

# A generic investigation process for South African commercial forensic practitioners

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process

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## Abstract

**Purpose** – The purpose of this paper is to critically analyse and discuss the identification of a generic investigation process to be followed by the commercial forensic practitioner in South Africa.

**Design/methodology/approach** – This paper is a cross-sectional design that commenced with a review of the current available literature, highlighting the different approaches, processes and best practices used in local and international forensic practices. The methodology includes primary data collected with questionnaires from commercial forensic practitioner (N = 75) process users.

**Findings** – This paper identifies the following five distinct categories in the forensic investigation process, with sub-processes, namely, initiation, planning, execution, reporting and reflection.

**Research limitations/implications** – The study focuses only on the South African members of the Institute of Commercial Forensic Practitioners (ICFP) fraternity in South Africa as the ICFP is a leading body that, through membership, offers a recognised professional qualification in commercial forensics.

**Practical implications** – An investigation process for commercial forensic practitioners in South Africa could be used by the ICFP that would provide a governance structure for the ICFP.

**Originality/value** – The originality of this paper lies in setting out of an account of forensic accounting processes and best practices nationally and internationally. The missing knowledge is that no such research is known to have been conducted in South Africa. Currently, to the authors' knowledge, no formalised investigation process exists. The contribution of the study is that by using an investigation process, it may enhance the quality of forensic investigations and contribute to the successful investigation and prosecution of commercial crime in South Africa that will be beneficial to all stakeholders.

**Keywords** Commercial forensic practitioner, Forensic accountant, Governance, Forensic accountant, Forensic accounting investigation, Investigation process

**Paper type** Research paper

## 1. Introduction

This article is a cross-sectional design consisting of a literature review combined with empirical research into an investigation process for commercial forensic practitioners in South Africa. The Institute of Commercial Forensic Practitioners (ICFP) hosts membership of professionals who are engaged in forensic accounting investigations. To become a member of the ICFP in South Africa, the member must be educated in commercial forensic accounting, commercial forensic law, commercial forensic investigation, commercial forensic information technology and practice and fraud risk management ([Institute for Commercial Forensic Practitioners, 2018](#)).

The logic of the study commenced with a thorough review of the current available literature, highlighting the different approaches, processes and best practices used in local and international forensic practices. The findings of the literature review were used to compile questionnaires. An empirical study was then conducted among current members of the ICFP in South Africa through the circulation of the questionnaires via their website. The



results of the questionnaires were then interpreted, taking cognisance of the practices identified in the literature review.

The missing knowledge is that no such research is known to have been conducted and no formalised investigation process exists in South Africa. Although forensic practices execute their individual investigative and quality control processes, the lack thereof and loss of public confidence in the profession, as highlighted by the KPMG scandal, can never be underestimated (KPMG, 2017). This study will therefore also give an indication as to whether the process will be beneficial for the profession in South Africa as a whole.

The following research question is key in the identification of a formalised investigation process: Can an integrated generic investigation process be identified that could be used by commercial forensic practitioners in South Africa?

The purpose of this study is to identify a generic investigation process that commercial forensic practitioners should follow in executing investigations into commercial crime. To achieve the purpose of the study, the following three constructs were used: reasons for implementing a formalised investigation process (Factor 1); effect on financial performance and/or productivity (Factor 2); and sub-processes of a formalised investigation process (Factor 3).

Although much has been written on forensic accounting processes internationally, there have been few studies that directly assess a formalised process and the benefits associated with such a process. Most of the international authors are of the opinion that the investigation process can be divided into four or five distinct categories, and they mentioned a few sub-processes or issues of importance during the investigation process. The following investigation processes of the international authors are the most notable.

According to the Canadian Institute of Chartered Accountants (CICA) (2006, pp. 1-17), the investigation process can be divided into engagement acceptance, planning and scope of work, information collection and analysis, file documentation reporting and expert testimony.

Golden *et al.* (2006, p. 579) state that the investigation process will generally include:

- engagement planning;
- obtaining and analysing evidence;
- drawing conclusions; and
- reporting.

