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Faculty of Graduate Studies

Department of Administrative & Financial Sciences

Master Program in Accounting and Auditing

The Expected Impact of Applying Forensic Accounting in Palestine: Auditors' Perspectives

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Declaration

I declare that, except where explicit reference is made to the contribution of others, this thesis is substantially my own work and has not been submitted for any other degree at the Arab American University or any other institution.

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Sara Khader Saleh Mahamid

Supervision Committee: Dr. Naser Mufrej, Dr. Yaser Shaheen, Dr. Mohammad Wasif Saleh

Abstract

There is an increasing need for advanced investigative tools to counter financial fraud and the complexity of financial disputes, in order to enhance the quality of audit and restore confidence in financial reporting. In Palestine, auditors practice their work in a challenging environment, most notably political instability, an inadequate regulatory framework, and a lack of specialized expertise in forensic accounting. Therefore, this study examines the expected impact of the application of forensic accounting on the quality of auditing from the point of view of Palestinian auditors, focusing on fraud detection techniques, litigation support, and the professional qualifications necessary to practice it effectively. The study adopted the descriptive-analytical approach through a structured questionnaire that included 51 licensed auditors in Palestine, to survey their views on the potential benefits and practical obstacles of integrating Forensic Accounting in the auditing profession. Statistical analysis using the SPSS program revealed a strong consensus among auditors on the positive role of forensic accounting in improving audit accuracy, detecting fraud, and enhancing public confidence in financial statements. Reliability tests also showed high internal consistency (Cronbach's Alpha = 0.876), and the factorial analysis identified two main dimensions: perceived benefits and contextual barriers. The results of the regression proved that forensic investigation techniques and transparency-enhancing practices have a statistically significant positive impact on the perceived quality of audit reports. However, the auditors highlighted major challenges, indicating weak legal compliance, lack of specialized professional training, and limited institutional structure supporting forensic accounting practices in Palestine. The study concludes that the integration of Forensic Accounting in the audit field can significantly improve its quality, by enhancing fraud detection, ensuring the accuracy of reports, and providing more robust support for resolving financial disputes. It also provides practical recommendations for policy makers, audit offices, and academic institutions, focusing on the need for clearer legislation, structured professional training, curriculum development, and institutional frameworks that support forensic -based auditing. By meeting these requirements, forensic accounting can become a vital tool to promote financial transparency, fight corruption, and support economic resilience in the Palestinian context.

Keywords: Forensic accounting, audit quality, fraud detection, litigation support, financial transparency.

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List of Definitions of Abbreviations

Abbreviations	Title
PACC	Palestinian Anti-Corruption Commission
PMA	Palestinian Monetary Authority
PACPA	Palestinian Association of Certified Public Accountants
SMEs	Small and Medium-Sized Enterprises
SPSS	Statistical Package for the Social Sciences
IFRS	International Financial Reporting Standards
FATF	Financial Action Task Force
CPE	Continuing Professional Education
CFA	Certified Forensic Accountant
PCBS	Palestinian Central Bureau of Statistics
GCC	Gulf Cooperation Council

Chapter 1: Introduction

1.1 Introduction

The rise in fraud, misinformation in report preparation, and financial disputes, alongside the spread of financial risks and crises in both public and private institutions, has led to an increase in lawsuits and litigation. This has significantly undermined the credibility of accounting information and reduced trust in the professionals responsible for its accuracy. As a result, the accounting profession now faces substantial challenges in addressing distinct types of fraud and financial corruption encountered by different business entities.

In response to these issues, there is an urgent need to explore modern solutions for combating fraud and financial corruption, which includes leveraging specialized expertise and advanced skills to provide informed opinions during legal proceedings. Consequently, the demand for forensic accounting services is growing, driven by the rise in fraud and financial disputes across many companies and organizations.

Forensic accounting, also known as Forensic Accounting, involves the application of accounting, auditing, and investigative skills to examine financial statements in legal contexts and resolve financial disputes through precise financial data analysis, adherence to appropriate accounting standards, and communication with relevant parties. Forensic accountants play a critical role in identifying and analyzing financial evidence, providing expert testimony in court, and addressing issues related to financial misconduct, particularly in resolving financial disputes and detecting financial fraud.

Previous studies, such as Ganiyu's (2017) research, have highlighted the role of forensic accounting in detecting financial fraud. Dada, Awolabi, and Oku (2013) emphasized the critical role of forensic accounting in scrutinizing and addressing fraudulent activities, presenting various methodologies and case studies related to fraud detection. Furthermore, Zisman (2004) examined the evolution of techniques used in fraud detection and prevention within forensic accounting. According to Basson (2007), forensic accountants possess a

nuanced understanding of business realities and criminal motivations, which is essential for effective fraud detection and prevention strategies.

Forensic accounting, a specialized field within accounting, is indispensable in advanced economies for its pivotal role in uncovering and mitigating financial fraud. Recent studies highlight the multifaceted approaches employed by forensic accountants, such as data analytics, financial statement examination, and digital forensic techniques, to detect irregularities indicative of fraudulent activities (Adegbite, G., et al., 2022). This discipline is crucial for maintaining financial integrity and transparency, as confirmed by recent research published in the *Journal of Forensic Accounting Research* (2023). In countries like the United States, forensic accounting is extensively utilized by both governmental bodies and corporations to investigate complex financial crimes and ensure compliance with strict regulatory frameworks (Smith & Jones, 2021). Moreover, technological advancements such as artificial intelligence and blockchain analytics have significantly enhanced the capabilities of forensic accountants in handling vast amounts of financial data with greater accuracy and efficiency (Brown & White, 2020).

Financial crimes and fraud severely undermine human capital and infrastructure in developing economies. Forensic accounting services have emerged as critical tools for corporate organizations, providing effective means to detect and prevent these widespread threats. By uncovering fraud and ensuring financial integrity, forensic accounting promotes transparency, protects resources, and strengthens economic resilience. In addressing these challenges, forensic accounting not only mitigates immediate risks but also fosters a culture of accountability that is crucial for sustainable development and growth in vulnerable economies (Oseni, A. I., 2017). Corruption in developing countries is not only alarming but also devastating, leading to economic collapse, deteriorating living standards, and damaging their global image (Kasum, A., 2009).

In Palestine, financial fraud presents a significant barrier to economic development. According to the Palestinian Central Bureau of Statistics (PCBS), over 3,600 cases of fraud have been reported in various Palestinian cities, underscoring the need for forensic

accounting as a vital tool in this context. Forensic accounting offers specialized expertise to detect, prevent, and investigate fraudulent activities.

Given these challenges, the key question remains: What is the expected impact of applying forensic accounting in Palestine? The absence of studies addressing this topic in the Palestinian context highlights the need to explore the potential impact of implementing forensic accounting in this field, specifically in resolving financial disputes and detecting financial fraud.

1.2 Background of the Study

Forensic accounting is a specialized field that applies accounting principles, investigative techniques, and legal knowledge to detect and prevent fraud, as well as to analyze financial data for legal purposes. Unlike traditional audits, which focus on the fairness of financial statements, forensic accounting involves a more detailed investigative approach to uncover irregularities, such as fraud, asset tracing, and litigation support.

Audit quality is critical in ensuring the accuracy, reliability, and credibility of financial statements. Integrating forensic accounting techniques into the audit process can improve audit quality by enhancing the detection of fraud and other irregularities that may be overlooked in traditional audits.

In Palestine, forensic accounting is an underdeveloped field due to political instability, resource constraints, and a fragmented legal system. However, the need for improved financial transparency, particularly in small and medium-sized enterprises (SMEs), is increasing. Forensic accounting can play a crucial role in addressing financial misreporting and fraud, thus enhancing audit quality in Palestine.

External auditors, responsible for ensuring the integrity of financial statements, face unique challenges in Palestine. By incorporating forensic accounting techniques, auditors can better detect fraud and improve the accuracy of financial statements. This study explores the impact of forensic accounting on improving audit quality in Palestine from the perspective of external auditors, aiming to fill a gap in the existing literature on the topic.

1.3 Problem Statement

In Palestine, significant challenges hinder the preservation of financial integrity, including insufficient regulatory structures, a complex political environment, and elevated levels of fraud and corruption (Ehioghiren, 2016; Abdurrahman, 2019; Anuolam et al., 2017). While traditional auditing practices are essential for financial transparency, the incorporation of forensic accounting techniques could significantly enhance audit effectiveness by uncovering fraud, mitigating risks, and promoting greater accountability (Ehioghiren, 2016).

Despite the growing global recognition of the importance of forensic accounting, its adoption in Palestine remains limited (Almadhoon & Ahmad, 2021). Palestinian auditors encounter substantial challenges in detecting and preventing financial irregularities due to the absence of a comprehensive regulatory framework and a shortage of qualified forensic accountants (Kasum, 2009). Consequently, persistent issues such as fraud, mismanagement, and corruption continue to undermine investor confidence, hinder economic progress, and obstruct sustainable development initiatives within the region (Ehioghiren, 2016).

Further compounding these challenges are the socio-political realities of Palestine, including difficulties in obtaining cooperation from stakeholders, limited access to reliable financial data, and the potential threat of security issues (Kasum, 2009). These barriers restrict the effective application of forensic accounting methods, diminishing auditors' ability to proactively detect and address financial crimes.

The increasing prevalence of financial and banking fraud underscores the need for specialized expertise in forensic accounting. Forensic accountants leverage their skills in accounting, finance, taxation, auditing, investigation, and litigation support to investigate and analyze financial misconduct in both civil and criminal contexts (Liodorova & Fursova, 2018). By uncovering financial fraud, forensic accountants play a critical role in assisting judicial authorities in making impartial decisions.

To address these challenges, it is essential to enhance the integration of forensic accounting into both the public and private sectors to mitigate financial mismanagement and alleviate the burden on state courts (Almadhoon & Ahmad, 2021). Fraud and corruption are prevalent in developing nations and have adverse effects on their economies, emphasizing the necessity of implementing forensic accounting services to combat these issues (Kasum, 2009).

However, a thorough review of existing literature reveals a notable lack of research on the role of forensic accounting in combating financial fraud in Palestine. This highlights a significant gap in the current academic discourse (Liodorova & Fursova, 2018).

The research problem is framed by the central question: *" The Expected Impact of Forensic Accounting Application on Audit Quality in Palestine: Auditors' Perspective.?"* This question is further explored through the following sub-questions:

1. How can forensic accounting investigative techniques aid in detecting and combating financial fraud within Palestinian organizations?

2. What qualifications and training are necessary for accountants to effectively practice forensic accounting in the Palestinian context?

3. In what ways does litigation support provided by forensic accountants contribute to the fair resolution of financial disputes and legal proceedings in Palestine?

1.4 Research Objectives

This study aims to assess the role of forensic accounting in improving audit quality and detecting financial fraud in Palestinian organizations. Specifically, the research seeks to:

1. Examine the effectiveness of forensic accounting investigative techniques in detecting and combating financial fraud within Palestinian organizations.

2. Identify the qualifications and training required for accountants to effectively practice forensic accounting in the Palestinian context, ensuring they are equipped to handle fraud detection and financial dispute resolution.

3. Explore the contribution of forensic accounting in supporting legal proceedings and resolving financial disputes fairly within Palestine, focusing on its role in litigation support and achieving just outcomes in financial disputes.

1.5 Research Questions

The following questions derive from the preceding and summarize the study problem:

1. How can investigative techniques in forensic accounting contribute to detecting and combating financial fraud within Palestinian organizations?

2. What qualifications and training are requisite for accountants to effectively practice forensic accounting within the Palestinian context?

3- How does litigation support provided by forensic accountants contribute to the equitable resolution of financial disputes and legal proceedings in Palestine?

1.6 Research Significance and Justifications

Exploring the potential effects of implementing forensic accounting in Palestine is of paramount importance for auditors, as it holds the potential to significantly enhance financial transparency, accountability, and fraud detection in the region. Forensic accounting, a sophisticated auditing method, offers substantial promise in improving audit efficiency by uncovering fraudulent activities, mitigating risks, and reinforcing accountability structures (Ehioghiren, 2016; Abdurrahman, 2019). By incorporating forensic accounting practices, Palestinian auditors can improve their ability to detect and address financial crimes effectively, thereby fostering a more reliable financial reporting system.

Palestine, like many emerging economies, faces considerable challenges such as inadequate regulatory frameworks and widespread financial irregularities that undermine investor confidence and economic stability (Anuolam et al., 2017; Almadhoon & Ahmad, 2021). Integrating forensic accounting into audit processes could substantially enhance auditors' capabilities, enabling them to more proactively identify and address financial fraud and corruption. This proactive approach can significantly reduce fraudulent activities and

contribute to creating a more robust financial environment conducive to sustainable economic growth.

The need for research in this area is critical, especially given the limited empirical studies on forensic accounting in the Palestinian context. Existing literature underscores the importance of forensic accounting in uncovering and preventing financial fraud, establishing a direct correlation between forensic accounting methods and improved fraud detection. Forensic accounting plays a pivotal role in supporting investigations, legal actions, and enhancing the reliability and trustworthiness of financial statements (Ehioghiren, 2016; Abdurrahman, 2019; Zahraa, 2018). A comprehensive understanding of forensic accounting techniques is essential for accurate financial reporting and for restoring shareholder trust in organizations, ultimately providing a more effective framework for combating financial fraud (Houck et al., 2006).

The increasing prevalence of economic and financial crimes further underscores the critical need for forensic accounting in safeguarding audit integrity and fairness (Anuolam et al., 2017). In Palestine, the urgency of incorporating forensic accounting into both private and public sector auditing processes is heightened by ongoing financial challenges and the overwhelming burden on state courts, which are inundated with financial disputes (Almadhoon & Ahmad, 2021). Forensic accounting services are vital for maintaining economic stability and fostering growth in developing economies, especially considering the detrimental impact of fraud and corruption (Kasum, 2009).

In conclusion, this research is significant because it aims to develop practical techniques to combat financial fraud and corruption, enhance auditing methodologies, and improve financial transparency and accountability within Palestine. The study is expected to make meaningful contributions to policy development, academic knowledge in forensic accounting, and professional auditing standards. Furthermore, it will offer insights that can guide the creation of customized training programs for auditors in Palestine, tailored to the unique socio-economic context of the region.

1.7 operational definition

In this study, the following operational definitions will be used:

1. Forensic accounting is not just a financial analysis tool but a guardian of a company's financial integrity, focusing on detecting and handling fraud (Okoye, 2019). It is akin to a financial crime scene investigation (Honigsberg, 2023). It involves accumulating, studying, and decoding financial data to uncover financial crimes (Nursansiwi, 2024).

Forensic accounting integrates accounting, auditing, and investigative skills, offering the highest level of assurance within a legal framework. It combines financial expertise, investigative techniques, and legal knowledge to detect fraud and ensure the credibility of financial statements (Al-Jalili, 2012). It applies accounting principles and theories in legal disputes, covering various branches of knowledge (Jlshi, 2003).

2. External auditors provide "reasonable" assurance that financial reports are free from material errors. The external audit process plays a vital role in achieving reliable accounting information by using control tools for various organizational activities (Youssef, 2013). Kassem and Higson (2016) emphasized that auditors are responsible for detecting and reporting misstatements resulting from illegal acts that directly and materially affect financial amounts, with the same level of responsibility as for misstatements caused by error or fraud. Moreover, external auditors utilize information technology to examine the financial data in the statements, ensuring that procedures are in place for the periodic review of documents and records by responsible parties within the company (Al-Dalabih, 2018).

3. Audit quality refers to the auditor's ability to identify and report all types of material misstatements in the audited financial statements (Arsyad & Natsir, 2023). It can also be defined as the likelihood that the auditor will detect and report material misstatements in the client's financial statements (Watkins, 2004). According to Arens (2011), audit quality is a process that ensures compliance with generally accepted auditing standards in every audit.

4. Financial dispute resolution refers to the organized methods and procedures used to resolve conflicts arising from financial transactions, including disputes related to consumer

finance, business transactions, or institutional affairs. Common methods include mediation, arbitration, and litigation, aimed at providing fair, effective, and transparent solutions for the parties involved. Financial dispute resolution systems often involve government frameworks and self-regulatory organizations that work to maintain fairness and consistency in financial dealings (Ali, 2019, Dealing, 2021). Financial disputes are conflicts between two parties over a financial matter, and they are resolved through the Disputes Authority or qualified bodies responsible for adjudicating them (Monsif, 2024).

5. **Fraud** is defined by the Association of Certified Fraud Examiners (ACFE) as any intentional or deliberate act of depriving another of property or money through cunning, deception, or other unfair means. It involves a range of behaviors where participants in financial markets provide false information about the true nature or financial health of an investment source, such as a company, fund, borrower, or investment product (Reurink, 2016). Fraud is one of the most harmful social phenomena, originating in ancient times and still ongoing (Giriūnas & Mackevičius, 2022).

