

Internal Audit's Mediating Role in the Relationship between Forensic Accounting, Disclosure and Transparency in Financial Statements: Jordanian Certified Public Accountants' Perspective

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Abstract: - This study aims to pinpoint the mediating role of internal auditing in the relationship between forensic accounting, disclosure, and transparency in the financial statements from the point of view of Jordanian public certified accountants to reduce the problems faced by companies in disclosure and transparency processes in the financial statements. The research sample consists of the certified public accountants in Jordan. Achieving the study objectives necessitates using the descriptive analytical approach for the data. The research instrument is a 56-item questionnaire used to measure the variables of the study with the adoption of the 5-point Likert scale. The data are analyzed using the SPSS software by relying on the Baron and Kenny's model (1986) to test the mediation of the mediating variable. The findings indicate a statistically significant effect at a significant level of 0.05 for forensic accounting on disclosure, transparency and the mediating role of internal audit. Therefore, the study recommends activating the role of forensic accounting and internal auditing, and following up developments in accounting standards and international auditing standards thanks to its impact on disclosure and transparency in the financial statements.

Key-Words: - financial statements, forensic accounting, internal audit, Disclosure transparency.

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1 Introduction

By any means possible, the Jordanian economy is now open to global economies to a large extent. The corporate sector in Jordan is required to furnish a culture of disclosure and transparency in the preparation and presentation of financial statements, especially in the post-ENRON collapse period. The period after the collapse of ENRON is marked by the issuance of legislation by supervisory bodies aimed at increasing investor confidence in financial

and non-financial information disclosed by corporate's management, [1].

The availability of sufficient awareness, commitment, and perseverance in management when providing financial and non-financial information in light of the level of disclosure and transparency in financial reports increases the degree of confidence in these disclosures and the possibility of relying on them and benefiting from them. The level of disclosure and transparency is the responsibility and right of the company's

management, as it lays the foundation for many stakeholders' rights and defines the rules and regulations necessary to make corporate decisions, [2]. Disclosure and transparency are used in directing and organizing the company's business, as enhancing transparency is the cornerstone of protecting shareholders' rights. Disclosure practices lead to obtaining reliable reports by the investor, positively affect the performance of companies, and protect the interests of shareholders, [3].

The role of forensic accounting is regarded as a necessity in the financial and business community, economy and science, and for society as a whole, as everyone needs reliable and disclosed information to help in evaluating alternatives in the decision-making process. Forensic accounting verifies that there is no manipulation of the financial and non-financial data used in decision-making and prevents any violation of the work rules in force in the company, [4]. The forensic accountant plays an integrated role with the internal audit by implementing the related skills to work on fraud detection and prevention, as the role of the forensic accountant is a mixture of an accountant who has knowledge of professional standards in accounting and an investigator who has investigative analytical skills.

As defined by [5], forensic accounting is a combination of accounting and auditing skills in detection and fraud for legal interests, whereby forensic accountants shall possess the necessary skills to detect fraud represented by auditing skills, legal and investigative skills, accounting skills, and skills related to information, communication technology, and communication, [6]. In another definition by [7], forensic accounting is one of the types of modern accounting concerned [7] with preparing scientifically and practically qualified accountants in financial fraud cases and disputes. The forensic accountants shall possess degrees of scientific and practical qualifications to provide guidance for support in financial lawsuits and help in clarifying financial matters to establish justice with what they possess of specialized knowledge and skills in the domain of accounting, auditing and investigations based on knowledge of applicable accounting standards and legal legislation.

In the same context, forensic accounting is defined by numerous specialists as the combination of integrated skills between auditing and accounting [8], [9] defines forensic accounting as a link between expected lawsuits which is "suitable for use in courts" and the study of fraud and irregularities implemented by forensic accountant, [10]. Moreover, forensic accounting is defined as the

implementation of accounting, auditing and investigation skills in detecting fraud committed in the company, [11]. The accounting profession is the main body entrusted with providing figures and financial statements that show the financial position of a company and the conditions and circumstances of the market. The lack of implementation of disclosure and transparency causes poor results of accounts whose preparation depends on accounting principles and standards. The accounts are deliberately falsified by manipulating the results of the accounts and the financial situation by conducting some procedures that change and hide some facts or information about the real financial position of the company, [12].