Silverstone and Sheetz (2007, p. 80) note that the investigation process consists of the following five distinct categories: initiation, planning, execution, prosecution and reflection.

Krstic (2009, p. 299) sets out the investigation process for commercial forensic practitioners under the following headings:

- client and engagement acceptance phase;
- investigation phase;
- reporting phase; and
- testifying phase.

Related studies within a South African context that were conducted were, *inter alia*, that of Oberholzer and Van Rooyen. Oberholzer (2002, p. 81) propose a model for managing service quality in forensic accounting. One of the three main elements of this model is a process map outlining the investigation process of a typical fraud and commercial investigation. Although the research of Oberholzer is empirical, the empirical research did not include or

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review the process map outlining the investigation process mentioned in this study. This study was also conducted before the inception of the ICFP. It is inferred from this process map that Oberholzer suggested four distinct categories, namely:

- planning and preparation;
- perform investigation;
- file review; and
- finalise investigation.

An aspect emanating from the study of Oberholzer is that an investigation process is one of the main elements of service quality in forensic accounting; this was also confirmed by this study. In the literature review of [Van Rooyen \(2008, p. 297\)](#), the following stages in a forensic investigation process are identified: receipt of assignment or allegation, agreement, preparation and planning, information gathering, verification and analysis, documenting evidence, legal proceedings, determination and disbursement of disciplinary or corrective action, prevention and application of human behavioural knowledge.

The practical implication of this study is that an investigation process for commercial forensic practitioners in South Africa that could be used by the ICFP would provide a governance structure for regulation by the ICFP that would enhance the quality of forensic investigations and contributes to the successful investigation and prosecution of commercial crime in South Africa. Other interested stakeholders are government departments and businesses in South Africa who have utilised the services of forensic accountants, who demand a professional service from forensic accountants. According to [KPMG \(2017\)](#), they apologised to the country for failing to implement standard quality controls or meet the auditing firm's international standards in a report in respect of the SARS rogue unit. An oversight of complying with an investigation process is of the utmost importance, as proven by this KPMG "scandal".

The remainder of this article is structured as follows: The next section provides a background to the study, a conceptual scope of the study, followed by the stakeholder theory, a literature review and a section that explains the research methodology. This is followed by a section containing the findings of the frequency analysis of data gathered, a discussion of the findings of this study, conclusions and recommendations.

## 2. Background

### *2.1 Relevance of the study*

The lack of current regulation of commercial forensic practitioners, which include forensic accountants, not only creates a reputational risk for individuals in the profession but also directly impacts the entire investigation process. Unless due care and diligence are followed in performing investigations, the whole process could be rendered useless, as the objective of the process is to be able to take disciplinary measures, recover assets and ultimately prosecute, which rely on the investigation being performed in terms of set standards and the quality of the investigation being of the highest standard.

The literature referred to many different investigation processes. There is no single generic process that could be tailored to suit the needs of the commercial forensic practitioner in South Africa. The ICFP currently only has a code of conduct and framework for continuing education, and lacks other governance frameworks comparable to, for example, the international standards on auditing. It is therefore contended that the ICFP should adopt a generic process, including the processes mentioned in this study, but tailored to the needs of the South African commercial forensic practitioner.

### *2.2 Conceptual scope of the study*

Although commercial forensic practitioners may follow different processes, depending on the circumstances of the assignment or specific firm prescriptions, general trends can be identified. The conceptual scope and context of the study are that an investigation usually commences with a client meeting and the acceptance of the client and the work. A formal written mandate will then be drawn up. It is important that both parties agree on and sign off the mandate and scope. The commercial forensic practitioner should not commence with collating information until the scope and objectives of the mandate have been clarified and agreed upon. Following the diligent execution of the investigation, the commercial forensic practitioner will report to the client on the results of the investigation in a predetermined format and determine the possibility of litigation. The investigation will end with testifying as an expert witness.

Stakeholders in forensic investigations require the utmost integrity, transparency and ethical behaviour. Forensic investigators are seen as the top echelon of ethics in society.