Chapter 2: Theoretical Framework of Forensic Accounting

2.1 Theoretical Framework

Forensic accounting has recently received considerable scientific attention, which reflects its growing importance in the field of financial and legal investigations. This specialty plays a pivotal role in training forensic accountants to work as proficient investigators, expert witnesses, and consultants. These professionals are responsible for conducting thorough investigations and providing results supported by legally accepted evidence, thereby supporting the pursuit of truth and the administration of Justice. This field equips forensic accountants to enhance the reliability and transparency of financial statements and transactions. Moreover, by addressing issues related to intellectual property and financial documentation, forensic accounting contributes to mitigating fraudulent practices and curbing tax evasion.

In order to take note of forensic accounting in particular, the following will be discussed in this chapter as follows:

2.1.1 Forensic Accounting as a Main Idea

The global financial crises that have affected financial institutions in regions such as the United States, Europe, and Arab nations have brought to light numerous instances of corruption, particularly in administrative and financial domains. These crises have had detrimental consequences across multiple sectors, with the most significant repercussions observed in the financial and economic spheres. Specifically, the ability of these institutions to attract adequate capital has been severely hindered due to substantial financial losses incurred by shareholders. This, in turn, has undermined the credibility of the companies in which they invested, further exacerbating the challenges faced in restoring financial stability.

Because of the above, investors searched for alternative ways to invest away from these companies, which prompted both national and international authorities to conduct in-depth research and studies in order to identify the main causes that led to these financial crises. It

also ensures that ways are found that protect the rights of shareholders and others who have an interest in these financial companies.

These in-depth studies have led the national and international authorities concerned with these financial collapses to recommend the importance of discussing and analyzing development trends in many of the above-mentioned areas. Among them are financial transparency and disclosure of financial and non-financial information, and the adoption of a set of accounting standards that are consistent with the interests of shareholders and others who have an interest in these companies (Barghul, L. M. 2015).

These procedures, called for by the competent authorities, include the application of forensic accounting, so that they are based on the application of a set of specialized skills in accounting and financial auditing. Forensic accounting has become one of the most important topics that have been addressed at the national and global levels because of its most important roles in reducing the phenomenon of corruption and financial fraud, and this spread of the topic of forensic accounting has made it one of the most requested services in terms of financial transactions(Awad, A. M. N. 2022).

Forensic accounting gains the trust of customers and facilitates the task of judges by providing an official report to the judge that helps him resolve financial disputes and achieve justice.

2.1.2 What is forensic accounting!

Forensic accounting is defined by Certified Public Accountants in the USA as: “involves the application of special skills in accounting, auditing, finance, quantitative methods, parts of the law, research and investigative skills, to collect, analyze and evaluate evidentiary evidence, interpret the results and report on them.” (Zouache, Z., & Ben Harkat, G. 2019).

Forensic accounting can also be defined as a profession based on combining financial expertise with investigative skills and working in a legal framework that provides sufficient evidence to detect financial fraud and ensure the credibility of financial reports (Al-Shawarby, M. A.-M. M. 2018). But forensic accounting from the point of view of the International Monetary Fund (IMF) is: “ A behavior or practice through which an individual

or a group of individuals seeks to obtain special benefits at the expense of others." (Al-Hunaini, I. A., & Salameh, A. S. 2018)

There are many terminological definitions of forensic accounting by researchers, it can be defined as a transaction entrusted by a judge to persons with technical legal knowledge in order to obtain from them the information he needs to resolve the financial dispute before the court (Yedder, B., & Bouderbala, S. 2021).

And some researchers define forensic accounting as: "The use of accounting, auditing and investigative skills to detect fraud and financial corruption and analyze financial information for use in legal proceedings." (Hossain, K., & Tanim, I. 2016).

Through the above definitions, it can be concluded that forensic accounting is only one of the branches of modern accounting, as it looks beyond numbers in dealing with financial reality. It includes various skills, from accounting to auditing and then the law to verify financial disputes and resolving them before the courts, all in order to achieve justice.

Forensic accounting is a specialized discipline that combines principles of accounting, auditing, investigative methods, and legal expertise to identify financial fraud, scrutinize intricate financial records, and furnish admissible evidence for legal cases. Professional organizations and scholarly research emphasize that forensic accounting extends beyond conventional accounting practices by concentrating on uncovering financial malfeasance, promoting accountability, and facilitating judicial proceedings. Given its interdisciplinary approach, forensic accounting serves as a critical instrument in upholding financial probity and advancing legal justice (Kaur, S. 2014).

Due to its importance, an understanding of the historical development of forensic accounting is essential. The next outline of the origin and development of forensic accounting will explore how this field emerged, the main milestones in its growth, and how it has adapted to meet the challenges of modern financial crimes. By studying its historical context, we can better appreciate its current role and future potential in the fight against fraud and financial malpractice.

2.1.3 The historical development of forensic accounting

The emergence of forensic Accounting dates back almost 200 years ago, and its origins date back to Glasgow, Scotland, in 1824. At that time, accountants were awarded certificates that allowed them to participate in arbitration proceedings and provide impartial financial expertise to help resolve disputes in courts. The importance of forensic Accounting grew rapidly in the United States and the United Kingdom in the early 20th century. During World War II, the United States employed about 500 accountants as financial agents in legal disputes, which strengthened the role of the profession (Boukhriss, A. A., Rahali, M., & Mehiyddin, O. 2021).

As a result, accounting has evolved beyond just analyzing numbers, integrating legal principles and investigative skills to become an essential part of judicial and civil court proceedings. This shift established forensic accounting as a crucial tool in addressing financial disputes with legal and investigative accuracy.

Forensic accounting has gone through various periods of development, including:

- In 1817: This year, a corporate bankruptcy case arose in Canada, which required the assistance of a forensic accountant who conducted the investigation of the case to testify in court as an expert witness (Previts, G. J., & Merino, B. D. 1998). [1]

- In 1824: Evidence of knowledge of forensic Accounting was documented in the city of Glasgow, Republic of Scotland, and then traces of certificates given to accountants at that time were found related to conducting arbitration and participating in the resolution of court claims, as well as investigating fraudulent activities (Babiker, I. E., & Noor, M. B. M. 2018).

- In 1900: It appeared in the USA and England when articles were published that were directed on the granting of expert certificates to the forensic accountant. (Mohamed,

[1]Although detailed records from this period are scarce, historical accounts suggest that an accountant with specialized investigative skills was engaged to examine the company's financial records, identify discrepancies, and present findings in court as an expert witness. This case underscores the long-standing role of forensic accounting in resolving financial disputes and supporting judicial processes, even before the formal establishment of the profession.

N. M. B. 2018).

- In 1946: An American accountant from New York named (Maurice Peloubet) published an article entitled "Forensic accounting has its place in today's economy" (Akkeren, J. V., Buckby, S., & MacKenzie, K. 2013)

- In 1982: A book entitled " Forensic accounting – accounting and certificate of experience" was issued by Francis C Dykeman.

- In 1986: The American Institute of Certified Public Accountants has issued a guide to practice No. 7, in which six areas of forensic accounting services are identified. These include determining the value of damages, antitrust, accounting, valuation and public consultations, analytics (Previts, G. J., & Merino, B. D. 1998)

- In 1997: The American Board of Forensic Accountants was established.

- In 2009: The American Forensic Accounting Association recognized and dedicated a chapter in AAA – FIA[2] on behalf of private forensic accounting to encourage researchers to research topics related to forensic accounting.

- In 2011: The Dodd – Frank Act (U.S. Congress. 2010)[3], one of the most important laws passed for financial reform since the stock Exchange Act of 1944, was passed, so that forensic accounting became a science taught in most business and accounting schools.

[2] refers to the Forensic and Investigative Accounting (FIA) section of the American Accounting Association (AAA).
[3] The Dodd-Frank Wall Street Reform and Consumer Protection Act (commonly referred to as the Dodd-Frank Act) is a comprehensive U.S. financial reform law enacted in 2010 in response to the 2008 fiscal crisis. Named after its sponsors, Senator Christopher Dodd and Representative Barney Frank, the legislation aimed to reduce systemic risk, increase transparency, and protect consumers from abusive financial practices.

As for the Arab world, some trace the beginnings of the demand for Forensic accounting services to the Fifties of the last century, where the first book on Forensic accounting was published in 1950 entitled: “Accounting before the judiciary in tax disputes” by Tawfik Abu Alam. Forensic accounting has evolved gradually, influenced by globalization, economic reforms, and increasing financial fraud cases. While Western countries formalized forensic accounting earlier, Arab states began recognizing its importance in the late 20th and early 21st centuries, particularly after major corporate scandals and the need for stronger anti-corruption measures (Alshurafat, H., Al Shbail, M. O., & Mansour, E. 2021).

Initially, forensic accounting in the Arab world was largely limited to external audits and basic fraud detection, with little specialization. Most Arab countries relied on traditional accounting practices, and forensic investigations were rare. However, the 1990 oil and financial crises exposed weaknesses in financial systems, prompting some Gulf Cooperation Council (GCC) countries, such as Saudi Arabia and the United Arab Emirates, to adopt stricter financial regulations (Alzeban, A. 2020).

In Palestine, forensic accounting was virtually nonexistent during this period due to political instability, Israeli occupation, and underdeveloped financial institutions. The Palestinian Monetary Authority (PMA), established in 1994, focused on basic banking supervision rather than forensic investigations (Abu Amuna, Y. M., Al Shobaki, M. J., & Abu Naser, S. S. 2020).

The global fiscal crisis of 2008 and subsequent corruption scandals accelerated the adoption of forensic accounting in the Arab world. Countries such as Egypt, Jordan and Lebanon have introduced anti-money laundering laws and corporate governance reforms, increasing the demand for forensic accountants. Professional organizations, such as the Arab Federation of Accountants and Auditors, began to promote forensic accounting certificates. In addition, Saudi Arabia's Vision 2030 and the UAE's economic diversification plans have emphasized transparency and further integrating forensic accounting into commercial and legal frameworks (Al-Hadeedy, M. A. S. 2019).

In Palestine, forensic accounting began gaining attention after the establishment of the Anti-Corruption Commission (PACC) in 2010, which investigated embezzlement and fraud

in public institutions. However, forensic accounting remained underdeveloped due to limited resources, political interference, and weak judicial enforcement. Some Palestinian universities, such as Birzeit University, introduced forensic accounting courses, but professional training programs were scarce (Abu Amuna, Y. M., Al Shobaki, M. J., & Abu Naser, S. S. 2023).

Today, forensic accounting is expanding in Arab countries through technology-based methods, including blockchain analysis, artificial intelligence fraud detection, and cyber forensics. The rise of cybercrime and digital financial fraud has prompted governments to invest in forensic training programs. Universities in Qatar, Kuwait and the United Arab Emirates now offer specialized courses in forensic accounting, while regulators impose stricter compliance with international standards such as International Financial Reporting Standards (IFRS) and Financial Action Task Force (FATF) recommendations (Meqbel, R., & Al-Khadash, H. A. 2023).

In Palestine, forensic accounting is still in its infancy but shows potential. The Palestinian Capital Market Authority has recently emphasized the detection of fraud in the financial markets, and non-governmental organizations such as the Coalition for Accountability and Integrity are calling for forensic scrutiny of public sector projects . However, challenges such as Israeli restrictions on access to financial statements, brain drain of skilled accountants, lack of specialized forensic firms hinder progress (AMAN (Coalition for Accountability and Integrity) 2022).

Despite the progress made, challenges remain , including limited expertise, cultural resistance to whistleblowing, and inconsistent implementation. However, with the increase in cross-border financial crimes, Arab countries are expected to further institutionalize forensic accounting, especially in Saudi Arabia, the United Arab Emirates and Egypt, where economic reforms prioritize anti-fraud measures

Due to the increasing need of the judiciary, banks, financial companies, and security agencies to use forensic accountants, several professional bodies have been established that specialize in teaching and granting a certificate of forensic accounting. The most important of these certificates are the Forensic Accountant Certificate, which is awarded by the

American College of Forensic Researchers, and the certificate specializing in Financial Forensics, which is awarded by the American Institute of Certified Public Accountants.

The growing demand for forensic accounting services has elevated the profession to one of the most critical and sought-after roles in the global labor market today (El-Saigh, M. D. 2019).

The historical development of forensic accounting highlights its evolution from a niche specialization to a critical discipline in modern financial and legal systems. Over the past two centuries, forensic accounting has grown from its early roots in 19th-century Scotland to a globally recognized profession, shaped by legal reforms, professional certifications, and increasing demand in judicial and corporate sectors. Its integration of accounting, investigative techniques, and legal principles has made it indispensable in detecting fraud, resolving disputes, and ensuring financial transparency.

As forensic accounting continues to expand, understanding its foundational elements becomes essential. The next section, "Elements of Forensic Accounting," will explore the core components that define this field, including financial investigation techniques, litigation support, fraud detection methodologies, and the legal frameworks that guide forensic accountants in their work. By examining these elements, we can better appreciate how forensic accounting operates in practice and why it remains a vital tool in combating financial crimes and upholding accountability in the modern economy.

2.1.4 Elements of forensic accounting

The presence of elements of forensic accounting facilitates its application and also facilitates the function of a forensic accountant, and these elements include the following:

2.1.4.1 Financial statements (financial evidence):

Financial statements adopted as basic and reliable rules in the forensic accountant's report and are as follows:

- The collection of evidentiary evidence, which is extremely important for a forensic accountant, begins with the confirmation of the compiled financial statements

(evidence), where they are diagnosed and planned so that the forensic accountant can rely on them, and in case the forensic accountant doubts the data, the financial statements are re-diagnosed and planned so that they are trusted (An'am, S. 2007).

The classification of financial statements (evidence) is carried out for analytical purposes through the use of the method of comparison, Physical examination through inventory, Make matches, whether positive or negative, through a third-party accountant and finally the degree of satisfaction with the internal control system.

- Evaluation of evidentiary evidence, forensic accountants must provide an objective and unbiased assessment of the adequacy of evidence when forming their conclusions and recommendations. When they lack evidence, they remain obliged to provide a reliable and impartial assessment.

- Searching the financial statement, data search is based on extracting information from financial records with the aim of revealing hidden relationships and patterns, which may not be apparent in traditional analytics. This process is of particular importance in the field of financial fraud detection, as it contributes to the identification of suspicious patterns of behavior that indicate possible fraudulent activity (Yadav, S., & Yadav, S. 2013).

  This is done by analyzing copious amounts of financial data using specialized computer tools, designed to explore any unfamiliar relationships or unexpected patterns within these data.

  The process of exploring financial statements goes through three basic stages, namely: 1- Exploration, this stage focuses on analyzing financial statements to discover underlying relationships and patterns, such as correlations or discrepancies, without making assumptions about expected patterns or indicators of fraud. 2- Prediction models, after the detection phase is completed, predictive models are used to estimate possible outcomes based on new data values. 3- Variance analysis, (Rasmussen, D. G., & Leauanae, J. L. 2005). at this stage, a statistical criterion for detecting deviations is determined, in which anomalous items are isolated from the established norm and studied in detail to find out the causes of the variance.

2.1.4.2 Scientific and practical qualifications:

Forensic accounting consultants and experts must have academic qualifications in multiple disciplines, including accounting, finance, and law, in addition to obtaining accredited professional certificates and participating in specialized training courses and conferences. They are also required to be familiar with computer science and technology, especially in the field of cybercrime, to ensure that they keep abreast of modern technical developments.

The role of a forensic investigators is focused on analyzing data to uncover the root causes of fraud and financial corruption, which requires them to have comprehensive knowledge that enables them to conduct thorough investigations and identify cases of financial manipulation efficiently (Rasmussen, D. G., & Leauanae, J. L. 2005).

The researchers highlighted the importance of the forensic accountant's commitment to the laws, legislation, and criminal procedures, and also stressed the need to keep abreast of the latest developments in the relevant fields. This is with the aim of enabling judges to reveal the facts and restore the rights to their owners in complex financial cases (Al-Khalidi, S. H. 2012).

In order for a forensic accountant to be able to prepare technical reports in accordance with the (IFRS) and submit them to the competent arbitrators to adjudicate financial cases in accordance with the requirements of evidentiary evidence, they must be qualified and trained to draft and submit such reports in an acceptable legal form.

Many studies indicate the need for a forensic accountant to practice the accounting profession as an expert witness before the courts for at least four years; to gain sufficient practical experience in dealing with complex financial issues. It is also required that the forensic accountant has outstanding experience in the field of internal and external audit to ensure the quality of financial and accounting analysis (Ahmad, K. M. A. 2013).