In this give and take discussion, the internal audit standards stipulate that the internal auditor shall identify and evaluate the possibility of significant misleading elements or points of incompliance through the internal audit procedures, including the auditor's responsibility to detect and investigate fraud through the availability of sufficient knowledge to detect fraud to be able to identify indicators demonstrating the presence of fraud which highlights the role of the internal auditor, [13]. Likewise, the internal auditor should be alert and vigilant to the opportunities that allow the occurrence of fraud, as the auditor is required to inform the entity in which he works to recommend conducting a follow-up investigation to prove that he fulfills his obligations and responsibilities in full, [14]. Also, the probability that the internal auditor will find fraud is greater than that of public certified accountants International Standard on Auditing, [15]. Thanks to the significance of the forensic accounting, the next section provides the previous studies and research related to the issues raised about forensic accounting, disclosure, and transparency.

2 Literature Review

A thorough review of previous studies furnishes a strong basis for understanding the impact of forensic accounting on disclosure and transparency and the ability of internal audit to play a mediating role between forensic accounting, disclosure and transparency. This section also discusses theories that support issues related to disclosure and transparency as a dependent variable through forensic accounting as an independent variable and internal audit as a mediating variable. Plenty of previous studies investigate disclosure and transparency and their impact on the value of the company, including a study in Vietnam by [16] and

a study in India by [17]. These studies agree with a study by [18] demonstrating that there is a positive correlation between disclosure and company value measured by using Tobin's Q.

In the same mood, [19] indicates that forensic accounting has a significant role in the pre-occurrence stage of fraud, and the resulting disputes are considered more beneficial and less costly for the relevant party, reducing cases of corruption and financial fraud. However, [20] examines the effect of implementing forensic accounting skills on auditor professionalism in fraud detection operations. The findings of the study indicate that forensic accounting has a positive and important effect on fraud detection and disclosure, as the auditor's knowledge of skills has a positive effect on fraud disclosure. In a study conducted on Islamic banks in the GCC countries, [21] shows that banks that enjoy high transparency are more stable and safe, as measured by internal and external variables. Another related study by [22], the study discusses determinants and results of implementing disclosure and transparency to the company and the market and its importance when evaluating the company, demonstrating that markets and companies lack evidence of influences at the market level.

Moreover, [23] show that preparing financial reports is one of the most important factors affecting investment decision-making. The findings of the study indicate that decision-making depends on disclosed information characterized by accuracy and objectivity about funds, resources, and the performance of works free from error and fraud, leading to the emergence of forensic accounting. As concluded by [24], poor implementation of disclosure and transparency due to lack of information and investor confidence in companies leads to withdrawal of funds and failure of the company. Stephanou's study (0000) asserts that the implementation of the principle of disclosure and transparency makes stakeholders better informed about the method their funds are managed. [1] highlights the significance of disclosure and transparency practices regarded as a major, important and vital indicator for maintaining a high growth rate by shareholders. The findings also show that the practice of disclosure and transparency affects financial performance.

Forensic accounting, on the other hand, has addressed several accounting and financial aspects, such as its impact on the detection of profit management practices for forensic accounting techniques, and that there is a decrease in the obstacles limiting the implantation of these techniques in detecting the practice of fraud. A

study by [25] reveals the positive relationship between forensic accounting and fraud detection, and that the forensic accountant must be qualified and fully aware of the complexities of fraud procedures. The findings of the studies of [26], [27], [28], [29] indicate a positive effect of forensic accounting in controlling fraud and combating corruption. The study of [30] confirms that forensic accounting helps in understanding how to audit financial statements, identifying indicators of financial fraud and other related problems, and supporting knowledge in financial issues. It also shows that accounting includes specialized investigative skills that can be effective in detecting fraud methods and providing defensible evidence in the courts. The studies of [23] agree that forensic accountants should possess the necessary skills to detect fraud.