Following on reports highlighting the lack of quality control procedures executed at the well-known audit firm and commercial forensic practitioner KPMG (KPMG, 2017), as well as the unintended consequences of such poor service delivery, it is clear that the public, which is perhaps the most important stakeholder, lost faith not only in the audit profession, but similarly in the investigative capacity and quality of service that forensic practitioners render. It is therefore imperative for each commercial forensic practitioner to ensure that quality control standards through a generic process are introduced and embedded within their organisations.

### *2.3 Corporate governance within the commercial forensic practitioners' fraternity*

According to Corplaw (2013), the most significant theories on corporate governance best practice are the shareholder and stakeholder theories.

In contrast to shareholder theory, stakeholder theory requires that a company owes a responsibility to a wider group of stakeholders, inclusive but not limited to shareholders. Stakeholders include any person or groups that can affect or be affected by the actions of a business and therefore include employees, customers, suppliers, creditors, the wider community, the state, competitors and by implication commercial forensic practitioners (Corplaw, 2013).

Recent controversies in South Africa surrounding state capture, tax and money laundering affairs of the notorious Gupta family and other well-known and respected companies such as Steinhoff and Facebook brought stakeholder theory right into the spotlight. While the measures adopted by the companies are legal, they are widely seen as unethical as KPMG advised the Guptas with regard to tax compliance work and certified financial statements. The public reaction to the Gupta dealings has, *inter alia*, led KPMG to pledge R40 million in charitable donations (KPMG, 2017).

Stakeholder theory therefore suggests that the purpose of a business is to create as much value as possible for stakeholders (Financial Times, 2017). In the case of forensic practitioners, sustainability over time can only be achieved when the interests of customers, suppliers, employees, communities, the state and shareholders are aligned.

Taking note of the stakeholder theory, it is envisaged in this study to contribute towards maintaining public confidence in the profession by highlighting processes and pledging the introduction and embedding of rigorous and stringent quality control procedures in all levels of investigation work performed.

### 3. Literature review

The term “forensic investigation” refers to the use of science or technology in the investigation and the establishment of facts or evidence to be used in criminal justice or other proceedings (Brightman, 2009, p. 18). The investigation process followed by the commercial forensic practitioner and the management of the process are probably the most important aspects of the commercial forensic practitioner’s work. The rest of this section is a summary of studies referring to an investigation process of a commercial forensic practitioner.

The investigation process is a systematic and comprehensive activity involving planning, information collection, application of logic and the exercise of sound reasoning. The end result of the investigation is the factual explanation of what transpired; or if it was an investigation of something that has taken place but remains a current issue, the investigation should reveal what is occurring (Hopwood *et al.*, 2008, p. 158).

The art of investigation belongs to no single party, and no one has all the precise answers on how an investigation can lead to the desired result. Many aspects are involved in the process of collecting information, applying logic and analysing the evidence, including intuition, luck, mistakes and gut feeling (Sennewald and Tsukayama, 2006, p. 3).

Manning (2005, p. 209) and Pasco (2008, p. 46) are of the view that all investigations share similarities, and each must pass from initiation to planning, execution, analysis, reporting and probably prosecution. In some cases, the stages might overlap. Each stage plays a key role in the investigation process.

MacGregor *et al.* (1998, p. 93) and Weil *et al.* (2008, p. 5) state that the commercial forensic practitioner will rarely be controlling matters. The approach followed will be directed, *inter alia*, by the client, legal advisers, law enforcement agencies, court orders and the judiciary.

Zimbelman and Albrecht (2012, p. 497) state that commercial forensic practitioners are concerned with the development of detailed factual information, derived from both documentary evidence and testimonial evidence, about the who, what, when, where, how and why related to a suspected or known impropriety.

Golden *et al.* (2006, p. 22), Kranacher *et al.* (2010, p. 489) and Zimbelman and Albrecht (2012, p. 570) state that, based on the investigative findings, the commercial forensic practitioner recommends and implements corrective actions. The findings may also be used in expert testimony (Zimbelman and Albrecht, 2012, p. 627).