A forensic accountant should be characterized by a set of basic skills, which can be identified as follows (Crumbley, D. L., Heitger, L. E., & Smith, G. S. 2017):

- Thinking skills: A forensic accountants must have a high ability to think critically and creatively, enabling them to innovate and make sound judgments in the performance of their professional tasks. It also requires a broad knowledge of accounting and auditing principles and business processes, along with the development of effective communication skills with others, and the strengthening of analytical intellectual competencies.

- Investigative skills: These skills include accurately collecting and analyzing audited financial statements, investigating each financial item to settle disputes of a financial nature. This also includes the examination of electronic financial records, in which forensic accountants must be professionally suspicious and diligently strive to find out the truth. Their role also includes the detection of conflicts of interest and the conduct of specialized investigations in cases of financial corruption.

- Technical skills (computer proficiency): Forensic accountants should be experienced in using modern technologies to access electronic financial records and documents, with the ability to extract and analyze them in record time.

- Analysis skills: The ability to financial analysis is one of the most prominent skills that forensic accountants should possess, as they have to analyze complex financial statements and simplify them to identify the substantive aspects of the case, enabling them to competently find solutions to financial disputes.

- Arbitration and legal assessment skills: These skills include the ability to provide specialized legal advice, interpret financial indicators to reach accurate conclusions that contribute to the resolution of financial disputes.

- Oral communication skills: Forensic accountants should possess a high ability for effective oral communication, especially when providing testimony and experience before the courts as experts witness in financial cases.

- Written communication skills: It consists in mastering the drafting of financial reports, employing graphs and illustrative maps in a clear and professional manner to ensure the accurate delivery of information.

2.1.4.3 Environmental and regulatory components:

The surrounding environment is an essential factor that facilitates the activation of forensic accounting mechanisms and enhances the performance of forensic accountants in courts. These components are based on the following:

- Economic environment: The economic environment refers to the constituent features and elements of the economic system in a particular region, which include, for example: inflation rates, the durability of the economic structure, unemployment rates, and economic growth indicators. The economic environment also plays a pivotal role in providing the basic requirements for practicing professions, including creating the legislative and regulatory framework governing the work of forensic accountants, defining their duties and rights (Ahmad, M., & Khudayr, H. 2010).
  The manifestations of this environment are manifested in the stability of the political situation, the efficiency of economic and financial performance, the size of the market, as well as the economic policies pursued, such as the degree of economic liberalization, the scope of privatization, the volume of private sector participation, the level of market competition, the costs of production elements.

- Laws and legislation: Legislation is defined as the set of laws issued by the competent official bodies, which are aimed at regulating the relationship between individuals and the environment surrounding them. To achieve the desired goals of any profession - including the forensic accounting profession - a legal and regulatory

framework is necessary to regulate professional practices and ensure their effectiveness (Crumbley, D. L., Heitger, L. E., & Smith, G. S. 2017).

Elements of forensic accounting-financial statements such as evidence, scientific and practical qualifications, environmental and regulatory components-form the basis for its effective application. These components ensure that forensic accountants can accurately detect financial fraud, analyze complex transactions, and provide reliable results in legal proceedings.

Financial statements serve as crucial evidence, forensic accountants use advanced analytical techniques to detect discrepancies, hidden patterns, and fraudulent activities. Their scientific and practical qualifications, including experience in accounting, law, and technology, enable them to conduct thorough investigations and provide expert certification. In addition, the environmental and regulatory framework supports their work by establishing the necessary legal standards and economic conditions for detecting and preventing fraud.

These elements directly contribute to the importance and goals of forensic accounting, which include promoting financial transparency, supporting legal justice, deterring fraud, and maintaining economic stability. By integrating these components, forensic accounting fulfills its role in detecting financial misconduct, resolving disputes, and maintaining trust in financial systems—paving the way for understanding their broader significance in both institutional and legal environments.

Thus, the basic elements discussed naturally lead to an exploration of the importance and goals of Forensic Accounting, since they collectively determine its purpose, impact, and necessity in the modern financial and legal landscape.

2.1.5 Importance and objectives of forensic accounting

The objectives of forensic accounting are crystallized in two main axes; the first is to resolve financial disputes of a judicial nature, while the second is to prevent and detect attempts at financial fraud, according to the following objectives:

- Investigation of financial fraud: This includes investigating cases of fraud in financial statements, analyzing the methods used in them, proposing mechanisms for their treatment, as well as coordinating with specialists in related fields. This also includes documentation (Al-Madhoun, N. Y., & Al-Madhoun, A. B. 2021).

- Litigation support: This aspect includes the analysis of all documents related to the acceptance or rejection of the claim, followed by a review of the available documents to form a preliminary assessment of the case. It also includes determining the scope of the loss and its financial value, examining the relevant evidence to reach a favorable opinion in cases of financial fraud, by conducting a thorough analysis and verifying the correctness of calculating the amount of compensation claimed before the judicial authorities (Al-Khalidi, S. H. 2012).

- Consulting services: Consulting services vary to include the following areas: 1- Providing professional services in the framework of financial consulting, arbitration, mediation, and the like. 2- Processing and settlement of insurance claims in accordance with legal frameworks. 3- Investigation of cases of violation of professional duties or negligence in them. 4- Resolve trade disputes through appropriate settlement mechanisms (Zouache, Z., & Ben Harkat, G. 2019).

In addition to the objectives pursued by forensic accounting, the importance of this type of accounting cannot be ignored. Forensic accountants are distinguished from a forensic accounting experts in terms of professional requirements, as the latter requires scientific and practical competence that qualifies them to contribute to the development of administrative, political, and normative controls aimed at combating financial fraud, forgery and settling judicial disputes.

It also specializes in analyzing losses and determining liability for them, as well as conducting pre-analytical examinations before approving the financial statements. forensic accounting finds its applications in several areas, including (Akkeren, J. V., Buckby, S., & MacKenzie, K. 2013):

- Detection of cases of fraud and manipulation in financial reports and analysis of financial evidence related to them.

- Review and evaluate internal control systems to detect gaps that may be exploited in committing fraud or financial manipulation.

- Determining the value of financial losses in cases of insurance claims to estimate compensation accruals.

- Analyze financial disputes and examine disputed items across multiple financial periods to provide impartial reporting.

- Comprehensive investigation of suspicious activities related to fraud or financial and administrative corruption.

- Review the extent of compliance with the regulations and laws governing donations, donations, and government support.

- Assess the financial condition of enterprises under liquidation and prioritize debt repayment and creditors ' rights.

- Analysis of lost profits resulting from the loss of investment or operational opportunities.

- Providing specialized judicial consultations on financial issues.

- Prove or deny allegations of financial fraud via accounting evidence.

- Formulate financial investigation questions based on technical analysis of available evidence.

- Participation of the accounting expert in investigative Sessions to review interrogations and develop lines of inquiry.

- Contribute to the resolution of commercial disputes through mediation or negotiation based on financial reports.

Forensic accounting plays a key role in resolving financial disputes, detecting fraud, providing litigation support and consulting services. Its objectives—ranging from investigating financial fraud to assessing losses and ensuring compliance-highlight its importance in maintaining financial integrity and fairness. Due to its diverse applications, forensic accounting relies on specialized methodologies to effectively achieve these goals.

This brings us to the next crucial aspect: forensic accounting methods. Understanding the techniques and methods used in forensic accounting is necessary for carrying out investigations, analyzing financial evidence and providing expert opinions. These methods form the backbone of forensic accounting, enabling professionals to detect fraud, identify damages and accurately and credibly support legal proceedings. The next section will explore these methodologies in detail and explain how they contribute to the overall goals of the field.

2.1.6 Methods of Forensic Accounting:

The most prominent methods of forensic accounting are:

2.1.6.1 Reactive Audit

It is a specialized audit method that focuses on investigating suspicious and illegal financial activities, with the aim of detecting the presence of financial fraud or embezzlement, identifying the parties responsible for these practices, while collecting sufficient material and

accounting evidence to support the legal and criminal proceedings resulting from them (Abu Amuna, Y. M., Al Shobaki, M. J., & Abu Naser, S. S. 2020).

2.1.6.2 Proactive Audit

This type of audit focuses on examinations from several distinct aspects, which include the following (Meqbel, R., & Al-Khadash, H. A. 2023):

- Legislative Audit: This type of audit consists in studying and evaluating the internal control system, as well as checking the extent to which assets and assets are protected.

- Regulatory Audit: This type is used within the scope of government audit, where it is ascertained to what extent the relevant unit complies with applicable laws, regulations, and legislation, especially regarding the disbursement and registration of government payments.

- Diagnostic tool: This tool is used to conduct the necessary checks with the aim of identifying risks from fraud cases, with a special focus on high-risk areas.

- Investigation of allegations: This type of audit is conducted when there is a need to investigate complaints and allegations made, in order to ensure that appropriate actions are taken based on the results.

Forensic accounting uses interactive and proactive audit methods to detect, investigate and prevent fraud and financial irregularities. While interactive audits focus on screening suspicious activities after they occur, proactive audits aim to identify risks and strengthen controls to prevent fraud before it occurs. These methods highlight the specialized investigative and analytical skills required in forensic accounting, which go beyond traditional auditing.

This distinction leads to the following main discussion: differences between a forensic accountant and a legal auditor. While both roles involve financial auditing, their objectives, methodologies, and legal implications differ significantly. Forensic accountants delve into fraud detection, evidence collection and litigation support, while legal auditors primarily ensure compliance with laws and regulations. Understanding these differences is crucial in recognizing the unique contributions that every professional makes in the fight against financial misconduct.

2.1.7 Differences between forensic accountants and legal auditors:

There are many differences between forensic accountants and legal auditors in terms of tasks, qualifications, and professional fields, based on the nature of the role each plays in the financial and legal system. These differences can be explained in the following dimensions:

2.1.7.1 In terms of the main goal

Forensic accountants: aim to detect suspicious financial irregularities, track digital and physical evidence in fraud cases, and often work within the framework of judicial or forensic investigations.

legal auditors: focus on ensuring that financial records conform to accounting standards and providing reports that support the credibility of financial statements in front of interested parties (such as shareholders and regulators).

2.1.7.2 In terms of the nature of the work

Forensic accountants: work in unusual environments (e.g., surprise investigations, analysis of hidden clues), and require forensic analytical skills such as tracking invoice manipulation or electronic forgery.

legal auditors: work within a specific time frame and methodology (e.g., annual audit), and follow routine procedures based on international standards (e.g., IFRS or Generally Accepted Accounting Principles (GAAP) standards).

2.1.7.3 In terms of The Beneficiaries

Forensic accountants: they report serve law enforcement agencies (such as prosecutors and anti-corruption bodies), as well as institutions that are exposed to suspicious financial losses.

legal auditors: their reports are aimed at protecting the interests of shareholders and creditors, and are addressed to regulatory authorities, banks, and investors.

2.1.7.4 In terms of The Required skills

Forensic accountants: need specialized knowledge of criminal laws, digital investigative tools, and the ability to analyze fraudulent behaviors.

legal auditors: require in-depth knowledge of accounting and auditing standards, financial risk assessment skills, and reporting in accordance with prevailing legal frameworks.

2.1.7.5 In terms of The Legal framework

Forensic accountants: work within strict legal procedures (such as preserving evidence to be admissible judicially) and may be called to give expert testimony in court.

legal auditors: adheres to documented audit reports that serve the requirements of regulatory authorities (such as capital market authorities), without necessarily direct link to judicial proceedings.

While both forensic accountants and legal auditors work within the Financial Field, their roles, objectives, and operational frameworks differ significantly. Forensic accountants specialize in detecting financial fraud, using investigative techniques to support legal proceedings, and assisting law enforcement agencies. In contrast, legal auditors focus on verifying the accuracy of financial statements, ensuring compliance with accounting standards, and protecting the interests of stakeholders through routine audits (Yadav, S., & Yadav, S. 2013).

The main differences lie in their basic goals-fraud detection versus financial security-their working environments-unforeseen investigations versus structured audits—and their beneficiaries-judicial entities versus shareholders and regulators. In addition, forensic

accountants need experience in criminal law and digital forensics, while legal auditors need to master the principles of accounting and risk assessment.

Ultimately, forensic accounting serves an interactive and law-oriented purpose, while traditional auditing is proactive, ensuring transparency and trust in financial reporting. Both professions are vital to maintaining financial integrity but operate in distinct areas with specialized skills and responsibilities.

2.2 literature review

This review dealt with three main elements that contributed to the enrichment of the study, where the first element was represented in Arab studies, while the second element included Foreign Studies, while the third element focused on the features of the study.

2.2.1 literature in the Arab world

2.2.1.1 Study: " Forensic accounting and its role in reducing financial and administrative corruption " (Mohamed, N. M. B. 2018).

This study aimed to highlight the role of forensic accounting in reducing financial corruption practices in corporate financial reporting, as this accounting is one of the modern professions that has witnessed a remarkable development and an increase in demand for its services, especially in the wake of the global financial crisis and the spread of multinational companies and the complexity of their business operations, which led to widespread cases of financial and administrative corruption within many of these entities, and this had serious consequences represented by the collapse of some of them and the increase in lawsuits resulting from weak accounting control and the failure of auditors to perform their responsibilities.

The study sought to analyze the impact of its application and its role in detecting corruption and preventing its spread in the private sector, through a questionnaire distributed to a sample of employees and specialists, including auditors, accountants, financial managers, and administrators working in Sudanese companies. The results yielded a set of conclusions that were presented in the study as follows:

- Establishment of a professional association of forensic accountants: It is recommended to establish a specialized professional association for forensic accountants, granting them licenses that enable them to practice the profession in both the private (corporate) and public (courts) sectors, ensuring standardization and raising performance efficiency.

- Establishing binding standards for forensic accounting: It is necessary to issue accurate and binding professional standards in the field of forensic accounting, supported by a clear legislative framework, in order to reduce irrational practices and contribute to the fight against financial and administrative corruption within enterprises.

- Development of the accounting system for companies: It is necessary to modernize accounting systems in companies by adopting modern accounting technologies, such as advanced computer programs and financial analysis tools, in order to enhance transparency and fill potential gaps, as well as activate internal control systems efficiently.

2.2.1.2 Study: "The role of forensic accounting in detecting and reducing financial corruption" (Hamoodi, K. M. T., & Ahmed Saeed, S. 2018).

This study aimed to analyze the role of forensic accounting in detecting and reducing financial corruption, by addressing the conceptual framework of forensic accounting, and highlighting its importance in combating illegal financial practices. The study also sought to identify the mechanisms and tools employed by forensic accounting to help organizations and companies in detecting cases of financial corruption.

To achieve the objectives of the study, a questionnaire was designed as the main data collection tool, as it was distributed to a sample of employees of the Iraqi Integrity

Commission, focusing on the senior, middle and executive levels. The study has concluded a set of conclusions, the most prominent of which are:

- The key role of forensic accounting: The primary function of forensic accounting is to combat financial crimes, possessing the necessary analytical tools and skills to examine financial statements and go beyond the direct digital appearance to detect cases of manipulation and falsification.

- The relationship between interest in forensic accounting and the fight against corruption: There is a direct relationship between the level of interest in forensic accounting applications and increasing the effectiveness of detecting cases of financial corruption and reducing its spread, which supports transparency and financial integrity.

- The role of forensic experts in the courts: Courts - in most judicial systems-require the use of specialized experts in financial analysis to provide technical certificates in cases related to financial fraud crimes, in order to ensure technical accuracy in evaluating the evidence provided.

2.2.1.3 Study : " Forensic accounting and its role in reducing financial corruption practices" (Babiker, I. E., & Noor, M. B. M. 2018).

The problem of this study is the wide spread of the phenomenon of financial corruption, as it seeks to analyze the reality of forensic accounting in Sudan by reviewing the general concepts of the relevant variables, in order to highlight the role of forensic accounting as one of the modern entrances in accounting thought to detect and reduce corrupt practices.

In his study, the researcher relied on the questionnaire form as the main tool for collecting data, as it was distributed to a sample that included external auditors working at the National Audit Office, accredited external auditors at private accounting and auditing offices, in addition to a number of academics at Sudanese universities.

The most notable findings of this study include:

- The role of forensic accounting in the fight against corruption: The results showed that forensic accounting has an effective role in reducing illegal financial practices, by covering various informal financial activities.
- The statistical relationship between variables: The study revealed a statistically significant relationship between forensic accounting and the reduction of financial corruption, as the various methods adopted by this accounting provide guarantees for users of financial statements that they are free from manipulation.
- Differences between forensic accounting and external audit: It was found that there are clear differences between forensic accounting and external audit in terms of tasks, responsibilities, required qualifications, and procedures followed in each of them.