On a parallel line, [27] confirms that the implementation of forensic accounting techniques has a role in reducing cases of fraud and corruption in the public sector and preserving public money. Another study by [13] supports the previous results of a study emphasizing the necessity of implementing and practicing forensic accounting skills to detect and prevent fraud in the Nigerian banks. On the sample, [29]. confirms that the implementation of forensic accounting skills and techniques can reveal fraud practices in Nigerian banks. Likewise, a study by [31] supports that the forensic accountant uses techniques to help in detecting fraud and tax evasion in the financial statements, which leads to a reduction in tax evasion. A recent study by [9] also asserts the availability of a mediating role for internal auditing between forensic accounting and corporate governance.

At the same level, [31] examines the complementary relationship between internal audit and external audit on audit procedures. The results of the study show that the audit committees have no effect on achieving a complementary relationship between the internal and external audits in conducting the audit in the Jordanian public shareholding companies. Besides, [32] looks at the importance of forensic accounting in combating financial fraud in the Nigerian public sector. The results of the study demonstrate a positive relationship between forensic accounting and fraud prevention and detection. Therefore, the study recommends encouraging the training of information technology skills in forensic accounting to reduce time and increase the accuracy of evidence. Additionally, [33] explores the impact of disclosure and transparency by providing influential

information in making investment decisions, productivity and added value of companies. Against the previous in-depth literature review, the research problem is given in the next section.

3 Research Problems

The weak credibility of the financial statements is among of the problems faced by companies with their employees as a result of collusion that occurs by companies and sometimes by the certified public accountant to achieve the interests and goals of different parties. The poor credibility of the financial statements leads to a lot of financial crises those companies are exposed to, resulting from the problem of trust between users of accounting information and those in charge of preparing it. Due to the poor credibility of the financial statements, companies face a lot of financial crises resulting from the problem of trust between users of accounting information and those in charge of preparing it.

The problem research lies in verifying the mediating role of internal auditing in the relationship between forensic accounting, disclosure and transparency in the financial statements from the point of view of Jordanian legal accountants. The significance of the study problem is reflected in reducing the problems faced by companies in disclosure and transparency in the financial statements and determining the level of disclosure and transparency of financial and non-financial information in a clear manner and at specific times, enabling information users to make their decisions and follow up on their implementation in accordance with the requirements of the regulatory and legislative authorities.

4 Study Hypotheses

The study hypotheses are tested based on the [26], which included 3 conditions, and if the three conditions are met, the mediating relationship between the mediating variable, internal auditing, and the independent variable, forensic accounting, and the dependent variable, disclosure and transparency, is proven.

H01: There is no statistically significant effect at the level of 0.05 for the independent variable forensic accounting on the mediating variable internal auditing from the point of view of certified public accountants.

H02: There is no statistically significant effect at the level of 0.05 for the independent variable forensic accounting on the dependent variable disclosure and transparency from the point of view of certified public accountants.

H03: There is no statistically significant effect at a significant level of 0.05 for the mediating variable, internal audit on the dependent variable, disclosure and transparency, in the presence of the independent variable, forensic accounting from the point of view of certified public accountants. Figure 1 (Appendix) illustrates those hypotheses.

5 Method & Procedures

5.1 Research Approach

Achieving the study objectives necessitates using the analytical descriptive approach to identify the mediating role of internal auditing in the relationship between forensic accounting, disclosure and transparency in the financial statements from the point of view of Jordanian legal accountants. The secondary sources of data and information for the study are scientific books and periodicals, where the method of the questionnaire addressed to chartered accountants is used as a research instrument for collecting primary data and information in preparation for benefiting from it.

5.2 Research Population

Certified public accountants are used as a research population for the study because they are the target group in the study. The number of questionnaires distributed is 300, of which 240 are retrieved, 24 are excluded because they were unsuitable for analysis, and 216 are adopted for the analysis to conduct the study, [17].

5.3 Research Instrument

The 4-part questionnaire is used to explore the opinions of the research sample as follows:

Part (1): It is concerned with the demographic characteristics of the research sample.

Part (2): Items from (1) to (15) are concerned with measuring the independent variable, forensic accounting

Part (3): Items from (16) to (42) are concerned with measuring the dependent variable, disclosure and transparency.

Part (4): Items from (43) to (57) are concerned with measuring the mediating variable, internal auditing.

6 Validity & Reliability of the Measurement Instrument

To check the validity of the measurement instrument, questionnaire, the measurement instrument is presented to several validators, and their comments are taken into account when designing the items of the questionnaire.