According to Singleton *et al.* (2006, p. 4), the forensic accounting process involves the application of financial skills and investigative mentality to unresolved issues, conducted within the context of the rules of evidence. Hopwood *et al.* (2008, p. 6) state that it requires the use of knowledge from a number of disciplines, including law, IT and taxation.

According to Hopwood *et al.* (2008, p. 107), the investigation process should include meaningful and well-defined objectives; it should be properly and lawfully executed; it should be fair and impartial and the results of the investigation should be documented and communicated accurately.

Kranacher *et al.* (2010, p. 448) and Hopwood *et al.* (2008, p. 472) state that a reason why approaches would differ is the purpose of the investigation. The burden of proof required in civil and labour-related matters is determined on the balance of probabilities and is lower than the requirements in a criminal matter of beyond reasonable doubt. Commercial forensic practitioners do not operate in a single industry or type of investigation. Every investigation is different and is evaluated on its own merits. Consequently, similar to registered auditors following an audit process, commercial forensic practitioners should follow a process to minimise risk and ensure the success of the investigation (Kranacher *et al.*, 2010, p. 448).

Silverstone and Sheetz (2007, p. 80) explained that all investigations share similarities and must pass through similar stages. These stages are identified as initiation, planning, execution, prosecution and finally, reflection. In some cases, these stages might overlap, and in some cases they might be curtailed. Forensic investigations must have well-defined objectives and must be executed properly and in accordance with legislation. The results should be accurately documented and communicated. To achieve this, an investigation must be performed in distinct steps (Silverstone and Sheetz, 2007, p. 80; Kranacher *et al.*, 2010, p. 180; Van Rooyen, 2008, p. 87).

Kranacher *et al.* (2010, p. 448) explain that the commercial forensic practitioner delivers a wide variety of services in different formats, depending on the nature of the assignment. In their view, it is important to have a well-designed and functioning investigation process in place that is actively managed by employees with different levels of responsibility.

The Canadian Institute of Chartered Accountants established the Alliance for Excellence in Investigative and Forensic Accounting (Canadian Institute of Chartered Accountants, 2006) (IFA Alliance) to implement a specialist certification programme for chartered accountants practising in investigative and forensic accounting. The mandate of the IFA Alliance is to develop standard practices to improve the consistency and comparability of practice among chartered accountants performing investigative and forensic accounting engagements. To adhere to the minimum standards by all chartered accountants when conducting IFA engagements, a process must be followed as in normal statutory audits. All forensic investigations must be meaningful, and all engagements must have well-defined objectives. The results of these engagements must be accurately documented and communicated. As mentioned above, the investigation process of the IFA Alliance consists of six categories, namely, Standard Practice for IFA engagements 200 – Engagement acceptance, with sub-processes: initial engagement acceptance, engagement letter, work acceptance and independence (Canadian Institute of Chartered Accountants, 2006, p. 5); Standard Practice for IFA engagements 300 – Planning and scope of work, with sub-processes: planning, objectives, need for other expertise with specific reference to independent legal advice (Canadian Institute of Chartered Accountants, 2006, pp. 7-8); Standard Practice for IFA engagements 400 – Information collection and analysis, with sub-processes: identify, analyse assets and compare information, chain of custody, safeguarding, maintain appropriate record of information (Canadian Institute of Chartered Accountants, 2006, pp. 9-10); Standard Practice for IFA engagements 500 – File documentation, with sub-processes: working papers including documents or summaries of inter alia notes and recordings of interviews (Canadian Institute of Chartered Accountants, 2006, p. 12); Standard Practice for IFA engagements 600 – Reporting and Standard Practice for IFA engagements 700 – Expert testimony, with sub-processes: reports and expert testimony (Canadian Institute of Chartered Accountants, 2006, pp. 14-17).

Marx *et al.* (2004, pp. 5-5) state that a statutory audit consists of a set of sub-processes, and Golden *et al.* (2006, p. 579) similarly state that the investigation process will generally include four categories. Silverstone and Sheetz (2007, p. 80) and Krstic (2009, p. 299), however, note that the investigation process consists of five distinct categories.