2.2.1.4 Study: "The role of forensic accounting and corporate governance and the complementary relationship between them in reducing financial and administrative corruption In Jordanian Public Joint Stock Companies". (Barghul, L. M. 2015).

This study aimed mainly to clarify the complementary relationship between forensic accounting and corporate governance, and how this relationship can contribute to reducing financial and administrative corruption in Jordanian Public Joint Stock Companies.

To achieve this goal, the researcher looked at the studies related to the topic, and in the research they relied on the descriptive-analytical approach to uncover this integrative relationship. Which distributed 92 questionnaires to an intentional sample, where followed a selective approach in selecting its members, who included stakeholders from shareholders and other categories who have an interest in Jordanian Public Joint Stock Companies, in addition to external auditors and parties related to the subject of my study.

The study concluded a number of significant findings, the most prominent of which is that forensic accounting is an effective tool that provides the forensic auditor with the necessary means and techniques to detect cases of financial fraud that may occur in Jordanian Public Joint Stock Companies. It was also found that the application of

corporate governance principles contributes to enhancing the level of transparency and disclosure in the financial statements issued by these companies, making them a valuable tool in reducing the manifestations of financial and administrative corruption. The results showed that there is an integrative relationship between forensic accounting and corporate governance, as this integration leads to enhancing the protection of shareholders 'and stakeholders' rights, thereby reducing the chances of corruption in Jordanian Public Joint Stock Companies.

Based on the above-mentioned findings, the study recommends the need to create the post of " forensic auditor" in the courts competent to consider civil liability cases related to auditors and board members in Jordanian Public Joint Stock Companies.

2.2.1.5 Study "The Role of Forensic Accounting in Detecting Earnings Management in Companies Listed on the Palestine Exchange" (Awad, A. M. N. 2022).

The study examines the role of Forensic Accounting in the disclosure of profit management within companies listed on the Palestine exchange. It focuses on the key elements of forensic accounting—such as investigation, valuation, expert witness testimony, procedures, and litigation—and uses financial indicators such as return on assets, turnover ratio, and debt-to-equity ratio to identify manipulative practices. The research also considers the features of earnings management, including accruals, manipulation of actual activities, creative accounting. These methods are aimed at enhancing transparency and credibility of financial statements.

The study applied a descriptive analytical methodology, using a structured questionnaire and analyzing the financial report over a ten-year period (2010-2020). The results revealed a statistically significant positive correlation between the application of forensic accounting practices and the ability to detect profit management. Companies that have implemented forensic accounting tools have shown greater effectiveness in identifying and mitigating non-compliant practices related to financial reporting. The study confirmed that these practices support regulatory efforts and improve the reliability of disclosed financial information.

The main conclusions and recommendations emphasize the need to strengthen the application of forensic accounting in Palestine through the systematic training of internal auditors and accountants. This includes strengthening its ability to monitor and control profit manipulation and the adoption of the best practices. The research calls for the institutionalization of forensic accounting as a crucial element of financial control to ensure fairness, transparency, and investor confidence in the Palestinian capital market.

2.2.1.6 Study "The reality of forensic accounting in the Gaza Strip from the point of view of judges-an exploratory field study" (Al-Madhoun, N. Y., & Al-Madhoun, A. B. 2021).

This exploratory study examines the reality of forensic accounting in the Gaza Strip from the point of view of judges, in light of the increasing financial cases and disputes resulting from the complex economic conditions in the Strip. It aimed to assess the extent to which courts need to use a forensic accountant and the role of the latter in speeding up the resolution of disputes and achieving financial Justice. The researchers adopted the descriptive analytical approach, using a questionnaire distributed to a sample of judges working in Gaza, to analyze their opinions on multiple axes related to the experiences, skills and knowledge needed for forensic accountants, and their impact on the judicial process.

In the theoretical framework, the study clarified the multidimensional concept of forensic accounting, as a discipline combining accounting, law, and criminal investigation. It also highlighted its importance in various areas such as financial fraud, loss assessment, and supporting the judiciary with the necessary technical reports. She pointed out that a forensic accountant must possess a combination of accounting, legal, and technical skills to be able to perform his role effectively.

On the practical side, the results of the study showed that there is a great agreement among judges on the importance of a forensic accountant in resolving financial disputes and confirmed that there is an obvious lack of financial knowledge among judges, which raises the need for simplified and accurate professional financial reports.

The results also showed that the majority of judges have not received sufficient financial training, which indicates the need to activate the role of the forensic accountant in an official and organized manner within the Palestinian judicial system, especially in the absence of clear legislation regulating this profession.

Major results:

- The data showed that judges recognize the need for a professional accounting expert to help adjudicate financial disputes, due to the complexity of some cases and the weak financial background of some judges.
- Poor financial qualification of judges: the study showed that the majority of judges do not have sufficient knowledge in financial and accounting matters, and have not received specialized training in this field, which reinforces the importance of financial reports prepared by specialists.
- The importance of developing legislation: the study called for the need to regulate the profession of forensic accountants through clear legislation by official bodies, such as the Ministry of justice, and the adoption of official lists of experts, in addition to subjecting judicial accountants to specialized qualification courses.

2.2.2 literature Around the World

2.2.2.1 Study: “A Metamorphosis of the Traditional Accounting: An Insight into Forensic Accounting Services in Australia.” (Akkeren, J. V., Buckby, S., & MacKenzie, K. 2013)

This study aimed to explore the latest trends in forensic accounting practice in Australia, by analyzing how accounting firms specializing in this field respond to the needs of their clients, in addition to the extent of their cooperation with academic institutions in designing curricula that ensure the qualification of highly qualified graduates that meet the requirements of the labor market in forensic accounting.

The study was based on the methodology of qualitative interviews with a number of certified forensic accountants in Australia, in order to obtain in-depth insights about the nature of the profession and its challenges.

The study found that the services provided within the framework of forensic accounting are characterized by diversity and complexity, and the results also showed a marked divergence of opinions on the optimal methods for the development of this professional specialty.

The study showed that the practice of forensic accounting requires a wide range of skills including oral and written skills, analytical and technological abilities, as well as competence in the field of accounting, which must be acquired during undergraduate or through graduate programs. The profession also requires such personal characteristics as strength of character, enthusiasm, intelligence, and the ability to work independently.

The results indicated that there is a persistent skills gap in this area, especially among graduates of postgraduate programs in Australia, which requires more efforts to bridge this gap and enhance the competence of graduates.

2.2.2.2 Study: “Financial Forensics: Way to Abate Corruption.” (Kaur, S. 2014)

This study aimed to analyze the extent of adoption and importance of Forensic Accounting in India and measure the level of awareness of its role in detecting financial fraud. It also focused on identifying the impact of Forensic Accounting in reducing fraudulent practices within the private sector.

The study group consisted of accountants working in a number of Indian companies, where the sample size was 40 accountants. The results revealed that some of the respondents lacked sufficient knowledge of the concept of forensic accounting, while the majority showed awareness of its importance. The results also indicated an urgent need to apply this profession in India, as most respondents considered forensic accounting to be an effective tool for combating financial corruption.

In light of the statistical analysis, the study recommended several proposals, including:

- Companies adopt integrated systems of forensic accounting as an institutional framework for reducing financial excesses.

- Promote scientific research to develop forensic accounting mechanisms and increase their effectiveness in the Indian context.

2.2.2.3 Study: “Strengths and weaknesses of forensic accounting: an implication on the socio-economic development” (Alshurafat, H., Al Shbail, M. O., & Mansour, E. 2021).

The study highlights the multiple strengths of the forensic accounting profession. The growing demand for forensic accounting education and services is confirmed by the increasing complexity and occurrence of financial fraud globally. Forensic accounting equips students and practitioners with interdisciplinary skills that include accounting, auditing, law, Information Technology, and criminology. These competencies enhance employability, especially in roles involving fraud detection, litigation support and business evaluation. Moreover, the profession opens up new career paths and significantly contributes to the reduction of fraud through the application of advanced investigative tools such as the Benford law and the Altman Z score.

Despite its benefits, forensic accounting faces significant weaknesses. One of the key issues is the lack of unified regulations and control, which leads to inconsistency in the requirements for professional enrollment and educational content across regions. There is no universal consensus on certification standards, and many practitioners work without formal qualifications. Educational institutions also differ significantly in how forensic accounting is taught, often reflecting different interpretations of its scope-from narrow definitions focused on fraud to broader and more integrated ones. The field also suffers from a shortage of specialized academic journals, which limits the visibility and development of research.

The inconsistencies and gaps identified pose a threat to the credibility and recognition of the forensic accounting profession. The study recommends the creation of specialized regulatory bodies, the improvement of education through standardized curricula, and the promotion of academic research through more specialized publishing platforms. Increasing public awareness of the role and importance of Chartered Accountants is also crucial to enhancing the reputation of the profession. And in general, by addressing these weaknesses, forensic accounting can become a stronger force in promoting socio-economic stability and combating financial misconduct.

2.2.3 What distinguishes the current study from previous studies

What distinguishes the current study from previous studies is the following:

2.2.3.1 Focus on the Palestinian context

While many studies have examined forensic accounting and audit quality globally, few have explored their relationship in the Palestinian context. This research addresses a critical gap by analyzing how forensic accounting techniques can enhance audit quality in Palestine's unique economic, legal, and regulatory environment, which faces challenges such as political instability, weak enforcement mechanisms, and limited resources.

2.2.3.2 The perspective of auditors as the primary source of data

Unlike many previous studies that rely on theoretical frameworks or secondary data, this investigation directly embodies the opinions of practicing auditors in Palestine. By surveying or interviewing professionals, the study provides direct empirical insights into how forensic accounting is perceived and applied in real-world audit scenarios.

2.2.3.3 Integration of practical and theoretical contributions

While previous research has often separated the technical aspects of Forensic Accounting from their impact on Audit Quality, This study links the two by evaluating specific forensic tools (such as data analytics and fraud detection methods) and their measurable impacts on Audit reliability, accuracy, and credibility in Palestine.

2.2.3.4 Politics and professional impact

This study goes beyond academic discussion by providing actionable recommendations to audit firms, regulatory bodies, and educators in Palestine. It proposes ways to integrate forensic accounting into auditing standards and professional training-a dimension that is often overlooked in broader, non-contextual studies.

2.2.3.5 Timeliness and importance

Given the elevated risk of financial fraud globally and in Palestine, This research responds to the urgent need for local strategies to improve audit quality. Many of the current studies focus on developed economies with stable regulatory regimes; this work contributes by adapting the principles of forensic accounting to a high-risk developing environment.

In conclusion, this chapter systematically reviewed the existing literature on forensic accounting and its impact on the quality of audit, and classified the studies into the Arabic, international and distinctive features of the current research. The Arab Studies (Section 2.2.1) emphasized the role of forensic accounting in the fight against financial corruption, where the results from Sudan, Iraq, Jordan, and Palestine highlighted the need for unified frameworks, specialized training, and integration with governance mechanisms. Meanwhile, International Studies (Section 2.2.2) have revealed divergent worldviews—from Australia's focus on skills gaps to India's call for institutional adoption—underscoring the evolving nature of the profession amid organizational and educational challenges.

Crucially, this study distinguishes itself (section 2.2.3) by:

- Contextual specificity: addressing the unique audit environment in Palestine, which is characterized by political and regulatory constraints.
- Empirical accuracy: prioritizing the auditors ' direct insights into theoretical assumptions.
- Practical-theoretical synergy: linking forensic tools (for example, data analytics) directly with audit quality measures.
- Actionable policy guidance: propose local strategies for regulators and companies.

By bridging these gaps, the study offers not only academic discourse, but also concrete solutions to the challenges of auditing in Palestine. The next chapter (research methodology) will detail the methods used to investigate these topics, ensuring compatibility with the unresolved questions of the literature.

Chapter 3: Research Methodology

After a theoretical examination of the various dimensions of forensic accounting and their possible impact on the quality of auditing in Palestine, it is necessary to analyze the collected data and test the study hypotheses. This involves addressing research questions and evaluating the main results derived from the responses to the questionnaire. To achieve this, the data was subjected to statistical analysis using the statistical package of Social Sciences, which made it possible to process and interpret the information collected. This approach was adopted with the aim of drawing accurate and meaningful conclusions reflecting the auditors ' perceptions regarding the application of forensic accounting in the Palestinian audit environment.

Accordingly, this chapter will deal with a description of the method used, the study population, the study sample, the data sources, and the research instrument used, the method of preparation, how to build them, preliminary tests, their validity and stability, as well as the definition and measurement of the study variable and the study model and the chapter ends with statistical analysis that will be used in analyzing and drawing conclusions of the study.

3.1 Research Approach and Philosophy

This study adopts the philosophy of positivist research, which assumes that reality is objective and measurable, and can be analyzed in a systematic way depending on empirical evidence. This philosophical framework supports the use of systematic tools and statistical techniques to study the relationships between variables and, in this case, the relationship between the application of forensic accounting practices and the quality of audits in Palestine. The application makes it possible to test hypotheses, verify the validity of measurement tools, and produce results generally to a wider segment of auditors within the professional community.

Based on the nature and objectives of the research, the study follows a descriptive-analytical approach, which is best suited for exploring the current state of the research

problem. This approach enables the researcher to systematically observe, visualize and analyze the perceptions and practices of auditors in relation to forensic accounting. The curriculum provides a comprehensive understanding of the phenomenon as it manifests itself in practice, and helps to identify patterns, relationships and possible causal effects that affect the quality of auditing within the Palestinian context.

To carry out this study, a structured questionnaire with ten items on the Likert scale was developed, aimed at measuring the perceptions of auditors about the benefits and disadvantages associated with forensic accounting. Independent variables included basic forensic accounting practices, such as fraud detection methods, strengthening auditor independence, ensuring compliance with international auditing standards, and enhancing public confidence in audit results. The dependent variable was the marked improvement in the accuracy of audit reports. The data was collected from 51 licensed auditors working in Palestine and was entered into the SPSS program for statistical analysis.

The descriptive analysis showed a significant consensus among the auditors about the benefits of Forensic Accounting, with average scores ranging from 3,235 to 3,961, indicating that the majority of auditors see a positive impact of forensic accounting on Audit Quality. Reliability analysis using Cronbach's Alpha showed a coefficient of 0.876, reflecting a high internal consistency of the elements. The analysis of the main component with Varimax rotation also revealed two distinct elements that explain more than 73% of the variance: the first represents the perceived benefits, and the second reflects structural and contextual barriers, which enhances the validity of the questionnaire and establishes a solid empirical basis for subsequent inferential analyzes.

Moreover, multiple regression analysis was used to assess the impact of Forensic Accounting dimensions on the quality of the audit. The results showed that practices such as fraud detection ($\beta = 0.363$, SE = 0.113) and strengthening public confidence in audit reports ($\beta = 0.298$, SE = 0.131) have a significant positive effect on auditors ' perception of the accuracy of reports, while some obstacles such as the absence of legal mandates or infrastructure affected to a lesser extent and limited statistical significance. The integration of these statistical results into the situational framework reflects the ability of the study to

accurately describe current perceptions, scientifically test the relationship between forensic accounting practices and audit results.

This approach enables the study to systematically answer its research questions, verify its hypotheses, and provide evidence-based insights into the impact of forensic accounting practices on Audit Quality in Palestine, while highlighting potential barriers that may limit their effective application.

3.2 Population and Sample of the Study

The target population for this study comprises licensed auditors operating within the Palestinian territories, including both external and internal auditors who fulfill audit responsibilities across the public, private, and governmental sectors. This encompasses professionals affiliated with local and international audit firms—such as the globally recognized "Big Four" (Ernst & Young, Deloitte, KPMG, and PwC)—as well as auditors embedded within internal audit departments of corporations, financial institutions, and regulatory entities such as the Palestinian Monetary Authority (PMA), the Palestinian Capital Market Authority (PCMA), and publicly listed companies on the Palestine Exchange.

Determining the precise size of this professional community presents some variance across official sources. According to the most recent data from the Board of Professional Auditing (BOPA), approximately 339 individuals are certified and licensed to practice auditing in Palestine. In contrast, the Palestinian Association of Certified Public Accountants (PACPA, 2024) reports a total of 265 active Certified Public Accountants (CPAs) with current auditing licenses, alongside 11 licensed audit firms that include both local and international entities.

Acknowledging this discrepancy, the study adopts a pragmatic approach by estimating the target population to range between 265 and 339 licensed practitioners. All individuals considered fall within the regulatory framework of BOPA and PACPA, ensuring they are duly authorized to conduct audit work within the jurisdiction of Palestine.