To check the reliability of the measurement instrument, an internal-consistency approach (Cronbach's Alpha) is used to compute the reliability coefficient. The reliability coefficient of the questionnaire as a unit is 98%. These percentages are more than the statistically acceptable percentage of 60%, indicating a relationship of consistency and correlation between the questionnaire items (2009).

7 Findings& Hypotheses Testing

Findings related to Part (1) Demographic Characteristics of the Research Sample

Table 1 (Appendix) illustrates the demographic characteristics of the research sample. As shown in Table 1 (Appendix), (76.3 %)(of the research sample have a high level of academic qualification, qualifying them to answer the questionnaire objectively. However, (92.5%) of the research sample are specialized in accounting, business administration, financial and banking sciences, and this indicates that the largest percentage of the respondents are scientifically, academically, and practically familiar with forensic accounting methods, enabling them to answer the questionnaire with a high degree of validity.

Regarding data analysis and hypotheses testing, the analytical descriptive approach is adopted for the data, relying on the use of the 5-point Likert scale. Simple linear regression analysis is also used to prove the research hypotheses, according to the use of Baron and Kenny's model (1986).

- *Description of the respondents' answers concerned with measuring the independent Variable forensic accounting*

The answers of the respondents related to the independent variable "Forensic Accounting", the dependent variable "Disclosure and Transparency", and the mediating variable "Internal Audit" can be described by reviewing the means and standard deviations of these answers. Table 2 (Appendix) illustrates the items with highest and lowest means and standard deviations that measure forensic accounting as an independent variable.

Table 2 (Appendix) illustrates the answers of the research sample, where the value of the mean for

the items measuring forensic accounting is (4.03), and the highest mean is (4.7), and relates to item (9) stipulating "The forensic accountant possesses the legal knowledge to determine the type of evidence necessary to expose misleading financial statements". However, the value of the lowest mean is (3.90) and relates to item (4) stipulating "The forensic accountant possesses investigative knowledge and skills that go beyond auditing skills". The relatively low standard deviations of these items -being less than one whole- indicates consistency in the respondents' opinions about them.

- *Description of the respondents' answers concerned with measuring the dependent variable, disclosure and transparency*

The answers of the respondents related to the dependent variable "Disclosure and transparency in the financial statements of companies from the point of view of the certified public accountant" can be described through Table 3 (Appendix). Table 3 (Appendix) illustrates the items with highest and lowest means and standard deviations that measure disclosure and transparency from the point of view of the certified public accountant as a dependent variable.

Table 3 (Appendix) illustrates the answers of the research sample, where the value of the mean for the items measuring disclosure and transparency is (4.58), and the highest mean is (4.76), and relates to item (19) stipulating "Companies disclose a statement of cash flows". However, the value of the lowest mean is (3.100) and relates to item (10) stipulating "Companies disclose a statement showing their compliance or non-compliance with corporate governance, according to some evidence". The relatively low standard deviations of these items -since the standard deviation of the questionnaire (0.199) is less than one whole- indicates consistency in the respondents' opinions about them.

- *Description of the respondents' answers concerned with measuring the mediating variable of internal auditing.*

The answers of the respondents related to the mediating variable "Internal auditing in the financial statements of companies from the point of view of the certified public accountant" can be described through Table 4 (Appendix). Table 4 (Appendix) illustrates the items with highest and lowest means and standard deviations that measure internal auditing from the point of view of the certified public accountant as a dependent variable.

Table 4 (Appendix) illustrates the answers of the research sample, where the value of the mean for the items measuring internal auditing is (4.108), and the highest mean is (4.29), and relates to item (9)

stipulating "The internal auditor's recommendations are taken in the relevant economic and administrative domains". However, the value of the lowest mean is (3.33) and relates to item (3) stipulating "The internal audit department discusses the internal control system with the certified public accountant to find out weaknesses, if any". Also, the standard deviations of the items measuring the mediating variable of internal auditing are equal to (0.54), which is less than one whole, indicating consistency in the respondents' opinions about them.