Emanating from the above literature review, it is evident that the investigation process must be performed in distinct steps; it must be well designed, functioning, structured and flawless and should be properly, fairly, impartially and lawfully executed using appropriate investigation mentality. The literature review emphasises the following important issues of an investigation process: planning, information, execution, analysis, reporting, prosecution, corrective actions, expert testimony, objectives and strategy.

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It is also learned from the literature review that there are no blueprints for the perfect investigation process, because each investigation has a unique set of facts and circumstances that determine how it should be approached. There are, however, basic tools and guidelines that will be required during the course of the forensic investigation to prepare a case. The investigation methodology followed from one investigation to the next will seldom be the same. Secondly, there are common themes and phases in the investigation process that remain consistent. Thirdly, that the result of either not having a proper process or having one that is not properly executed may be catastrophic for the case and may have consequences for the commercial forensic practitioner. A minor oversight during any of the investigation phases could, for instance, result in the commercial forensic practitioner engaging with a disagreeable client, or evidence being misconstrued or ignored.

#### 4. Method

The deductive methodology process of reasoning, from the general to the specific, was followed in this research.

#### 5. Sample and data

##### 5.1 Research design

In this quantitative empirical study, a cross-sectional survey-based research design was used to obtain data on how the three constructs enhanced respondents' engagement, motivation and interactivity. The non-probability purposive sampling method was used. The survey was conducted over a period of four months from March to June 2014.

##### 5.2 Research methods and data collection

A Lime survey was used to collect primary data. This study includes primary data collected from the literature and questionnaires from commercial forensic practitioner process users.

##### 5.3 Population and sample

Members belonging to the ICFP in South Africa were targeted for the purposes of this study. The ICFP is a newly established institute aiming to regulate its members and the commercial forensic practitioner fraternity in South Africa through training and a code of ethics. Its members come from various different backgrounds, including, *inter alia*, members of the South African Institute of Chartered Accountants, the Independent Regulatory Board for Auditors, attorneys, advocates, former law enforcement officers and IT specialists. The ICFP is a leading body that, through membership, offers a recognised professional qualification in commercial forensics. The non-probability purposive sampling method was used. With purposive sampling, respondents are chosen for a particular purpose (Neuman, 2007, p. 142; Leedy and Ormrod, 2010, p. 212). The membership of the ICFP, from various professional disciplines and experience, was chosen for the specific purpose of selecting an appropriate audience from among the South African commercial forensic practitioner population.

##### 5.4 Limitations

The study is limited to and focuses only on the South African members of the ICFP for the following reasons:

- This increased the significance of quality feedback.

- Because the study involved an anonymous survey, the study had to ensure that the population of the study were working in a financial environment or working with an organisation's finances.
- The study could provide a base for future researchers in the field of the commercial forensic practitioner's process.

The population for this study comprises registered members of the ICFP. The population of ICFP members totalled 968 at the time of the study, of whom 75 responded to the online survey (8 per cent). All of the 75 respondents were living in South Africa. The study had direct access to these members through the ICFP structures.

### *5.5 Measuring instrument*

The questionnaire items were designed by applying key concepts and criteria gleaned from the literature during the literature reviewed. Section A requested biographical information. A five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) was used for Section B (process information). Questionnaires for commercial forensic practitioners were developed to answer the purpose of the research, and to form the basis for the research findings and conclusions of the study. Content validity was established in that the board of directors of the ICFP examined and approved the questionnaire before its distribution to members. Minor modifications were implemented based on their recommendations, after which the study was pre-tested. The Cronbach alpha coefficients were  $\alpha = 0.59$  for Factor 1,  $\alpha = 0.75$  for Factor 2, which is therefore considered reliable and  $\alpha = 0.92$  for Factor 3, which is therefore considered highly reliable.

### *5.6 Data-collection procedure*

The data were collected by means of self-administered Lime questionnaires that were provided to the board of directors of the ICFP and distributed by them to the ICFP members on behalf of the researcher.