3.2.1 Sampling Technique

To ensure the depth and relevance of the collected data, a targeted non-probability sampling strategy was adopted. This method was deliberately chosen to attract participants who meet clearly defined inclusion criteria, thereby enhancing the credibility and applicability of the study results. Specifically, the criteria for selecting participants included the following:

- Obtain a valid certified public accountant license issued by the professional audit council,
- Being active members of the Palestinian Association of Certified Public Accountants, and
- Have at least one year of practical experience in auditing practice.

These standards are designed to ensure that participants have a broad knowledge of both traditional accounting procedures and forensic accounting techniques, enabling them to provide informed insights into the quality of audits and professional standards followed.

Furthermore, the application of a targeted stratified sampling approach was considered where possible, to promote balanced representation across key dimensions such as territorial location and organizational affiliation (e.g., public institutions, private sector entities, audit firms). This stratification aims to attract a variety of professional experiences and nuances in the context of Palestinian auditing.

The final sample consisted of 51 participants, representing auditors active in traditional and criminal audit tasks. Although the sample size was small, it was sufficient to perform robust statistical analyses using SPSS, including reliability testing, factor analysis, and regression modeling. For example, the ten elements of the Likert scale showed a Cronbach's alpha level of 0.876, which indicates a high internal consistency, and the analysis of the main component revealed a two-factor structure reflecting both the benefits and challenges of applying forensic accounting. These results indicate that the data collected, even from a targeted sample, provided reliable and meaningful insights on the perception of auditors in Palestine.

The sample also included a variety of professional contexts and levels of experience, which contributed to reflecting differences in perception related to the size of the company, the type of client and the extent of exposure to forensic accounting techniques. This variety enhances

the external validity of the results and allows a reasonable inference of the total population of licensed auditors in the Palestinian Territories.

3.2. 2 Sample Size

The target sample in this study originally consisted of about 100 to 150 certified auditors, representing about 30% to 50% of the total number of registered auditors in Palestine. This range was determined based on previous practices in empirical audit research, where similar ratios showed statistically significant results. The proposed sample size provides a balance between analytical accuracy and practical feasibility, taking into account the size of the professional community and logistical considerations related to data collection. This sample size selection can be supported using approved methodologies such as the Yamani formula or statistical power analysis, ensuring methodological rigor and proper representation of the sample.

To achieve a representative sample of the Palestinian auditing community, the questionnaire was distributed online to approximately 113 licensed auditors. Out of the total invitations sent, 63 responses were received. Yet, upon a thorough data-cleaning process to ensure quality and completeness, 12 responses were excluded as they were either incomplete or exhibited inconsistent response patterns. This left a final analytical sample of 51 valid responses, representing a 45% effective response rate.

This resulted in a final response rate of approximately 45% for valid data. While the final count of 51 is slightly lower than the initial target of 100 to 150, it provided sufficient variability and statistical power (with a Cronbach's Alpha of 0.876) to support the research objectives and ensure the reliability of the findings.

Moreover, the analysis of the main component using Varimax rotation showed the presence of two distinct factors explaining, respectively, 48.4% and 24.5% of the total variability, which indicates the adequacy of the sample size to reveal the basic structures of auditors ' perceptions about forensic accounting. Regression analysis also made it possible to extract significant and explanatory coefficients, such as the positive impact of fraud detection (β = 0.363, SE = 0.113) and public confidence (β = 0.298, SE = 0.131) on the accuracy of audit

reports. These results indicate that the sample, despite its small size, provided sufficient variability and adequate statistical power to support the objectives of the study.

Based on this, it can be concluded that, although the final sample was smaller than planned, the high reliability, clear Factor Structure and significant regression results prove that the methodically compiled data are sound and capable of providing effective analytical insights on the impact of the application of forensic accounting on the quality of audit in Palestine.

3.3 Data Collection Method

The data was collected using a structured questionnaire consisting of ten items, designed according to the Likert scale to measure auditors ' perceptions about the impact of the application of forensic accounting on the quality of the audit, as well as possible obstacles that may limit its adoption. Participants rated each item on a five-point scale, with the number 1 expressing "strongly disagree" and the number 5 representing "strongly agree". The questionnaire was distributed electronically to licensed auditors who met the specified inclusion criteria.

The items included an assessment of the perceived benefits of Forensic Accounting, such as enhancing audit accuracy, detecting fraud, increasing public trust, maintaining auditor independence, ensuring compliance with international auditing standards, as well as an assessment of possible barriers, including a shortage of forensic accounting specialists, cost concerns, lack of customer awareness, absence of binding legislation, and poor infrastructure in audit firms.

A descriptive analysis of the data showed a general consensus among auditors on the positive impact of the application of forensic accounting; the item on “improving forensic accounting methods for detecting fraud in audits" received the highest average score of 3.961 (standard deviation = 0.979), while the average score of the item "improving the accuracy of audit reports through forensic accounting" was 3.863 (standard deviation = 0.849). As for the items associated with obstacles, the averages ranged from 3.235 to 3.373, which indicates a moderate agreement on the existence of practical limitations in the application of forensic accounting techniques.

51 valid responses were obtained, which provided a sufficient data set for conducting additional statistical analyzes. After entering the data into the SPSS program, the internal reliability and the structure of the factors were evaluated, as well as regression analyzes were performed. The high total Cronbach's alpha value (0.876) confirmed the internal consistency of the questionnaire and its validity for quantitative analysis.

This methodology provides a structured framework for capturing auditors ' perceptions of the impact of Forensic Accounting and associated challenges, enabling a comprehensive assessment of how forensic accounting practices affect audit quality in the Palestinian audit environment.

3.3.1 Instrument Development

The questionnaire items were prepared based on a comprehensive review of the International Forensic accounting literature and audit quality research, and then adapted to suit the Palestinian environment, reflecting its cultural and organizational specificity. The preparation process was based on solid sources, including well-established academic studies, Professional Standards issued by the International Federation of accountants, as well as regional reports on auditing practices in the Middle East. The items are designed to reflect two main dimensions: the first addresses the expected benefits of the application of Forensic Accounting, such as enhancing the audit ability to detect fraud, raising the level of accuracy of reports, supporting the independence of auditors, and increasing users ' confidence in financial information; the second focuses on structural and contextual constraints that may limit the application, such as the absence of mandatory standards, lack of specialized competencies, high costs, and poor customer awareness of the advantages.

The ten statements were formulated in clear and neutral language to reduce the likelihood of double interpretation or bias and relied on a five-point Likert scale grading from (1) strongly disagree to (5) strongly agree, allowing both positive and negative trends to be expressed. To enhance the truthfulness of the content, the questionnaire was reviewed by an expert committee comprising three senior audit practitioners and one academics specializing in accounting, whose feedback was used to improve the wording and ensure consistency of the items with the reality of the audit profession in Palestine, in addition to covering all the

dimensions specified in the conceptual framework. This was followed by a pilot test on a small sample of licensed auditors, which resulted in minor adjustments that included rearranging some items and adding brief definitions of technical terms. These iterative steps have contributed to the production of a questionnaire characterized by clarity and accuracy and reflects in depth the target dimensions of the application of forensic accounting and its expected impact on the quality of audit in the Palestinian context.

3.3.2 Administration

The online questionnaire was carried out over four weeks using a secure platform (Google Forms). The invitations, which included a unique questionnaire link and a brief description of the study objectives, were sent via professional audit networks, PACPA contact lists, and direct e-mail to financial auditors licensed and registered with the professional audit council (BOPA). Two weekly interval reminders were also sent to boost participation rates and reduce non-response bias.

Participation in the study was completely voluntary. Before entering the questionnaire, the respondents were offered an introductory consent page indicating the objectives of the research, the expected time to complete the questionnaire (about 10-12 minutes), data confidentiality guarantee, the participant's right to withdraw at any time without any consequences. Participants were not asked to provide any personally identifiable information, and IP addresses were not recorded, ensuring full confidentiality of data.

To ensure the quality of the data, the electronic questionnaire was set to prevent sending answers from the same participant more than once, and to confirm the answer of all items before the final sending. The data was also automatically encoded and exported to SPSS software for reliability tests, factor analysis, and subsequent hypothesis tests.

3.4 Validity and Reliability

The validity of the content was verified by an expert review, which included academic supervisors and three senior auditors, assessing the clarity, relevance and comprehensiveness of the elements. A pilot study was also conducted on a small sample of auditors to ensure

that the items were understood, and their wording was refined to ensure the accuracy of the results.

As for the reliability of the internal consistency of the ten elements, they were measured using the Cronbach's Alpha coefficient, which showed a value of 0.876, exceeding the traditional limit of 0.70, reflecting the high reliability of the scale.

To examine the validity of the construction, a principal component analysis (PCA) was performed with a varimax rotation and resulted in two principal components with eigenvalues greater than 1, illustrating 48.4% and 24.5% of the total variance, respectively. The first factor represents positive perceptions of the benefits of applying forensic accounting, including the accuracy of audit reports, fraud detection, strengthening public trust, auditor independence, compliance with international standards. The second factor brought together such perceived barriers as lack of specialists, cost, poor customer awareness, absence of legal mandates, insufficient infrastructure. The load coefficients of the elements on the rotating factors ranged from 0.73 to 0.94, which confirms the existence of a stable Two-Factor Structure and is consistent with the conceptual model of the study.

3.4.1 Content Validity

The correctness of the content of the questionnaire was checked to ensure that its elements accurately represent the conceptual sphere of forensic accounting and its expected impact on the quality of the audit. A multi-step process has been followed to achieve this. First, all ten items were formulated based on a comprehensive review of the literature on forensic accounting, audit quality, and fraud detection, adapted to the audit context in Palestine. Each item has been carefully designed to reflect the distinct aspects of the concepts studied, including the accuracy of audit reports, fraud detection, public trust, auditor independence, compliance with international standards, as well as structural barriers such as lack of experience, prohibitive cost, and insufficient legal frameworks.

Secondly, the items were presented to a team of three senior auditors and one academic experts in the field of audit and forensic accounting. These experts evaluated each item for clarity, relevance, representativeness, and possible ambiguity. Based on their observations,

careful adjustments were made to the wording to ensure that the items could clearly and reliably measure the intended dimensions.

Thirdly, the preliminary statistical analysis supported the correctness of the questionnaire content. Descriptive statistics showed that the averages of items measuring the benefits of applying forensic accounting were relatively high, ranging from 3.78 to 3.96 on a 5-point scale, indicating that the respondents ' interpretation of these items corresponded to the intended meaning. Items measuring barriers recorded slightly lower averages (from 3.23 to 3.37), reflecting their conceptual distinction from items related to benefits, and confirming the ability of respondents to distinguish between positive effects and perceived obstacles.

Finally, the results of factor analysis strengthened the correctness of the questionnaire content. Two obvious factors have emerged that fully correspond to the theoretical structure: the first factor represents the perceived benefits of the application of Forensic Accounting, while the second factor represents the perceived barriers to implementation. The load coefficients after rotation also showed that all items were strongly correlated with the intended factor (ranged from -0.732 to -0.937), proving the effectiveness of each item in measuring its specific dimension. This combination of expert judgment, theoretical foundations and empirical evidence confirms dedicated support for the correctness of the questionnaire content.

3.4.2 Pilot Study

Before collecting the main data, a pilot study was conducted to ensure the clarity, relevance and reliability of the questionnaire items. The initial test involved ten auditors meeting the same inclusion criteria adopted in the main study. This test was aimed at identifying any ambiguous formulation of the elements, assessing the logical flow of them, checking the appropriateness of using the Likert scale.

The data of the experimental study were entered into the statistical system for preliminary analysis. The results indicated a strong internal consistency, the Cronbach’s Alpha coefficient was 0.876, reflecting the ability of the elements to reliably measure the infrastructure of forensic accounting perceptions. Descriptive statistics showed that the

average responses for each item ranged approximately from 3.25 to 3.96, indicating that participants used the entire scale range without a noticeable grouping at the low or high ends.

Further, a preliminary analysis of the main components was carried out using the varimax rotation to examine the structure of the basic factor. The results revealed the presence of two main components with eigenvalues higher than 1, illustrating 48.4% and 24.5% of variability, respectively. Factor uploads also confirmed a coherent grouping of elements within the perceived benefits of the application of Forensic Accounting (factor I) and the perceived barriers to implementation (factor II), thereby enhancing the correctness of the structure of the tool.

The feedback received from the participants also showed simple suggestions for improving the wording and clarifying the instructions, and these amendments were included before the distribution of the final questionnaire. In general, the pilot study provided evidence that the tool is valid and dependable, suitable for measuring the views of auditors in the main study.

3.4.3 Reliability Testing

The reliability test was conducted to verify the ability of the questionnaire to consistently measure the perceptions of Auditors regarding the application of Forensic Accounting and its impact on the quality of the audit. The internal consistency of the whole scale was assessed using the Cronbach's Alpha coefficient, which showed a value of 0.876, exceeding the usually accepted limit (0.70). This result indicates high reliability, confirming that the questionnaire elements measure the intended structure coherently.

Moreover, reliability was assessed at the factor level after the analysis of the main components was carried out, in which two main factors stood out:

1. Perceived benefits of applying forensic accounting:

This factor included five main items: accuracy of audit reports, detection of fraud in audits, strengthening public confidence in audit results, independence and objectivity of the auditor, compliance with international standards on auditing. The factor loading coefficients for these

items ranged from 0.782 to 0.937, reflecting a strong correlation with the infrastructure and confirming that the dimension of benefits is constantly measured across different items.

2. Perceived barriers to the application of forensic accounting:

This factor included five items: the lack of specialized Chartered Accountants in Palestine, the prohibitive cost of forensic accounting for clients, clients 'lack of awareness of the benefits of forensic auditing, the absence of laws or standards that require forensic auditing, and the audit firms' lack of the necessary infrastructure or resources. The factor loading coefficients of these items ranged from 0.732 to 0.881, which indicates a high reliability of the elements in measuring after barriers.

The combination of high values of the Cronbach's Alpha coefficient and strong factor loads indicates that the questionnaire is a reliable tool, regularly capturing the dimensions of benefits and barriers according to the perceptions of Auditors, which enhances confidence in the reliability of subsequent statistical analyzes, including regression analysis.

Finally, descriptive statistics at the item level also support the reliability of the questionnaire, with mean values ranging from 3.235 to 3.961, with standard deviations between 0.849 and 1.069, indicating an acceptable variance without excessive dispersion, which enhances the consistency of the responses.

3.5 Data Analysis Techniques

51 valid responses were analyzed using the SPSS program, and the data analysis included three main stages: descriptive statistics, reliability and factor analysis, and deductive statistics.

Descriptive statistics: averages, standard deviations, minimum and upper values, and quadrants were calculated for each element of the ten-item Likert scale. The results generally showed the tendency of the auditors to agree that the application of Forensic Accounting contributes to improving the quality of the audit, where the average items ranged from 3.235 to 3.961 on a 5-point scale. The highest rated items were:" forensic accounting methods contribute to improving the detection of fraud in audits"(m = 3.961, SD = 0.979), and" the

use of forensic accounting techniques increases public confidence in the audit results " (m = 3.922, SD = 0.935). The less rated items reflected structural barriers, such as "audit firms lack the infrastructure or resources to apply forensic accounting techniques" (m = 3.235, SD = 1.069). These descriptive statistics provide an initial understanding of auditors ' perceptions and highlight areas of agreement and concern.

Reliability and factor analysis: the internal consistency of the ten items was evaluated using the Cronbach's Alpha coefficient, which showed a high reliability of 0.876, indicating that the scale is consistent and dependable for measuring the perceptions of auditors. To study the dimensions of the questionnaire, the analysis of the main component was carried out with varimax rotation, two components with eigenvalues greater than 1 were extracted, explaining 48.4% and 24.5% of the variance, respectively. The first factor reflected positive perceptions regarding the benefits of Forensic Accounting (accuracy, fraud detection, public trust, auditor independence, and compliance with international auditing standards), while the second factor reflected perceived barriers (lack of forensic accountants, cost, poor client awareness, absence of laws, and inadequate infrastructure). The load coefficients ranged from -0.732 to -0.937, which supports the validity of the construction of the questionnaire.

Deductive statistics: to test the relationship between the dimensions of Forensic Accounting and the quality of the audit, a multiple regression analysis was performed using the dependent variable "forensic accounting optimization of the accuracy of audit reports". Independent variables included fraud detection methods, public trust, auditor independence, compliance with international auditing standards, and perceived barriers. The regression results indicated that:

- Fraud detection methods positively predicted audit accuracy ($\beta = 0.363$, si = 0.113),
- Public trust positively affected the accuracy of the audit ($\beta = 0.298$, si = 0.131),
- The independence of the auditor showed a less strong positive effect ($\beta = 0.254$, si = 0.152),
- While international compliance and perceived barriers showed weaker or negative effects (for example, compliance $\beta = -0.100$, absence of laws $\beta = -0.159$).