Table 5 (Appendix) illustrates the total mean and the total standard deviation of the research variables: disclosure and transparency as a dependent variable, forensic accounting as an independent variable, and internal auditing as a mediating variable are illustrated.

As shown in Table 5 (Appendix), the answers of the respondents are positive in measuring the disclosure and transparency in the financial statements of the companies, given that the total mean is (4.58) about "Strongly Agree", which means that there is a good level of disclosure and transparency from the point of view of the certified public accountants. At the same time, the answers of the respondents are positive in measuring forensic accounting, given that the mean for all items is (4.03) about "Agree", which means that there is a good level of use of forensic accounting. Also, it is positive for internal auditing, given that the total mean is (4.108) around "Agree", which means that there is a good and effective level of internal auditing. It is also found that the standard deviation of the variables, respectively, disclosure and transparency (0.48), forensic accounting (0.97), and internal auditing (0.54). Besides, it is noted that the standard deviations of the research variables are less than one whole, indicating consistency in the respondents' opinions about them. Table 6 (Appendix) shows the correlation between the independent, dependent and mediating variables.

As shown in Table 6 (Appendix), a strong correlation among variables is considered if the absolute value of the correlation coefficient is equal to and greater than 50%. However, a weak correlation is still available if the total value of the correlation coefficient is less than 50%. The positive correlation coefficient is shown between the dependent variable, disclosure and transparency and the independent variable, forensic accounting. Also, the positive correlation coefficient is revealed between the dependent variable, disclosure and transparency, and the mediating variable, internal audit. Moreover, the positive correlation coefficient is shown between the dependent variable, disclosure

and transparency, and the mediating variable, internal audit.

In Appendix, Figure 2, Figure 3 and Figure 4 show the normal distribution of data for the independent, dependent, and mediator variables

According to the central limit theorem (CLT), the large data follows a normal distribution, and the research sample consisted of 216 observations. The sample is selected using the Kolmogorov-Smirnov test, where the sig value is greater than 0.05. Accordingly, the data follows a normal distribution.

H0: The data follows a normal distribution

As shown in Table 7 (Appendix), it is found that the value of sig.200 is greater than 0.05. Accordingly, the null hypothesis is accepted, stipulating that the data follow a normal distribution and the three graphs above are called a Quantile-Quantile (QQ) plot for each variable. The chart shows the normal distribution of the research sample, which is the condition for the regression analysis test (2).

8 Hypotheses Testing

Regarding data analysis and hypotheses testing, the descriptive analysis method is adopted for the data based on the 5-point Likert scale. The analysis has also adopted the Baron and Kenny's model (1986) to test the mediation of the mediating variable. Table 8 (Appendix) shows the results of the simple regression analysis model of the impact of the independent variable (forensic accounting) on the mediating variable (internal audit). Results of the first equation in Baron and Kenny's model (1986) are illustrated in Table 8 (Appendix).

As shown in Table 8 (Appendix), it is noted that there is an effect of the independent variable on the mediating variable, where the F-value is (50.243), and it is high and statistically significant, and that the correlation between the independent variable and the mediating variable is R (0.418), indicating the existence of a statistically significant correlation. R^2 indicates the effect of the independent variable on the mediating variable with a value of (0.174). Also, the coefficient of the independent variable B is (0.0233), while standard error is (0.033), meaning that the deviation of the data from its mean, which is a very small percentage. Likewise, the value of sig = 000 rejects the null hypothesis and accepts the alternative hypothesis which states that "There is statistically significant effect at the level of 0.05 for the independent variable forensic accounting on the mediating variable internal auditing from the point of view of

certified public accountants". Accordingly, the first equation is formed as follows:

$$IA = 3.105 + 0.233 * F.ACC + e$$

Thus, the first condition of the Baron and Kenny's model (1986) is fulfilled.

The second equation of the Baron and Kenny's model (1986) measures the impact of the independent variable forensic accounting on the dependent variable disclosure and transparency without the mediating variable (total effect), which is the effect of forensic accounting on disclosure and transparency (Figure 5, Appendix).

Table 9 (Appendix) shows the results of the simple regression analysis model of the impact of the independent variable, forensic accounting on the dependent variable, disclosure and transparency without the mediating variable (total effect). Results of the second equation in Baron and Kenny's model (1986) are illustrated in Table 9 (Appendix).

