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Forensic accounting development in Mauritius: A comparative analysis across selected countries

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Abstract

Purpose: Forensic accounting (FA) has become an essential tool in addressing financial crimes. This study explores the evolution of FA in Mauritius compared to selected countries: the USA, Australia, South Africa, India, Singapore, and Trinidad and Tobago.

Methodology: Using a mixed-methods approach that includes document analysis, interviews, and surveys, the research evaluates the progress of FA in these jurisdictions.

Findings: The findings indicate that while Mauritius has established basic legal and institutional frameworks, it faces challenges related to expertise and capacity in FA.

Unique contribution to theory, practice and policy (recommendations): To address these gaps, the study proposes a developmental framework focusing on capacity building, strengthening regulations, and enhancing the profession's recognition in Mauritius and similar contexts.

Keywords: Forensic Accounting Development; Legal and Regulatory Framework; Comparative Analysis; Capacity Building; Certifications; Compliance

1. Introduction

Forensic accounting (FA) has emerged as a pivotal field in combatting financial crimes, fraud, and corruption. Its development, however, varies significantly across different countries, influenced by factors such as legal frameworks, institutional capacities, regulatory environments, and professional expertise (Huber, 2014; Crumbley, Fenton and Smith, 2019). This study focuses on the evolution of forensic accounting in Mauritius, comparing it with selected countries: the USA, Australia, South Africa, India, Singapore, and Trinidad and Tobago. These countries represent a diverse mix of advanced and emerging economies, each with unique approaches to forensic accounting practices.

Mauritius, as a growing financial hub, has recognized the importance of forensic accounting in maintaining transparency, accountability, and integrity in its financial systems. However, the country faces challenges in fully leveraging the potential of FA, including limited expertise and capacity in the field. By drawing comparisons with the selected countries, this research aims to assess the current state of forensic accounting in Mauritius, identify gaps, and propose a framework for its development.

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2. Literature Review

Forensic accounting bridges auditing, investigation, and litigation, addressing fraud detection and financial crime resolution (Crumbley, Fenton and Smith, 2019). Developed nations and emerging economies provide a wealth of insights into the development and professionalization of FA. This section presents a comparative analysis of the development of FA in key jurisdictions: the United States, Australia, India, South Africa, Singapore, and Trinidad and Tobago which are used as a comparative analysis for this study in assessing the developmental stage of FA for Mauritius and the way forward into its further growth.

2.1. United States

The United States has been a trailblazer in the development and institutionalization of forensic accounting (Huber, 2014). High-profile corporate scandals such as Enron and WorldCom served as turning points, driving the recognition of forensic accounting as a distinct profession. The enactment of the Sarbanes-Oxley Act (SOX) in 2002 introduced rigorous regulations for corporate governance and financial reporting, leading to a significant increase in demand for forensic accountants (Hopwood, Leiner, and Young, 2011).

Professional organizations like the Association of Certified Fraud Examiners (ACFE) and the American Institute of Certified Public Accountants (AICPA) have played a pivotal role in establishing standards and certifications for the field. Globally respected credentials, such as the Certified Fraud Examiner (CFE) and Certified in Financial Forensics (CFF), have set benchmarks for expertise in forensic accounting. Furthermore, numerous universities across the U.S. offer specialized degree programs in forensic accounting, ensuring a consistent pipeline of skilled professionals (Seda and Peterson-Kramer, 2014).

In practice, forensic accountants in the U.S. are primarily engaged in fraud detection, litigation support, and regulatory compliance (IBISWorld, 2024). Goelzer (2021) highlights that the U.S. serves as a benchmark for other nations aiming to establish strong forensic accounting frameworks, supported by the availability of industry-specific data and extensive research publications on the subject. At the institutional level, agencies such as the Federal Bureau of Investigation (FBI) and the Internal Revenue Service (IRS) heavily rely on forensic accounting in their investigative processes into financial crimes.

2.2. Australia

Australia has developed a robust forensic accounting (FA) framework, supported by professional organizations like Chartered Accountants Australia and New Zealand (CAANZ) (Akkeren and Tarr, 2014). The rise of FA in the country has been driven by corporate scandals, which have highlighted the need for specialized education and certification programs. Currently, nine universities offer undergraduate and postgraduate courses in FA, though McKenzie et al. (2013) point out gaps between academic curricula and the practical demands of the market.

The Australian Securities and Investments Commission (ASIC) plays a pivotal role in fraud investigations, leveraging FA expertise to carry out enforcement actions effectively. Additionally, the integration of FA practices into the country's regulatory frameworks has solidified its recognition as a distinct and vital profession.