## **6. Results**

### *6.1 Data analysis*

The statistical analysis was conducted using SPSS 21 (SPSS Inc., 2013). Descriptive statistics were compiled including frequencies, means and standard deviations. In relation to the distribution of the data, the Spearman rank-order correlation was used. The results can be considered significant if the *p*-values are smaller than 0.05 (Salkind, 2012). Owing to the small sample ( $n = 75$ ), non-parametric correlational techniques were used to analyse the data. Non-parametric correlations were used to investigate the relationships between the following three constructs:

- How important were the following reasons for implementing a formalised investigation process in your organisation (Factor 1)?
- What effect has the implementation of a formalised investigation process in your organisation had on financial performance and/or productivity (Factor 2)?
- How important would you rate the following suggested sub-processes for inclusion in a formalised investigation process for commercial forensic practitioners with reference to the requirements of your own organisation (Factor 3)?



## 6.2 Reliability of the research paper

The constructs are addressed individually. Given the small sample size ( $n = 75$ ), non-parametric correlational analysis was performed.

### 6.2.1 Descriptive statistics

6.2.1.1 Summary item statistics. The summary of item statistics for Factors 1, 2 and 3 is given in the form of a mean for the factor and corresponding variance in brackets. For the six items that make up Factor 1, we have 3.844 (0.391), for the three items that make up Factor 2, we have 2.057 (0.073) and for the seven items that make up Factor 3, we have 4.560 (0.025).

6.2.1.2 Correlations. Factor 1 is significantly related to Factors 2 and 3. The latter implies, for example, that when the sub-processes, as identified in Factor 3, are implemented, benefits associated with productivity and profitability are realised. The positive correlations between the three constructs using the Spearman rank-order correlation are for:

Factor 1:  $r = 1.000$  ( $N = 64, p < 0.01$ ) in relation to Factor 2:  $r = 0.225$  ( $N = 59, p < 0.087$ ) and in relation to Factor 3:  $r = 0.286$  ( $N = 63, p < 0.23$ ).

Factor 2:  $r = 1.000$  ( $N = 60, p < 0.01$ ) and in relation to Factor 3:  $r = 0.097$  ( $N = 58, p < 0.469$ ).

Factor 3:  $r = 1.000$  ( $N = 69, p < 0.01$ ).

6.2.1.3 Reliability. Reliability is expressed when the Cronbach alpha coefficients are higher than 0.60. The Cronbach alpha coefficients were:

Factor 1:  $\alpha = 0.59$  ( $\alpha$  based on standardised items = 0.564 and  $N = 6$ ) Factor 2,  $\alpha = 0.75$  ( $\alpha$  based on standardised items = 0.761 and  $N = 3$ ), which is therefore considered reliable and Factor 3,  $\alpha = 0.92$  ( $\alpha$  based on standardised items = 0.932 and  $N = 7$ ), which is therefore considered highly reliable.

## 6.3 Discussion of the frequency analysis of data gathered

6.3.1 Demographic information. Most of the respondents (69.3 per cent) were male, mostly between the ages of 35 and 44 years (38.7 per cent), followed by 36 per cent who were between the ages of 45 and 54 years. The majority of commercial forensic practitioners were currently practising in Gauteng (57.3 per cent), followed by the Western Cape (18.7 per cent). The field of expertise of the majority of respondents was investigation (58.7 per cent), followed by accountants and auditors (21.3 per cent). The majority of members were also members of the ACFE (75.9 per cent), followed by SAICA (19 per cent) and were highly experienced with over ten years' experience (70.7 per cent), followed by practitioners with between six and ten years' experience (20.0 per cent).

6.3.2 Reasons for implementing a formalised investigation process (Factor 1). The majority of respondents (77.3 per cent) make use of a formalised investigation process. Most of the respondents who did not make use of a formalised investigation process (22.7 per cent) indicated that they:

- have a policy in place governing managerial aspects within their methodology, but that they do not use a formalised investigation process (41.2 per cent);
- do not have a formalised investigation process at their disposal (35.3 per cent);
- are not aware of a formalised investigation process being utilised in industry that could be used (23.5 per cent); and
- found that the implementation of a formalised investigation process proved too difficult (23.5 per cent).