As shown in Table 9 (Appendix), it is noted that there is an effect of the independent variable on the dependent variable, where the F-value is (35.776), and it is high and statistically significant, and that the correlation between the independent variable and the mediating variable is R (0.361), indicating the existence of a statistically significant correlation. R² indicates the effect of the independent variable, forensic accounting on the dependent variable, disclosure and transparency with a value of (0.131). Also, the independent variable regression coefficient is (0.138), while standard error is (0.023), meaning that the deviation of the data from its mean, which is a very small percentage. Likewise, the value of sig is 0.000 at a level of significance of 5%; therefore, the null hypothesis is rejected and the alternative hypothesis is accepted, stipulating "There is statistically significant effect at the level of 0.05 for the independent variable forensic accounting on the dependent variable disclosure and transparency from the point of view of certified public accountants". Accordingly, the second equation is formed as follows:

$$D \text{ and } T = 3.487 + 0.138 * F.A + e$$

Thus, the second condition of the Baron and Kenny's model (1986) is fulfilled.

The third equation in the Baron and Kenny's model (1986) measures the impact of the mediating variable on the dependent variable in the presence of the independent variable, which is the direct effect coefficient equation with a multiple regression equation. Table 10 (Appendix) shows the results of the multiple regression analysis model of the effect

of the independent variable (forensic accounting) on the dependent variable (disclosure and transparency) with the mediating variable (internal audit). Results of the second equation in Baron and Kenny's model (1986) are illustrated in Table 10 (Appendix).

As shown in Table 10 (Appendix), it is noted that there is an effect of the independent variable on the dependent variable, where the F-value is (35.233), and it is high and statistically significant, and that the correlation between the independent variable and the mediating variable is R (0.479), indicating the existence of a statistically significant correlation. R² indicates the effect of the independent variable, forensic accounting on the dependent variable, disclosure and transparency with a value of (0.229). Also, the regression coefficient for the independent variable, forensic accounting is (0.083), and the regression coefficient for the mediating variable, internal audit is (0.0237), while the standard error is (0.024) (0.001), which is a very small percentage, meaning that the data deviates from its mean. Likewise, the value of sig is 0.000 at a level of significance of 5%; therefore, the null hypothesis is rejected and the alternative hypothesis is accepted, stipulating "There is statistically significant effect at a significant level of 0.05 for the mediating variable, internal audit on the dependent variable, disclosure and transparency, in the presence of the independent variable, forensic accounting from the point of view of certified public accountants". Accordingly, the third equation is formed as follows:

$$D \text{ and } T = 2.750 + 0.083 * FA + 0.0237 * IA + e$$

Thus, the third condition of the Baron and Kenny's model (1986) is fulfilled.

The total mediation is that the direct effect, which is the effect of the independent variable forensic accounting on the dependent variable disclosure and transparency (0.083), is closer to zero than the total effect, which is the effect of the independent variable forensic accounting on the dependent variable disclosure and transparency (0.138). Accordingly, since the direct effect is closer to zero from the total effect, this is a condition of total mediation.

9 Limitations of the Research

The findings of this research paper should address some weaknesses in the data thanks to resources and period. The first limitation is that the research sample is for external certified public accountants in Jordan.

10 Conclusion

In a nutshell, analyzing data according to the Baron and Kenny's model (1986) and examining the research hypotheses demonstrate an effect of the independent variable (forensic accounting) on the mediating variable (internal audit) in the simple regression model. This finding is confirmed by the study [28] indicating that there is a mediating role for internal auditing on forensic accounting. The findings also show a statistically significant effect of the independent variable, forensic accounting, on the dependent variable, disclosure and transparency, as the direct effect of the independent variable on the dependent variable is considered according to the Baron and Kenny's model (1986). Moreover, the results indication effect of the mediating variable, internal audit on the dependent variable, disclosure and transparency in the presence of the independent variable, forensic accounting and this is considered an indirect effect in the Baron and Kenny's model (1986).

