

**THE IMPACT OF BASIC FORENSIC ACCOUNTING SKILLS ON
FINANCIAL REPORTING CREDIBILITY:
THE PERCEPTION OF PROFESSIONAL ACCOUNTANTS IN
SRI LANKA**

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Abstract

Financial reporting credibility is essential to show the scorecard to its owners and other stakeholders in an organization. Over the last few years, and currently investigations on financial crimes and corruptions were given a massive attention in Sri Lanka. Further, the changing economic and business environment has emphasized the weaknesses of credibility of the financial reporting. The study mainly investigates perceived opinions of professional accountants that the impact of basic forensic accounting skills: communication skills, technical & analytical skills, accounting & auditing skills, and psycho-social skills on financial reporting credibility and further it analyzes what skills need to be developed by a forensic accountant and what is the most important factor/s that helps to develop forensic accounting practice in Sri Lanka. The study analyzes the sample of 50 professional accountants that includes 26 professional accountants in public practice and 24 professional accountants in business. The research design based on the survey approach by which primary data was collected from the sample respondents described above and descriptive statistics were used to analyze the findings. According to the findings study exposed that there should be multidisciplinary skills to perform as a forensic accountant. Further, study results suggests that “implementation of good governance practices in firms” will be crucial to the growth of a forensic accounting profession in Sri Lanka. Also, it was found that, there is a significant impact of all selected forensic accounting skills to the financial reporting credibility. The study suggests some key areas for future researchers that are, forensic accounting education, the role of forensic accountant in the field of auditing and regulatory bodies of forensic accounting in Sri Lanka.

Keywords: *Credibility, Forensic Accounting, Perception, Skills of Forensic Accountants, Sri Lanka*