Other reasons for not making use of a formalised investigation process were:

- Certified fraud examiners are predominantly used as the standard in the organisation.
- A formalised process does not allow for proactive results sought in the field.
- A formalised process is beneficial to junior staff, but experienced staff all applies their own “touch” as the investigation leads them. They do, however, report on and cover all bases so that nothing is missed.

Respondents scored the following reasons as the most important for implementing a formalised investigation process:

- to address reputational risks associated with forensic investigations (4.61); and
- to ensure quality control of investigative work (4.59).

Respondents agreed that the commercial forensic practitioner industry does not require practitioners to follow any procedures (3.39). The majority of respondents (33.3 per cent) had implemented a formalised investigation process since 2000. Some 12.5 per cent of respondents had never implemented such a process and did not make use of a formalised process.

The majority of respondents (33.3 per cent) monitor and manage review of compliance with provisions of the formalised investigation process of the practice as an occasional requirement and (23.3 per cent) as an agenda item on each monthly management meeting.

*6.3.3 Effect on financial performance and/or productivity (Factor 2).* A total of 56.3 per cent of respondents indicated that their formalised investigation and budgeting processes were integrated. The majority of respondents (88.1 per cent) were of the view that there was an improvement in financial performance and/or productivity after the implementation of the formalised investigation process.

*6.3.4 Sub-processes of a formalised investigation process (Factor 3).* The suggested sub-processes are accepted by the respondents to the following extent:

- Of the respondents, 91 per cent regarded client acceptance and service considerations, risk management procedures, independence and engagement agreements, as important. This sub-process resembles the standard practice for IFA engagements 200 – engagement acceptance.
- Of the respondents, 99 per cent regarded planning and strategic objectives of an engagement, including documented investigative plan incorporating the relevant disciplines (accounting, law, IT, investigative and risk management skills), as important. This sub-process resembles the standard practice for IFA engagements 300 – planning and scope of work.
- Of the respondents, 97 per cent regarded gathering information and evidence, documenting evidence in an evidence file or system and safeguarding evidence as important;
- Of the respondents, 98 per cent regarded analysis and verification of evidence as important. This sub-process resembles the standard practice for IFA engagements 400 – information collection and analysis.
- Of the respondents, 99 per cent regarded quality management as important, with all reported findings included in referenced working papers supported by documented physical evidence; and 99 per cent of respondents regarded interviewing, using best practice interviewing skills, by planning the interview to achieve strategic objectives, recording the interview and using technology such as voice stress

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analysis techniques as important. This sub-process resembles the standard practice for IFA engagements 500 – file documentation; and

- Of the respondents, 99 per cent regarded it as important to report on findings in a detailed forensic report: clearly and concisely reflecting on the sequence of events, supported by financial information and documents and having the findings in a format that could be used in disciplinary enquiries and/or proceedings in civil and criminal courts. This sub-process resembles the standard practice for IFA engagements 600 – reporting and standard practice for IFA engagements 700 – expert testimony.

#### 6.4 General

In all, 93 per cent of respondents regard the consideration to engage only in those services for which they have the necessary knowledge, skills and expertise as important.

The following notable suggestions in relation to developing a formalised investigation process for commercial forensic practitioners or a framework of important aspects to be considered were made by respondents to the survey:

- It must be reviewed regularly to ensure compliance with the law and constitution of the country.
- I think that we should compile a training file before it should be considered to develop any investigation processes. Too many practitioners claim knowledge to get a foot in the industry with little or no knowledge or skills.
- Creative investigative approaches/methodologies that will enhance any investigation. A different approach, depending on the dimension of the investigation.
- Framework will be beneficial for newcomers as well as cross-skilling and lastly having a reference glossary.
- A basic manual to be made available to all members for a framework to be used in all files.
- Total accountability, without any limitations.
- The investigation processes should be guided by the environment under which the commercial forensic practitioner is working.
- It should be based on best practice and reference should be made that investigation was conducted within the standards of the ICFP and ACFE.
- A very good initiative. To guard against losing cases in court on technicalities, maybe special attention should be directed at compliance with technical and legal requirements during investigations; and
- Develop a proper framework.