11 Recommendations

Given the findings of the study and statistical tests, the research paper recommends following up on developments in international auditing standards to serve disclosure and transparency in the financial statements, urging companies to activate the culture of interest in forensic accounting and activating the role of internal auditing because of its importance and impact on disclosure and transparency in the financial statements, and inviting companies to support activation and integration between internal auditing and forensic accounting to develop employees' awareness of their significance and impact on disclosure and transparency in the financial statements. Another key recommendation is conducting more studies aiming to develop and activate internal auditing and forensic accounting thanks to their impact and importance in improving disclosure and transparency in the financial statements. The research paper also recommends repeating this research work in in other countries, both developed and developing, in future studies to explore other factors affecting disclosure and transparency in the financial statements and conducting studies between countries to make a comparison between studies with larger sample sizes and the current study.

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Contribution of Individual Authors to the Creation of a Scientific Article (Ghostwriting Policy)

The authors equally contributed in the present research, at all stages from the formulation of the problem to the final findings and solution.

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Conflict of Interest

The authors have no conflicts of interest to declare.

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APPENDIX

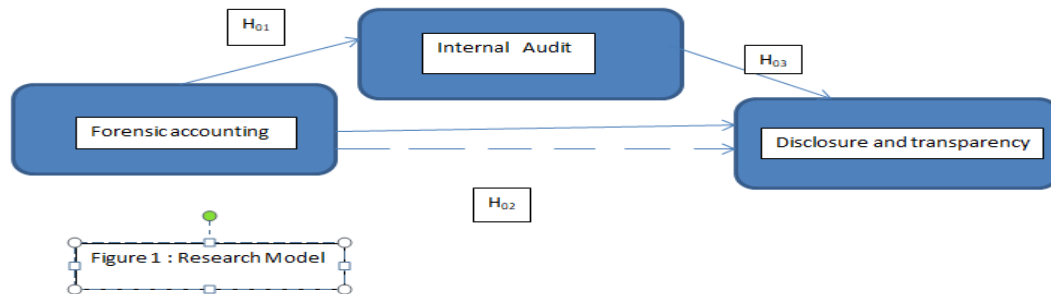


Fig. 1: Research model shows the relationship between the independent variable, the dependent variable, and the mediating variable

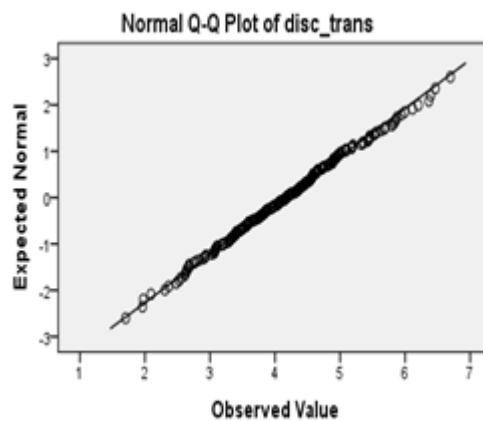


Fig. 2: Normal distribution of Disclosure and Transparency (from SPSS Program)

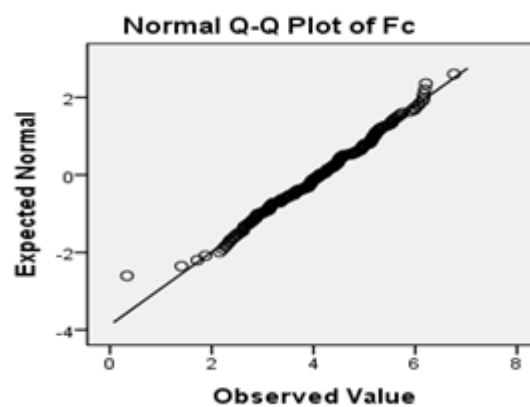


Fig. 3: Normal distribution of Forensic Accounting (from SPSS Program)

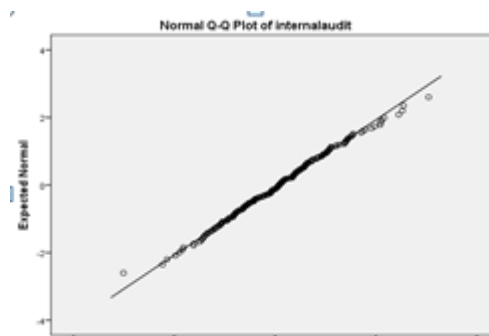


Fig. 4: Normal distribution of Internal Auditing (from SPSS Program)