These results indicate that auditors consider the functional benefits of Forensic Accounting (such as fraud detection, public trust, and auditor independence) to have a greater impact on audit quality than structural or organizational constraints, which supports the theoretical framework linking forensic accounting practices to improvements in audit quality, with reference to the influential role of contextual factors in the Palestinian audit environment.

General approach: the combination of descriptive analysis, reliability assessment and Factor Analysis, Regression analysis allowed to conduct a comprehensive study of auditors ' perceptions and statistical relationships between the dimensions of Forensic Accounting and audit quality. This multi-stage approach ensures that the conclusions of the study are systematic, sound and empirical.

3.6 Ethical Considerations

This study adhered to the highest ethical research standards to ensure the protection of participants and the integrity of the research process. Participation was completely voluntary, and informed consent was obtained electronically before completing the questionnaire. The participants were expressly informed of their right to withdraw at any time without any consequences.

The confidentiality of the data was maintained at all stages of processing, the identity of the participants was hidden before the statistical analysis was carried out, no personally identifiable information was collected or stored. 51 valid responses were securely stored in a password-protected system, available only to the research team, and the data was used exclusively for academic purposes.

Additional ethical guarantees were also applied during the statistical analysis phase, where the results were presented in aggregate, including descriptive statistics, factor analysis, regression coefficients, in such a way as to prevent identification of participants. The results reports focus on general patterns and trends rather than individual data points, ensuring that the professional reputation and private opinions of respondents are protected.

The study also ensured transparency and fairness in the selection of participants, as only licensed auditors who met the inclusion criteria were invited, while avoiding any coercion or

unnecessary influence. The participants 'comments on the clarity of the questionnaire were also taken into account during the pilot study, reflecting the commitment to respect the participants' views and reducing the likelihood of misunderstanding.

Finally, reliable statistical methods, such as the Cronbach's Alpha coefficient and PCA test, were used to verify the validity of the survey instrument in accordance with standard scientific practices, ensuring integrity in the analysis of data and the results reflecting the real professional perceptions of the participants away from any bias or influence of a researcher.

3.7 Limitations of the Methodology

Despite the durability of the internal consistency and the validity of the construction in the study, there are several methodological limitations that should be taken into account. Firstly, the study relies on the use of non-probability samples, which may limit the possibility of generalizing the results to all auditors in Palestine. Although the sample of 51 participants represents an important part of the participating licensed auditors, it does not reflect the full diversity of experiences and perspectives across different regions, sectors and company sizes.

Secondly, the study is based on self-reported perceptions, which can lead to response bias. Auditors may tend to overestimate the positive impact of Forensic Accounting or underestimate the importance of perceived barriers due to the desire to present a positive image of themselves, professional pride, or fear of judgment. This is evidenced by descriptive statistics, where items related to benefits, such as the accuracy of audit reports, fraud detection, and public trust, recorded high scores ranging from 3.8 to 3.96, while items related to barriers, such as lack of specialists, cost, and lack of legal frameworks, came in lower scores but still within a moderate range (about 3.23–3.37), indicating a possible bias towards optimism.

Thirdly, although the sample size is sufficient for performing regression and structure factor (PCA) analyzed, the limited number of participants may reduce the statistical ability to detect small effects or to conduct subgroup analyzes. The analysis revealed two factors that explain about 73% of the total variance, but the limited number of respondents may limit the robustness of the factor structure when applied to the wider community of auditors.

Similarly, the regression results indicated significant contributions for some variables, such as fraud detection (β = 0.363) and public trust (β = 0.298), versus a lesser impact for some other variables, such as the lack of forensic accountants (β = 0.037) and audit infrastructure (β = 0.216), reflecting the possibility that some relationships may be weak or specific to the studied sample.

Finally, the dependence of the study is limited to cross-sectional data, reflecting the perceptions of the auditors at only one point in time. As the adoption of Forensic Accounting and audit practices develop over time, it will be necessary to use longitudinal data to assess causal relationships and dynamic changes. The focus on quantitative metrics also excludes the use of qualitative insights, such as detailed interviews or case studies, which could have contributed to a deeper understanding of the contextual challenges in the Palestinian audit environment.

In general, the methodology provides a solid basis for exploring the views of auditors, however, these limitations should be taken into account when interpreting the results and formulating recommendations.

Chapter 4: Findings and Results

This chapter is the analytical focus of the study, as it deals with the presentation of statistical results derived from field data collected from the study community in order to verify its basic hypotheses related to the impact of the application of forensic accounting on the quality of audits in Palestine. After reviewing the theoretical and methodological frameworks in the previous chapters, this chapter connects the experimental and applied aspects by analyzing the participants ' responses using the SPSS statistical analysis program and interpreting digital indicators to reflect the real trends in the Palestinian audit environment.

This chapter is based on a sample of (51) individuals from various professional categories including external and internal auditors, academics and auditors in the government sector, which gives the analysis comprehensiveness and depth in addressing the topic. It should be noted that while this sample size is robust for an initial study in this context, it may limit the broad generalizability of the findings to the entire population of Palestinian auditors. The following paragraphs are devoted to the presentation of the demographic characteristics of the participants, which represent the natural entrance to understanding the nature of the sample in terms of age, gender, educational qualification, work experience and institutional affiliation. These indicators reflect the professional context in which the audit profession is practiced in Palestine and help to explain attitudes and trends towards the application of forensic accounting .

The second part of this chapter presents the descriptive analysis of the questionnaire items, in which the averages and standard deviations of all statements were calculated with the aim of determining the level of general agreement among the respondents and identifying those aspects that were highly evaluated versus those that showed relative weakness. The results showed a clear contrast between the statements that addressed the benefits of applying forensic accounting in terms of enhancing accuracy, detecting fraud and increasing public

confidence, and the statements that addressed organizational and professional obstacles such as lack of competencies, prohibitive cost and poor community and normative awareness.

The third part of the analysis dealt with the consistency of the study scale through the internal stability test using the "Cronbach Alpha" coefficient, which reached a value of (0.876), a high percentage indicating the homogeneity of the phrases and the reliability of the measuring instrument. This was followed by the application of factor Analysis to determine the underlying structure of the data, where the analysis resulted in two main dimensions: the first represents the factors improving the quality of audit (such as accuracy, independence, fraud detection), and the second represents the obstacles to the application (such as lack of expertise, lack of standards and high cost). These two factors explained approximately (73%) of the total variability in the data, reflecting the clarity of the conceptual structure of the tool.

In the fourth part of the chapter, a multiple linear regression analysis was performed in order to identify the variables that most influence the improvement of the accuracy of financial reports as one of the indicators of audit quality. The results showed that the variables of fraud detection and public trust have statistically positive and significant effects ($p < 0.05$) on the accuracy of reports, which means that strengthening forensic accounting tools in these two dimensions can directly contribute to raising the quality of the audit process and the reliability of its results.

Through this integrated analysis, the chapter seeks to build a deeper understanding of the nature of the relationship between forensic accounting practices and audit quality in the Palestinian environment, highlighting the dimensions that support the effectiveness of these practices versus the obstacles that limit their spread. The findings from this chapter represent the scientific basis on which the discussions and conclusions are based in the fifth chapter, where these results will be interpreted in the light of previous literature and the local professional environment, with practical proposals for the development of forensic accounting applications in line with the specificity of the Palestinian audit market.

4.1 Demographic Profile of Respondents

This part provides a descriptive analysis of the demographic characteristics of the participants, with the aim of providing a frame of reference for understanding the composition of the research sample and its basic characteristics.

4.1.1 Age Distribution

The age profile of respondents, as detailed in figure 4.1.1, reveals a sample consisting mostly of mid-career professionals. The 25-44 age group is the most represented, together they make up 58.8% of the sample (15 respondents aged 25-34 and 15 aged 35-44). This distribution is extremely important for interpreting the results of the study.

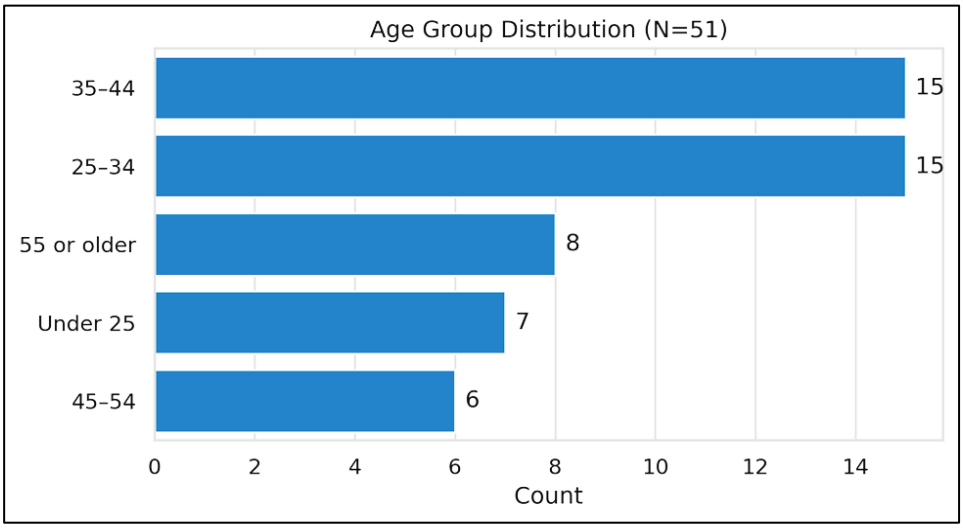

Figure 4.1.1: Age Distribution of Respondents

*Most common category: **35–44** (15 of 51, 29.4%).*

Counts and percentages:

- 35–44: 15 (29.4%)

- 25–34: 15 (29.4%)

- 55 or older: 8 (15.7%)

- Under 25: 7 (13.7%)

- 45–54: 6 (11.8%)

- Representation of the core audit workforce: this demographic concentration likely reflects the core of the active audit workforce on the ground in Palestine. Professionals in this age group typically occupy senior auditors, audit manager, or supervisory roles, putting them at the forefront of implementing audit methodologies and directly addressing challenges such as fraud and financial errors. Thus, their views are not only theoretical, but are formed through everyday practical participation, which makes their insights into the application and impact of forensic accounting especially valuable and actionable.

- A combination of innovation and experience: the distribution captures an important intersection of competencies. The 25-34 cohort often represents newly qualified professionals, digitally authentic, more receptive to innovative practices and modern technologies such as forensic accounting tools and data analytics. On the contrary, the 35-44 group brings considerable practical experience (often exceeding a decade), deeper knowledge of the industry, an experienced understanding of audit risks and client dynamics. The convergence of these two groups within the sample ensures that the data reflects a balance between innovative potential and veteran judgment, providing a comprehensive overview of the readiness of the profession to adopt forensic accounting.

- Implications for Perception and Adoption: The dominance of this age group suggests that the findings of this study reflect the views of those who are both experienced enough to recognize the limitations of traditional audit procedures and yet are still within a career phase where adapting to and adopting new specializations is feasible. Their strong agreement with the benefits of forensic accounting (as shown in subsequent sections) indicates a significant latent demand and professional consensus within the most influential segment of the audit community. However, their simultaneous recognition of implementation barriers (e.g., lack of training, cost) underscores a pragmatic understanding of the systemic challenges that must be addressed for successful integration.

- Contextualizing the Palestinian audit market: this age structure may also reflect the broader socio-economic context of Palestine, where a young population and a growing professional services sector have created a dynamic and relatively young audit profession. The high representation of this group confirms its pivotal role as potential change agents in enhancing audit quality and governance standards within the Palestinian economy.

In summary, the dominance of the 25-44 age bracket ensures that the data and subsequent analysis are not only relevant but are also representative of the perspectives held by the most dynamic and influential segment of the Palestinian auditing profession today.

4.1.2 Gender Composition

The gender distribution of the survey respondents refers to a male-dominated sample, where male reviewers make up 60.8% (n=31) of the participants. Reviews accounted for 35.3% (n=18), while a small minority 3.9% (n=2) preferred not to specify their gender.

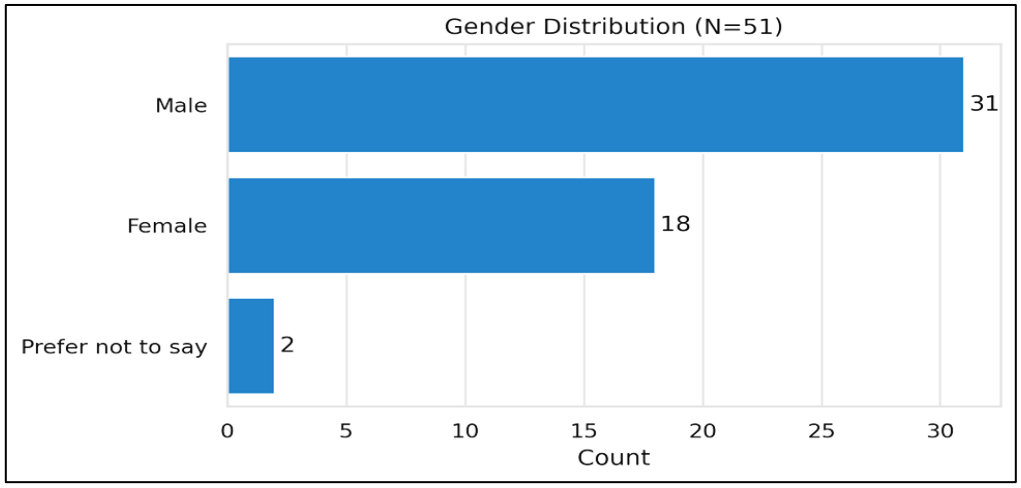

Figure 4.1.2: Gender Distribution of Respondents

*Most common category: **Male** (31 of 51, 60.8%).*

Counts and percentages:

- Male: 31 (60.8%)

- Female: 18 (35.3%)

- Prefer not to say: 2 (3.9%)

This composition is not anomalous but reflects the prevailing gender dynamics in the accounting and auditing profession in the wider region. Historical trends and societal norms have often led to a high participation rate of men in senior and field professional roles, including client-facing audit positions and leadership within audit firms.

This gendered professional landscape may present a subtle bias in the collective perspective of innovative practices such as forensic accounting. Research in organizational behavior suggests that gender can influence risk perception, ethical thinking, and attitudes towards modern technologies and methodologies.

Potential Implications for the Study:

1. Innovation perspective: the male-dominated perspective may lean towards a more realistic or cost-benefit analysis for the adoption of Forensic Accounting, which may confirm its usefulness in supporting litigation and deterring fraud. A more gender-balanced sample may have resulted in a different focus and may have placed greater relative weight on the preventive, ethical, or corporate governance aspects of Forensic Accounting.

2. Experience in specialized techniques: if access to specialized training and high-level audit engagements is uneven, the overall "readiness" or "familiarity" with the forensic techniques reported in the study can be skewed due to the experiences of the majority group.

3. Perception of barriers: the perception of some barriers, such as "customer resistance" or "cost", may be different across genders. For example, reviews may face additional layers of challenge in advocating for higher fees associated with forensic procedures in a male-dominated business environment.

It is important to note that the results of the study represent the prevailing point of view within the current professional demographic. While the data provide a pertinent snapshot of the" state of the field " in Palestine Today, the gender imbalance is a contextual factor to consider when generalizing findings and planning industry-wide initiatives. Future research could deliberately explore gender-based differences in attitudes towards forensic accounting in the context of Arab auditing to build a more fragmented understanding.

4.1.3 Educational Background

The analysis of the educational qualifications of the respondents reveals a highly educated sample, which proves the credibility and professional foundations of the collected data. As detailed in figure 4.1.3, the distribution is characterized by a solid foundation in higher education, where 60.8% (n=31) of the participants have a bachelor's degree and another 29.4% (n=15) have a master's degree. A smaller, but significant, part of the sample—9.8% (n=5)—received a doctorate or equivalent.