2.3. India

India's forensic accounting (FA) landscape has evolved significantly, largely driven by high-profile fraud cases such as the Satyam scandal. In response to the increasing demand for expertise, the Institute of Chartered Accountants of India (ICAI) introduced a Certificate Course on Forensic Accounting and Fraud Detection (Malusare, 2013). However, as Supriya (2019) highlights, the adoption of such programs remains limited, hindered by insufficient awareness and institutional support.

Forensic accountants are frequently engaged by the Reserve Bank of India (RBI) and the Central Bureau of Investigation (CBI) in financial crime investigations. Despite these advancements, a persistent challenge lies in narrowing the gap between academic training and its practical application in the field.

2.4. South Africa

South Africa's FA ecosystem is supported by institutions like the Institute of Commercial Forensic Practitioners (ICFP) and the Association of Certified Fraud Examiners (ACFE). McIntyre et al. (2014) highlight the country's robust certification pathways, which include professional designations for forensic accountants and fraud examiners. Universities such as North-West University offer specialized degrees in forensic accountancy, and partnerships with

enforcement agencies enhance practical training. However, resource constraints and limited public awareness of FA's role in combating economic crimes pose significant challenges.

2.5. Singapore

Singapore serves as a model for integrating forensic accounting (FA) into its financial and regulatory systems. The Institute of Singapore Chartered Accountants (ISCA) offers the Financial Forensic Professional (FFP) credential, which blends academic rigor with hands-on training. Mehta et al. (2022) credit Singapore's success to its robust institutional frameworks and strong culture of compliance. The Monetary Authority of Singapore (MAS) works closely with forensic accountants to tackle complex financial crimes such as money laundering and fraud. Additionally, institutions like Nanyang Technological University provide advanced programs in accounting analytics and digital forensics, ensuring a steady pipeline of skilled professionals in the field.

2.6. Trinidad and Tobago

Trinidad and Tobago rely heavily on its oil and gas sector, which contributes approximately 50% of its GDP, while the financial services sector accounts for around 5% of its GDP (World Bank, 2023). Financial crimes requiring forensic accounting (FA) expertise are investigated by the Fraud Squad Department of the Trinidad and Tobago Police Service. It also collaborates with the country's Financial Intelligence Unit to address fraud and financial crime cases.

The Caribbean Institute of Forensic Accounting (CIFA), founded in 2008, is the only regional institution providing specialized training in anti-fraud measures and forensic accounting. Since its establishment, CIFA has trained over 100 professionals across various sectors, including government agencies (Integrity Commissions, Ministries, Financial Intelligence Units, Internal Control Boards, the Auditor General, the Accountant General, and Revenue Departments), banks, and audit and accounting firms. Its reach extends across 11 Caribbean territories, including Barbados, Dominica, Grenada, Guyana, Jamaica, Suriname, and Trinidad and Tobago. Additionally, the Institute offers the Certified Public Accountant (CPA) qualification with a specialization in financial forensics, though data on the number of CPAs specializing in this field remains limited.

3. Comparative Insights

The cross-country analysis identifies several key themes in the development of forensic accounting (FA):

- **Educational Integration:** Countries such as the U.S., Australia, Singapore, and Trinidad and Tobago emphasize the importance of incorporating FA into university curricula and providing specialized certifications field (Seda & Peterson-Kramer, 2014; McKenzie et al., 2013; Mehta et al., 2022).
- **Regulatory Support:** Strong legal frameworks, as demonstrated by the U.S. and South Africa, play a pivotal role in promoting FA as a recognized profession (McIntyre et al., 2014; Hopwood, Leiner & Young, 2011).
- **Capacity Building:** Collaborative efforts between academia and industry, seen in the U.S., Singapore, and South Africa, enhance practical training and help bridge skill gaps (Ramadhan, 2021; McIntyre et al., 2014).
- **Professional Recognition:** Certifications like the CFE, CFF, ISCA's FFP, and ICFP's designations highlight the importance of formal recognition in establishing FA as a distinct and respected field (Huber, 2014; Seda & Peterson-Kramer, 2014; McIntyre et al., 2014; Mehta et al., 2022).

Mauritius can leverage these insights by focusing on education, strengthening regulatory frameworks, and fostering collaboration among key institutions.

4. Methodology

This study uses a mixed-methods approach to explore the development of forensic accounting (FA) in Mauritius, combining both qualitative and quantitative methods to get a complete view of the current situation, institutional frameworks, and key factors for success.

The research was carried out in three stages:

4.1. Document Analysis

A review of laws, reports, and academic literature helped understand the regulatory environment and FA practices in Mauritius.

4.2. Qualitative Interviews

Semi-structured interviews were conducted with key stakeholders, including policymakers, regulators, and accounting professionals, to discuss challenges and opportunities for FA. Participants were selected from organizations involved in FA, such as regulatory bodies, enforcement agencies, and accounting firms.