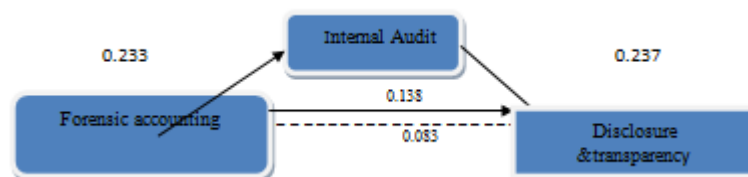


Fig. 5: Relationship between Forensic accounting and Disclosure & transparency, Internal Audit

Table 1. Demographic Characteristics of the Research Sample

Age	25-35		36-40		41-45		46->50	
	Number	%	Number	%	Number	%	Number	%
	84	35	48	20	72	30	36	15
Number of Years of Experience on Job	5 Years and Less		5 to Less Than 10		10 to Less Than 15		15 Years and Above	
	Number	%	Number	%	Number	%	Number	%
	117	48.8	75	31.3	21	8.8	27	11.3
Academic Qualification	Diploma		Bachelor		Master		Ph.D.	
	Number	%	Number	%	Number	%	Number	%
	57	23.8	102	42.5	75	31.3	6	2.5
Specialization	Accounting		Business Adm.		Finance & Banking		Other	
	Number	%	Number	%	Number	%	Number	%
	192	80	24	10	6	2.5	18	7.5

Table 2. Items with Highest and Lowest Means and Standard Deviations Measuring Forensic Accounting as an Independent Variable

Item	Text of the Item	Mean	Standard Deviation
4	The forensic accountant possesses investigative knowledge and skills that go beyond auditing skills.	3.90	0.97
9	The forensic accountant possesses the legal knowledge to determine the type of evidence necessary to expose misleading financial statements.	4.70	0.46

Table 3. Items with Highest and Lowest Means and Standard Deviations Measuring Disclosure and Transparency as a Dependent Variable

Item	Text of the Item	Mean	Standard Deviation
4	Companies disclose a statement showing their compliance or non-compliance with corporate governance, according to some evidence.	3.10	0.77
9	Companies disclose a statement of cash flows.	4.76	0.48

Tabel 4. Items with Highest and Lowest Means and Standard Deviations Measuring Internal Auditing as a Mediating Variable

Item	Text of the Item	Mean	Standard Deviation
3	The internal audit department discusses the internal control system with the certified public accountant to find out weaknesses, if any.	3.33	0.76
9	The internal auditor's recommendations are taken in the relevant economic and administrative domains.	4.29	0.48
	Internal Auditing	4.108	0.54

Table 5. Total Mean and the Total Standard Deviation of the Research Variables: Disclosure and Transparency as a Dependent Variable, Forensic Accounting as an Independent Variable, and Internal Auditing as a Mediating Variable

Variable	Number	Mean	Standard Deviation
Disclosure and Transparency	216	4.58	0.48
Forensic Accounting	216	4.03	0.97
Internal Auditing	216	4.108	0.54

Table 6. The Correlation between the Independent, Dependent and Mediating Variables

	Disclosure and Transparency	Forensic Accounting	Internal Auditing
Disclosure and Transparency	1	.352**	.469**
Forensic Accounting		1	.504**
Internal Auditing			1

Table 7. Results of the Normal Distribution Test

Variable	Statistic	Df	Sig
Disclosure and Transparency	.28	215	.200
Forensic Accounting	.045	215	.200
Internal Auditing	.033	215	.200

Table 8. Results of the first equation in Baron and Kenny's model (1986)

R	0.418
R ²	0.174
F	50.243
Sig	0
B	0.233
Standard Error	0.033

Table 9. Results of the second equation in Baron and Kenny's model (1986)

R	0.361
R ²	0.131
F	35.776
Sig	0
B	0.138
Standard Error	0.023

Table 10. Results of the second equation in Baron and Kenny's model (1986)

R	0.479
R 2	0.229
F	35.233
Sig	0
Bforensic accounting	0.083
B internal auditing	0.0237
Stander Error	
forensic accounting	0.024
internal auditing	0.001