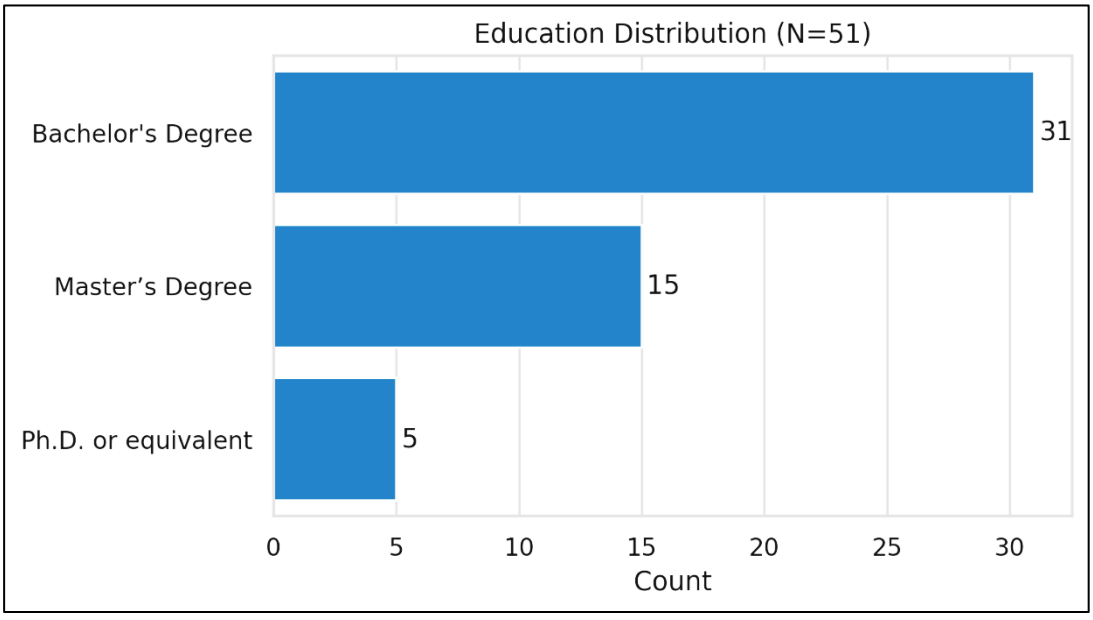

Figure 4.1.3: Education Distribution

*Most common category: **Bachelor's Degree** (31 of 51, 60.8%).*

Counts and percentages:

- Bachelor's Degree: 31 (60.8%)

- Master's Degree: 15 (29.4%)

- Ph.D. or equivalent: 5 (9.8%)

This profile carries several important implications for the study:

- Theoretical and practical convergence: the high concentration of the Bachelor's degree indicates that the sample consists of practicing professionals who have undergone standardized academic training in accounting and auditing principles. This ensures a common basic understanding of the basic audit concepts on the basis of which the most specialized principles of forensic accounting are evaluated. A sizable percentage of Master's degree holders indicate a deeper level of analytical skill and theoretical involvement, often involving advanced studies in auditing, fraud screening or financial analysis. This suggests that the respondents ' agreement on the benefits of Forensic Accounting is not based on a superficial understanding but is informed by the ability to critically evaluate its methodologies and integrate them with existing audit frameworks.

- Credibility of perceptions in a specialized field: forensic accounting is located at the intersection of accounting, law and investigative techniques. The elevated level of academic qualification within the sample indicates that the respondents are in an advantageous position to distinguish the nuances between traditional audit and forensic accounting . Thus, their positive assessment of its usefulness, in particular in promoting fraud detection and audit accuracy, can be interpreted as a reliable endorsement from a professionally qualified group, and not an opinion formed in an information vacuum.

- Professionalism and ability index: the educational composition of the sample reflects a positive trend towards professionalism within the Palestinian audit sector. The fact that more than 90% of respondents have at least a bachelor's degree indicates a commitment to the basic knowledge required in this field. Almost 30% of those with

master's degrees refer to an emerging layer of professionals seeking advanced experience, which is a prerequisite for the adoption of sophisticated practices such as forensic accounting. This existing educational infrastructure provides a fertile ground for targeted training and specialization in forensic technologies.

- The context of understanding barriers: paradoxically, such an elevated level of general academic achievement throws the identified challenges into a more acute relief. The consensus on barriers such as" lack of forensic accountants "and" lack of specialized training " suggests that there is a critical gap between foundational accounting education and specialized forensic expertise. The sample recognizes the value of Forensic Accounting not as outsiders, but as educated insiders who are familiar with the specific skill sets and knowledge that their profession currently lacks. This lends even more urgency to their calls for educational reforms, such as the integration of Forensic Accounting into university curricula and the introduction of specialized professional certificates.

In short, the educational profile of respondents is not just a demographic statistic but a key variable that enhances the validity of the study results. The report emphasizes that the perceived impact of forensic accounting on Audit Quality is expressed by a knowledgeable professional community and highlights specific educational and training gaps that need to be addressed to realize their full potential in the Palestinian context.

4.1.4 Experience Levels

The distribution of professional experience, as detailed in figure 4.1.4, reveals a sample characterized by significant work experience. The most widespread group consists of auditors with 6-10 years of experience; they make up 43.1% (n=22) of respondents. This is closely followed by experienced professionals with more than 10 years of experience, who make up 27.5% (n=14) of the sample. Cumulatively, this indicates that more than 70% of respondents have six or more years of practical experience in auditing. This is a crucial characteristic of the sample, as it indicates that the data is not derived from novice

practitioners but from individuals with a mature understanding of audit procedures, complexities and professional standards.

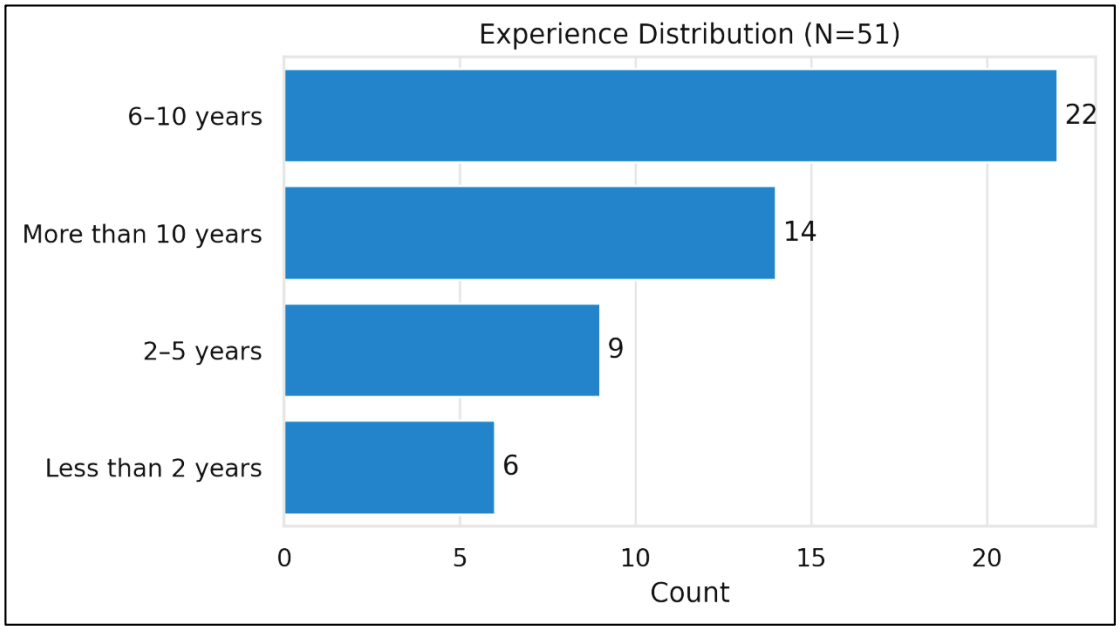

Figure 4.1.4: Experience Distribution

*Most common category: **6–10 years** (22 of 51, 43.1%).*

Counts and percentages:

- 6–10 years: 22 (43.1%)

- More than 10 years: 14 (27.5%)

- 2–5 years: 9 (17.6%)

- Less than 2 years: 6 (11.8%)

This depth of experience lends great weight and credibility to their perceptions regarding the quality of audit and the possible integration of forensic accounting . Auditors with 6-10 years of experience are usually at an intermediate level, they often occupy positions such as audit seniors or managers. They likely supervised contracts, dealt directly with clients, and encountered a variety of financial inconsistencies, giving them a perspective based on the practical limitations of traditional audits and the potential value of forensic techniques. Those with more than a decade of experience bring a broader strategic point of view, having witnessed the development of the industry, regulatory changes, complex fraud cases. Their endorsement or identification of challenges carries great authority.

The remaining respondents offer valuable complementary perspectives: those with 2-5 years of experience (17.6%, n=9) represent the emerging professional voice, are likely to be more recently educated and potentially more receptive to new technological and methodological innovations such as forensic accounting. The younger group with less than two years of experience (11.8%, n=6) offers insights on the basic knowledge and expectations that are instilled in new entrants to the profession in Palestine.

Therefore, the heavy composition of the sample ensures that the results reflect informed practical judgments rather than theoretical assumptions. It reinforces the conclusion that the strongly identified positive perception of the benefits of Forensic Accounting is a thoughtful opinion rooted in professional practice, and that the recognized barriers are real obstacles noted by those deeply rooted in the Palestinian audit environment.

4.1.5 Professional Roles

The sample shows a strategically balanced distribution across the key professional roles in the Palestinian audit landscape, as detailed in figure 4.1.5. This diversity is a great strength of the study, as it ensures that the data collected encapsulates a comprehensive set of perspectives, mitigating the bias that can arise from a homogeneous group.

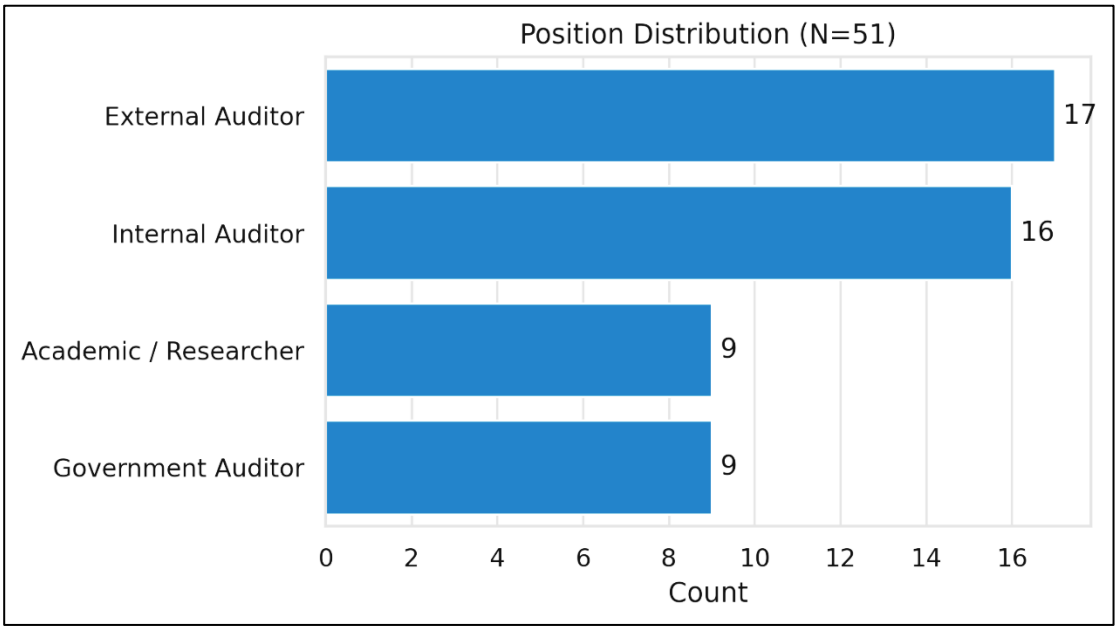

Figure 4.1.5: Distribution of Professional Roles

*Most common category: **External Auditor** (17 of 51, 33.3%).*

Counts and percentages:

- External Auditor: 17 (33.3%)

- Internal Auditor: 16 (31.4%)

- Academic / Researcher: 9 (17.6%)

- Government Auditor: 9 (17.6%)

External auditors (33.3%, n=17): as the largest particular group, the perspectives of external auditors are the focus of this research. Its role involves providing independent guarantees on financial statements to third parties (such as investors and regulators). Thus, their responses are strongly influenced by concerns about legal liability, compliance with international auditing standards, practical challenges of implementing new procedures such as forensic techniques within the constraints of audit fees and customer expectations. The elevated level of their agreement with the data on fraud detection and public confidence probably stems from a direct understanding of how forensic accounting enhances the credibility and legal defensibility of their work.

Government auditors (17.6%, n=9): this sector presents a view based on public sector accountability and anti-corruption. Their work often has a direct mandate to investigate fraud and supervise public funds. Therefore, their strong positive perception of the usefulness of Forensic Accounting, as evidenced by the high average scores of its benefits, is probably motivated by the possibility of its direct application to their task of protecting public assets and ensuring transparency in government operations. Their contributions are particularly valuable for policy recommendations and legal reforms.

Academics / researchers (17.6%, n = 9): the inclusion of this group ensures that the study is informed by theoretical rigor and an understanding of the best international practices. The academics provide a critical and forward-looking perspective on the necessary educational reforms, skills development, and alignment with the global standards required to incorporate forensic accounting in Palestine. Their responses often bridge the gap between "theoretical idealism" and "practical reality", bringing depth to the analysis of implementation challenges, such as the identified shortage of skilled CPAs.

Synthesis and embedding triangulation of data from these four distinct professional pillars enriches the results significantly. The strong consensus on the benefits of Forensic Accounting across these groups, despite their different operational contexts, confirms their perceived global value. Conversely, a thorough understanding of the barriers—from the cost sensitivity faced by external auditors to the regulatory gaps highlighted by government auditors and the training needs emphasized by academics—provides a multifaceted and robust diagnosis of the challenges facing the adoption of Forensic Accounting in Palestine. This balanced sample ensures that the study's conclusions and recommendations are not short-sighted but instead reflects the entire audit ecosystem.

4.1.6 Organizational Affiliation

The organizational background of the respondents provides a crucial context for the interpretation of the results of the study, since the perception and application of forensic accounting is inherently formed by the institutional environment, resources and mandate. The sample shows a well-distributed representation across the primary sectors that make up the Palestinian audit landscape, ensuring that the data reflects a multifaceted perspective.

As detailed in figure 4.1.6 below, the largest group of respondents belongs to local audit firms, constituting 29.4% (n=15) of the sample. This group's perspective is vital because it represents local auditing practices within Palestine. Their insights are likely to be directly informed by the realities of the local market, including customer expectations, competitive fee structures, and specific regulatory and economic challenges faced by Palestinian businesses. The perspectives from this segment are critical to understanding the ground-level feasibility and perceived value of integrating forensic accounting into routine audits.

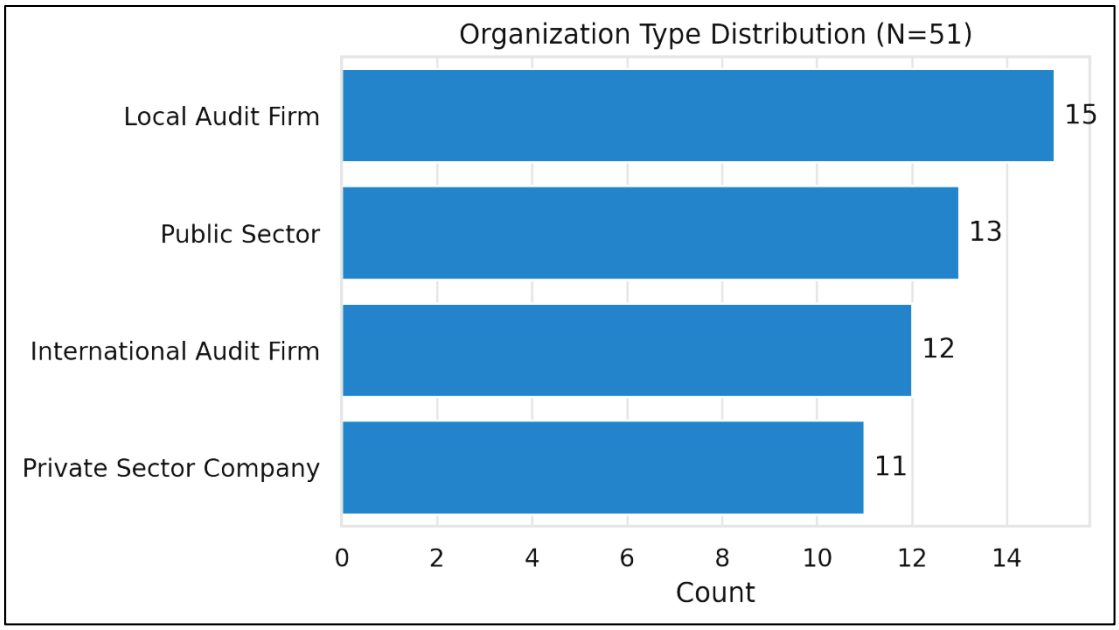

Figure 4.1.6: Distribution of Respondents by Organizational Type

*Most common category: **Local Audit Firm** (15 of 51, 29.4%).*

Counts and percentages:

- Local Audit Firm: 15 (29.4%)

- Public Sector: 13 (25.5%)

- International Audit Firm: 12 (23.5%)

- Private Sector Company: 11 (21.6%)

More closely followed, respondents from the public sector make up 25.5% (n=13) of the sample. This includes auditors working in state audit institutions and other public entities. Their point of view is considered fundamental in issues of public accountability, governance and anti-corruption. For this group, forensic accounting is not just a business service but a potential tool for enhancing financial transparency and protecting public assets. Their responses may be influenced by the distinct procedural frameworks, public scrutiny, and various risk exposures (such as procurement fraud or misappropriation of funds) that characterize public ownership.

