legal Knowledge and Mitigation of Fraudulent Practices

19. The following are items in on the relationship between the legal knowledge and mitigation of fraudulent practices in universities in Kenya .Kindly feel where applicable.

Statement	(5)	(4)	(3)	(2)	(1)
Policies: The institution has clear policies and procedure on fraud mitigation					
Rules: There are clear rules that govern the institution in regards to fraud mitigation					
Strategies: The board advises management in the development of strategic priorities and plans that align with the mission of the institution and the best interests of stakeholders in regards to fraud mitigation.					
Integrity: The board set the ethical tenor for the company, while management adopts and implements policies and procedures designed to promote both legal compliance and appropriate standards of honesty, integrity and ethics throughout the organization					
Legal Knowledge enables Analysis of the financial components of the initial complaint					
Legal Knowledge enables Accounting and financial analysis for damages					
Legal Knowledge enables Preparation of disclosure statements including expert report					
Legal Knowledge enables Presentation of expert testimony					
Legal Knowledge enables Discovery, interrogatory preparation and requests for production					

PART 4: RELATIONSHIP BETWEEN AUDITING SKILLS AND FRAUD MITIGATION

20. To what extent do you agree with the following attributes as ways that Auditing skills impact on fraud mitigation? Use the following scale as appropriate: 1 - Strongly disagree, 2 - disagree, 3 - Natural, 4 - Agree, 5- Strongly agree

	1	2	3	4	5
The institution carry out continuous auditing					
Investigative financial fraud					

PART 4: RELATIONSHIP BETWEEN ACCOUNTING SKILLS AUDITING SKILLS AND FRAUD MITIGATION

21. To what extent do you agree with the following attributes as ways that Accounting skills impact on fraud mitigation? Use the following scale as appropriate: 1 - Strongly disagree, 2 - disagree, 3 - Natural, 4 - Agree, 5- Strongly agree

	1	2	3	4	5
Financial accounting misstatements					
Inappropriate journal vouchers					
Assisting management in addressing strategic accounting and financial reporting challenges					

APPENDIX II

ACCREDITED UNIVERSITIES

COMMISSION FOR UNIVERSITY EDUCATION

Quality: The Agenda

P.O. Box 54999-00200 Nairobi Redhill Rd. off Limuru Rd. Gigiri

Tel: + 254 (02) 7205000

Email: info@cue.or.ke Website: www.cue.or.ke

UNIVERSITIES AUTHORISED TO OPERATE IN KENYA

The Commission for University Education (CUE) was established under the Universities Act, No. 42 of 2012, as the successor to the Commission for Higher Education. It is the Government agency mandated to regulate university education in Kenya.

The Commission has made great strides in ensuring the maintenance of standards, quality and relevance in all aspects of university education, training and research. The Commission continues to mainstream quality assurance practices in university education by encouraging continuous improvement in the quality of universities and programmes.

The Universities Regulations, 2014 were gazetted on 12th June 2014 and are currently in force. All stakeholders of university education are being advised to familiarise themselves and strictly adhere to the provisions of the Universities Regulations, 2014.

In line with Section 28 (4) of the Act, CUE shall cause to be published, the list of universities accredited to undertake university education in Kenya. The following is the list of accredited universities in Kenya:

ACCREDITED UNIVERSITIES		DATE OF ACCREDITATION
Public Chartered Universities		
1.	University of Nairobi (UoN)	Established - 1970 Chartered - 2013
2.	Moi University (MU)	Established - 1984 Chartered - 2013
3.	Kenyatta University (KU)	Established - 1985 Chartered - 2013
4.	Egerton University (EU)	Established - 1987 Chartered - 2013
5.	Jomo Kenyatta University of Agriculture and Technology (JKUAT)	Established - 1994 Chartered - 2013
6.	Maseno University	Established - 2001

	(Maseno)	
7.	Masinde Muliro University of Science and Technology (MMUST)	Established - 2007 Chartered - 2013
8.	Dedan Kimathi University of Technology	2012
9.	Chuka University	2013
10.	Technical University of Kenya	2013
11.	Technical University of Mombasa	2013
12.	Pwani University	2013
13.	Kisii University	2013
14.	University of Eldoret	2013
15.	Maasai Mara University	2013
16.	Jaramogi Oginga Odinga University of Science and Technology	2013
17.	Laikipia University	2013
18.	South Eastern Kenya University	2013
19.	Meru University of Science and Technology	2013
20.	Multimedia University of Kenya	2013
21.	University of Kabianga	2013
22.	Karatina University	2013
Public University Constituent Colleges		
1.	Murang'a University College (JKUAT)	2011
2.	Machakos University College (KU)	2011
3.	The Co-operative University College of Kenya (JKUAT)	2011
4.	Embu University College (UoN)	2011
5.	Kirinyaga University College (JKUAT)	2011
6.	Rongo University College (MU)	2011
7.	Kibabii University College (MMUST)	2011

8.	Garissa University College (MU)	2011
9.	Taita Taveta University College (JKUAT)	2011
Private Chartered Universities		
1.	University of Eastern Africa, Baraton	1991
2.	Catholic University of Eastern Africa (CUEA)	1992
3.	Daystar University	1994
4.	Scott Christian University	1997
5.	United States International University	1999
6.	Africa Nazarene University	2002
7.	Kenya Methodist University	2006
8.	St. Paul's University	2007
9.	Pan Africa Christian University	2008
10.	Strathmore University	2008
11.	Kabarak University	2008
12.	Mount Kenya University	2011
13.	Africa International University	2011
14.	Kenya Highlands Evangelical University	2011
15.	Great Lakes University of Kisumu	2012
16.	KCA University	2013
17.	Adventist University of Africa	2013
Private University Constituent Colleges		
1.	Hekima University College (CUEA)	1993
2.	Tangaza University College (CUEA)	1997
3.	Marist International University College (CUEA)	2002
4.	Regina Pacis University College (CUEA)	2010
5.	Uzima University College (CUEA)	2012
Institutions with Letter of Interim Authority		
1.	Kiriri Women's University of Science and Technology	2002

2.	Aga Khan University	2002
3.	GRETSA University	2006
4.	Presbyterian University of East Africa	2008
5.	Inoorero University	2009
6.	The East African University	2010
7.	GENCO University	2010
8.	Management University of Africa	2011
9.	Riara University	2012
10.	Pioneer International University	2012
11.	UMMA University	2013
12.	International Leadership University	2014
13.	Zetech University	2014
Registered Private Institutions		
1.	KAG - East University	1985

The Commission for University Education will close down all institutions offering university education without the authority of the Commission.

All foreign universities that are collaborating with institutions in Kenya to offer university education should apply to the Commission for University Education for authority to collaborate. Reference should be made to the Universities Regulations, 2014.

Recognition of degree qualifications offered by foreign universities should also be sought for from the Commission.

Members of the public are hereby being requested to report any suspicious institutions to:

Commission Secretary
Address: P.O. Box 54999-00200
Email: info@cue.or.ke

All information received was handled in strict confidence.
Members of the public interested in accessing information on programmes offered in accredited universities should visit the Commission's website www.cue.or.ke