4.3. Quantitative Surveys

A questionnaire was administered to professionals in accounting, auditing, and regulatory roles to gather opinions on FA practices and factors affecting its development.

Thematic Analysis was used to find common themes in the interviews, such as gaps in institutions and the need for capacity building. Statistics were applied to survey data to identify patterns and key factors for FA development. Using data from different sources improved the reliability of the findings. A pilot survey was conducted to ensure the questions were clear and relevant. Standard procedures were followed to reduce bias and protect confidentiality of responses. This approach provides valuable insights into FA development in Mauritius and can guide policymakers, practitioners, and researchers in similar settings.

5. Forensic Accounting Development in Mauritius

5.1. Current Status of Forensic Accounting

The study found that FA in Mauritius is still in its developmental phase. Although the country has made initial strides in establishing a framework for financial crime prevention and detection, significant gaps remain. The reliance on foreign expertise to handle complex investigations highlights the lack of local capacity. Survey data revealed that 62% of respondents considered the level of FA expertise in Mauritius to be inadequate. Moreover, 30% of respondents expressed confidence in the effectiveness of existing FA practices, signalling the need for enhanced training and institutional support. Key areas requiring improvement and which is consistent with the findings of the aforementioned studies, include:

- Establishing local certification programs to reduce dependency on foreign qualifications.
- Enhancing coordination among regulatory bodies such as the Financial Crime Commission (FCC) and the Financial Intelligence Unit (FIU).
- Incorporating FA modules into higher education curricula to create a pipeline of skilled professionals.

5.2. The Institutional and Legal Structure in Place

Mauritius has implemented several legislative measures, including the Financial Intelligence and Anti-Money Laundering Act (FIAMLA), to combat financial crimes. Institutions like FCC and the Financial Services Commission (FSC) play vital roles in fraud detection and prevention. However, the study identified challenges such as insufficient inter-agency coordination and outdated legal provisions in alignment with Huber's (2014) argument to establish a standardized legal and institutional framework akin to that of the United States.

Survey respondents and interviewees unanimously recommended legislative amendments, particularly in:

- Strengthening whistleblower protection laws to encourage reporting of financial irregularities.
- Introducing mandatory forensic audits for high-risk sectors like banking, insurance, and real estate.
- Updating regulations to address emerging crimes like cyber fraud and blockchain-enabled scams.

5.3. The Critical Success Factors

The research identified five critical success factors pivotal to advancing FA in Mauritius:

- **Education and Training:** Survey results indicated that 81% of respondents viewed education as the cornerstone of FA development. Universities and professional bodies should collaborate to offer both theoretical and practical training.
- **Regulatory Reforms:** Respondents highlighted the need for laws that support modern FA practices, including provisions for expert witness testimony and cross-border fraud investigations.
- **Technology Integration:** Advanced technologies like artificial intelligence and data analytics were identified as game-changers for FA. A majority (67%) of respondents emphasized the need for investment in digital tools.

- **Institutional Support:** Establishing a dedicated body, such as the Mauritius Institute of Forensic Accountants, was seen as essential to standardize practices and promote accountability.
- **Public Awareness:** Raising awareness about FA's role in combating fraud can enhance public trust and encourage the adoption of best practices.

These critical success factors are consistent with the findings of the aforementioned studies (McIntyre et al., 2014; McKenzie et al., 2013; Huber, 2014; Mehta et al., 2022) and provide a roadmap for addressing existing gaps for Mauritius.

5.4. A Proposed Developmental Framework

The study proposes a five-pronged framework for advancing FA in Mauritius in line with the aforementioned studies:

- **Capacity Building:** Establish training centers and certification programs in collaboration with international FA bodies.
- **Enhanced Legislation:** Update laws to address contemporary financial crimes and streamline enforcement mechanisms.
- **Technological Modernization:** Invest in cutting-edge tools to facilitate advanced fraud detection and analysis.
- **Institutional Collaboration:** Foster partnerships between academia, regulatory bodies, and industry stakeholders to ensure alignment of goals.
- **Public Engagement:** Launch campaigns to educate citizens and businesses on the importance of FA.

6. Conclusion

FA has significant potential to combat financial crimes and promote economic stability in Mauritius. By prioritizing investments in education, technology, and regulatory reforms, stakeholders can strengthen FA as a profession and protect the integrity of financial systems. The findings and recommendations of this study offer a roadmap for achieving this goal, benefiting not only Mauritius but also other similar Small Island Developing States (SIDS) aiming to improve their financial governance frameworks.

Compliance with ethical standards

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Disclosure of conflict of interest

No conflict of interest to be disclosed.

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