#### 6.5 Discussion

The findings of the study revealed the following:

*6.5.1 Reasons for implementing a formalised investigation process (Factor 1).* The most important reasons for implementing a formalised investigation process included reputational risks and quality control of investigative work.

6.5.2 *Effect on financial performance and/or productivity (Factor 2)*. The majority of practitioners recognised that the integration of a formalised process with the budgeting process could enhance productivity and have financial benefits.

6.5.3 *Sub-processes of a formalised investigation process (Factor 3)*. The following suggested sub-processes are almost 100 per cent accepted by the respondents: client acceptance, service considerations, risk management procedures, independence and engagement agreements, planning and strategic objectives of an engagement, gathering and analysis of information and evidence, quality management, interviewing, reporting on findings that could be used in disciplinary enquiries and/or proceedings in civil and criminal courts.

### 6.6 *General*

The investigation process that may be followed by a commercial forensic practitioner is, therefore, to gather evidence, interrogate and examine the financial evidence, develop computer applications that help in analysing and presenting the evidence, putting forward all the findings in the form of reports, exhibits and documents and finally taking part in civil actions or litigation as an expert witness, and testifying to the court and presenting all the evidence obtained through documentation or visual aids. If the findings of this study with regard to an investigation process are compared to the standard practice for IFA engagements, it is clear that there are many similarities with minor deviations with regard to processes and sub-processes of the investigation process.

## 7. Generalisability

According to [Bryman and Bell \(2011, p. 163\)](#), the researcher strives in quantitative research to be able to generalise the findings. [Bryman and Bell \(2011, p. 165\)](#) continue and stated that even if a representative sample is obtained, generalisation cannot be done beyond the members of the population from which the sample was obtained. With this in mind, the sample of this study was the total population of the members of the ICFP. The members of the ICFP are, however, not the only commercial forensic practitioners in South Africa. Although only 8 per cent ( $N = 75$ ) of the members of the ICFP responded to the questionnaires the majority of the respondents (90 per cent) are those with between six and 10 years of experience in the profession. Of the respondents, 91 per cent regarded the following sub-process: client acceptance and service considerations, risk management procedures, independence and engagement agreements, as important. All the other sub-processes as identified by the respondents were seen as important by 97 per cent to 99 per cent of the respondents. The response rate of 91 per cent of some of these sub-processes in comparison with the response rate of 97 per cent and 99 per cent of the other sub-processes can be attributed to the fact that some of the respondents are in-house commercial forensic practitioners and it is therefore not necessary for them to perform client acceptance and service considerations, risk management procedures, independence and engagement agreements during the investigation process.

## 8. Recommendations

Based on the study findings, the following general and specific recommendations can be made:

Firstly, when the investigation process for commercial forensic practitioners is implemented, it should be fully integrated with the budgeting process of the business, as this will ensure improved investigative performance by the business.

Secondly, more education and research on the investigation process for commercial forensic practitioners should be conducted by the ICFP and the management of a practice before implementing such a process. Many practices had a misperception of the key processes housed within the perspective of the processes of their own practice. It was found that indicators that were supposed to be housed within the learning and growth as well as the customer satisfaction perspectives were listed, indicating that the commercial forensic practitioner's process was incorrectly implemented and therefore did not have an improved effect in the financial performance of the business.

Lastly, management should persevere, because the implementation of the commercial forensic practitioner's process is lengthy and should be incorporated throughout the whole business. If implemented in this way, it will lead to improved financial performance. Management's interest should not fade so quickly.

When a formalised investigation process is implemented by the ICFP, it could provide a governance structure for the ICFP that would enhance the quality of forensic investigations and contribute to the successful investigation and prosecution of commercial crime in South Africa. This will also contribute towards the stakeholders' theory in that all the stakeholders will be assured that the findings and recommendations made by the commercial forensic practitioner are a result of an approved investigation process that was followed. The findings of this study can be used by the ICFP as a basis to conduct a more representative study of its members before formalising an investigation process for the members of the ICFP.

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### Further reading

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