Representing 23.5% (n=12) of respondents, professionals from international audit firms offer a differentiated and unbelievably valuable perspective. These individuals typically work within globally standardized methodologies and are often exposed to the best international practices in forensic accounting and investigative auditing. Their responses are likely to reflect a comparative understanding, measuring the Palestinian context against international standards. The contribution of this group is useful in identifying gaps in local practices and highlighting the basic requirements for compliance with global standards, which may indicate an increased readiness or demand for sophisticated forensic technologies within the portfolios of its clients, which may include larger and more complex organizations.

Finally, private sector companies represent 21.6% (n=11) of the sample, consisting primarily of internal auditors. This group provides a "demand-side" perspective from within the audited entities themselves. Their perceptions are shaped by internal corporate governance structures, risk management priorities, budget allocations for audit and control tasks. They are fundamental to understanding the internal motivations for adopting forensic accounting, such as the desire to protect shareholder value, ensure regulatory compliance, and proactively identify operational risks, as well as internal barriers, such as management resistance or perceived cost-benefit trade-offs.

This strategic distribution of the sample across domestic companies, the public sector, international companies and private companies ensures that the conclusions of the study do not deviate towards a single corporate point of view. Rather, it provides a comprehensive and holistic view of how forensic accounting is viewed across the entire financial control ecosystem in Palestine, capturing the tensions and synergies between local practices and international standards, and between public accountability and private sector efficiency.

4.2 Descriptive Analysis of Survey Items

Descriptive analysis of survey items provides a basic understanding of the collective perceptions of respondents regarding the application and impact of Forensic Accounting. The calculation of the average scores and standard deviations for each key statement provides a quantitative measure of the level of agreement or disagreement across the sample, while also

indicating the degree of consensus among the participants. The results reveal a compelling and clear narrative of the perceived value and prevailing challenges of criminal accountability in the context of Palestinian auditing.

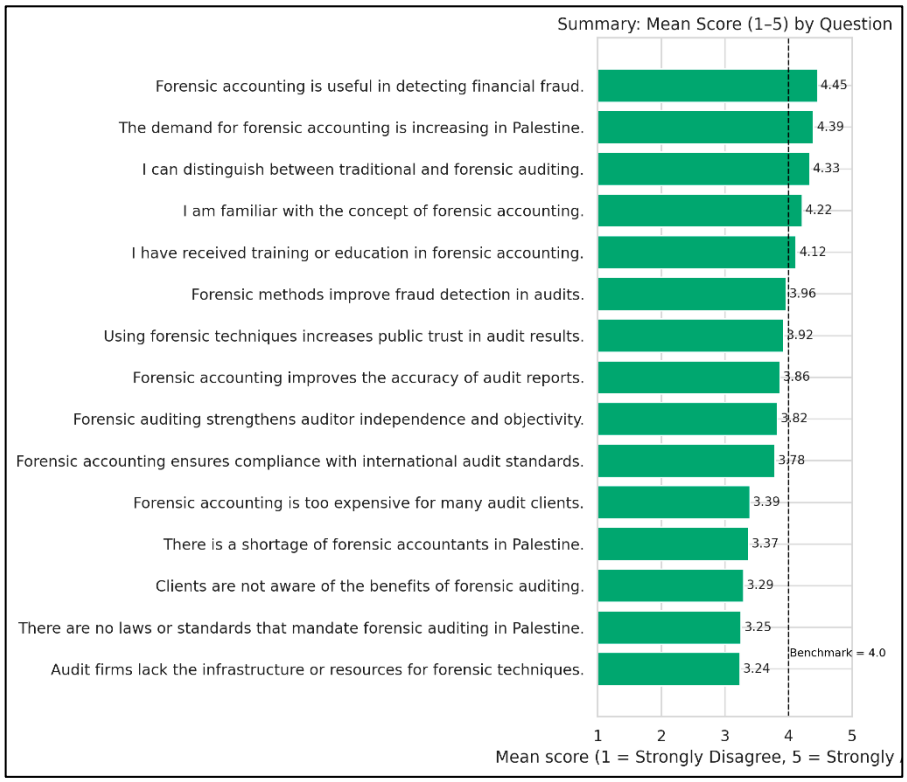

Figure 4.2: Overall Summary of Mean Scores for Key Survey Items

An amazing pattern of data appears, which can be visually estimated in the summary graph of the average score presented in Figure 4.2 The data that get the highest levels of agreement are unequivocally those that demonstrate the basic benefits of forensic accounting for the quality of the audit. At the forefront of it is the assertion that" forensic methods improve the detection of fraud in audits, " which achieved an average score of 3.96, the highest among all the items surveyed. This almost unanimous agreement confirms the view of the profession that specialized investigative techniques in forensic accounting are superior to traditional audit procedures in detecting deception and financial irregularities.

Closely aligned with this are high scores for the statements "the use of forensic techniques increases public confidence in the audit results "(mean = 3.92, SD = 0.935) and" forensic accounting improves the accuracy of audit reports " (mean = 3.86). This trio of high-scoring elements forms a cohesive group: auditors in Palestine recognize that by enhancing the ability to detect fraud, forensic accounting directly enhances the veracity of factual reports, which in turn promotes greater trust and

reliability in the eyes of the public and other stakeholders. This is also supported by the strong agreement that it " enhances the auditor's independence and objectivity "(mean = 3.82, SD = 0. 0.888) and" ensures compliance with international auditing standards " (mean = 3.78), paints a picture of forensic accounting as a multifaceted tool to enhance the overall integrity and global standing of the audit process.

However, this optimistic perspective on the potential of Forensic Accounting is tempered by an equally practical and consistent recognition of the significant barriers to its adoption. The data reveal a second distinct set of data, with significantly lower average scores, which relate to the practical and contextual obstacles faced by the Palestinian Environment. As shown in Figure 4.1, the lowest average scores are associated with methodological and resource-based challenges. The statement "audit firms lack the infrastructure or resources for Forensic Technologies" received a mean of 3.24, indicating a widespread recognition of a critical capacity gap within the local practice. This is compounded by the perception that "there are no laws or standards mandating forensic audit in Palestine" (mean = 3.25), highlighting a significant regulatory vacuum that does not provide an official mandate or framework for its implementation. Moreover, the challenge on the demand side is evident in the score for "clients are not aware of the benefits of forensic audit" (mean = 3.29), which indicates that the lack of understanding and demand from audit clients themselves serves as a major barrier. Economic feasibility is also a concern , as the respondents agreed that "forensic accounting is too expensive for many audit clients" (mean = 3.39), and there is a "recognized shortage of Forensic Accountants in Palestine" (mean = 3.37), which indicates a deficit of specialized human capital.

The distribution of responses to individual items further enriches this narrative. For example, a study of the response pattern to the item with high scores on fraud detection, as shown in Figure 4.2.1, would reveal a distribution strongly inclined towards "OK" and "strongly OK", with a relatively small standard deviation, confirming a strong and consistent positive perception. In turn, the pattern of response to such a barrier element as the absence of laws, conceived in an equivalent way, is likely to show a wider spread across "neutral"," OK "and" strongly OK", reflecting a more diverse, but still convergent, recognition of this systemic problem.

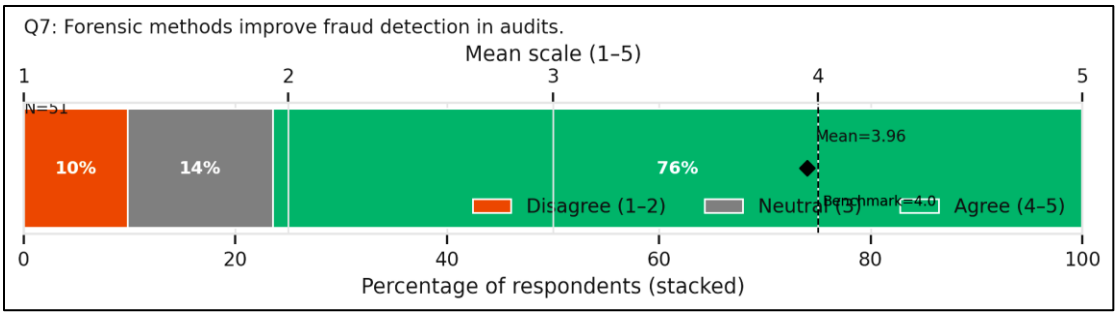

Figure 4.2.1: Sample Per-Question Chart for a High-Scoring Benefit Item

In synthesis, descriptive analysis presents a view of contrast and tension. On the one hand, Palestinian auditors are largely aware of the profound benefits that forensic accounting provides in raising the quality, credibility and strength of their work. On the other hand, they work within a professional ecosystem that they perceive as ill-equipped to support its widespread adoption, citing deficiencies in infrastructure, organization, customer awareness and economic models. This dichotomy between the recognized potential and the tested limitations is fundamental for understanding the current state of forensic accounting in Palestine and forms the decisive basis for the deeper factor and the following regression analyzes.

4.3 Reliability of Measurement Scale

The internal consistency of the survey instrument, which measured perceptions across the ten core Likert-scale items, was assessed using Cronbach's Alpha. The analysis yielded a high coefficient of 0.876. According to conventional benchmarks in social science research, a value above 0.7 is considered acceptable, and a value above 0.8 indicates good reliability. This result confirms that the measurement scale used in this study possessed excellent internal consistency, denoting that the items were homogeneous in measuring the targeted constructs. Consequently, the data collected is deemed highly dependable for proceeding with further statistical analysis.

4.4 Factor Analysis and Component Structure

A Principal Component Analysis (PCA) was performed with Varimax rotation to identify the underlying factors within the data set. The data's suitability for factor analysis was confirmed by a Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy above 0.6 and a statistically significant Bartlett's test of sphericity ($p < .001$).

The analysis extracted two components with eigenvalues greater than 1, which together explain 72.9% of the total variance (Component 1: 48.4%, component 2: 24.5%). The matrix of rotating components, shown in Table 4.4, reveals a clear and interpretable structure that cleanly separated the perceived benefits of forensic accounting from the obstacles to its implementation:

- Factor 1: audit quality enhancers. This factor is strongly loaded with data on the positive results of forensic accounting . They include high loads of items related to improving audit accuracy, enhancing fraud detection, increasing public confidence, enhancing auditor independence, and better compliance with international standards. This dimension summarizes the perceived benefits and adds value of forensic accounting for the audit profession.

- Factor 2: implementation barriers. This factor is defined by data that highlights the challenges facing the adoption of Forensic Accounting. It shows high loads for such elements as lack of experts, prohibitive costs, lack of customer awareness, absence of authorization laws, insufficient infrastructure of the company. This dimension represents the practical and contextual obstacles that limit the application of forensic accounting in Palestine.

This clear two-factor solution provides a robust empirical framework for understanding the central dynamics at play: the profession's strong belief in the potential of forensic accounting is conceptually distinct from its pragmatic recognition of the significant barriers hindering its application.

Table 4.4: Rotated Factor Loadings (Varimax)

Survey Item	Factor 1: Audit Quality Enhancers	Factor 2: Implementation Barriers
Improves accuracy of audit reports.	0.865	0.226
Improves fraud detection in audits.	0.860	0.235
Increases public trust in audit results.	0.878	0.252
Strengthens auditor independence and objectivity.	0.937	0.020
Ensures compliance with international standards.	0.782	0.059
Shortage of forensic accountants in Palestine.	0.177	0.879
Too expensive for many audit clients.	0.141	0.867
Clients are not aware of the benefits.	0.189	0.748
No laws or standards that mandate it.	0.127	0.881
Audit firms lack infrastructure or resources.	0.125	0.732
% of Variance Explained	48.4%	24.5%

4.5 Regression Analysis

Multiple linear regression was performed to assess the influence of various independent variables (other forensic accounting perceptions) on the dependent variable: "forensic accounting improves the accuracy of audit reports. “This model helps to identify aspects of Forensic Accounting that strongly predict their perceived impact on this basic quality measure.

The regression model was statistically significant; the main predictors are summarized in Table 4.4. The analysis reveals that three variables have significant positive coefficients, making them the key predictors:

- Forensic methods improve the detection of fraud in audits (β = 0.363, p = 0.003): This was the strongest predictor in the model. The positive coefficient indicates that as the belief in the efficacy of forensic accounting for fraud detection increases, so does the conviction that it enhances audit accuracy.

- The use of forensic techniques leads to an increase in public confidence in the audit results (β = 0.298, p = 0.028): this was also an important indicator, confirming the interrelated nature of the technical accuracy and perceived credibility of the audit results.

It is noteworthy that the variable "Audit firms lack the infrastructure or resources for forensic techniques" showed a positive relationship (β = 0.216) but fell short of statistical significance (p = 0.030). The negative coefficients for "No laws or standards that mandate it" and "Ensures compliance with international standards" suggest complex relationships, but they were not statistically significant predictors in this model.

The practical implications are obvious: enhancing fraud detection capabilities in audits through forensic techniques is related to enhancing the perceived reliability and accuracy of financial reports, which is the cornerstone of audit quality.

Table 4.5: Regression Coefficients for Predictors of "Improves Audit Accuracy"

Predictor Variable	Coefficient (β)	Std. Error	p-value
(Constant)	0.486	0.357	0.181
Improves fraud detection in audits.	0.363	0.113	0.003
Increases public trust in audit results.	0.298	0.131	0.028
Strengthens auditor independence.	0.254	0.152	0.102

Audit firms lack infrastructure or resources.	0.216	0.096	0.030
Too expensive for many audit clients.	0.041	0.125	0.743
Shortage of forensic accountants.	0.037	0.120	0.759
Ensures compliance with international standards.	-0.100	0.101	0.326
Clients are not aware of the benefits.	-0.081	0.086	0.352
No laws or standards that mandate it.	-0.159	0.115	0.172
Note: * p < 0.05			

4.6 Summary of Findings

This chapter provided a comprehensive analysis of data collected from Palestinian audit professionals. The results strongly demonstrate a strongly positive perception of the benefits of Forensic Accounting in enhancing audit quality, especially in the areas of fraud detection, report accuracy, and public trust. This is strongly summarized in the average of the overall scores of the survey items, as shown in Figure 4.6 below.

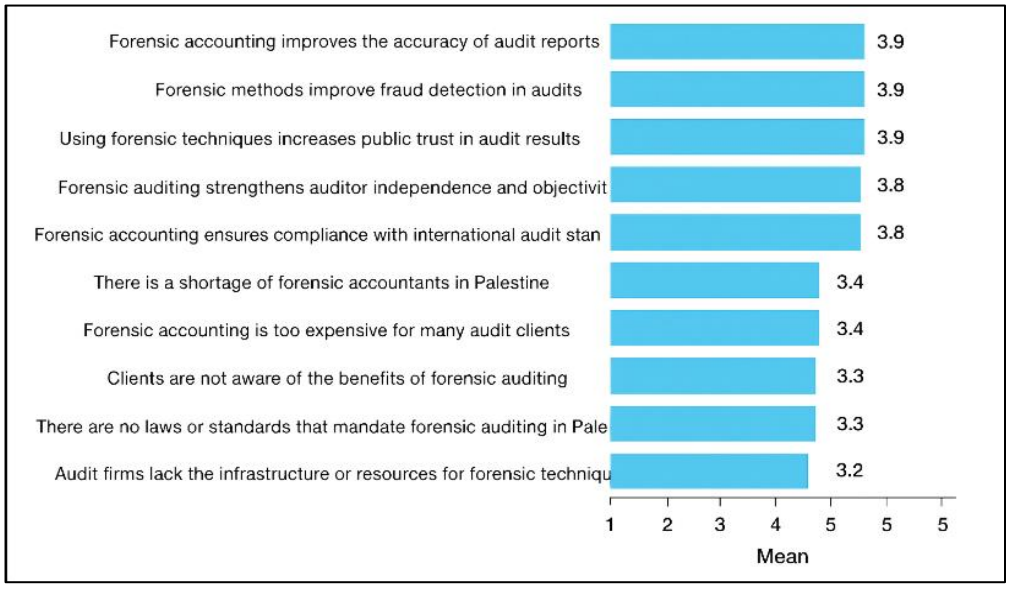

Figure 4.6: Summary of Mean Scores for Survey Items

At the same time, the study identifies a critical set of barriers-including cost, lack of skilled professionals, lack of supporting legal standards, and inadequate regulatory infrastructure—that are currently hindering its full integration into the Palestinian audit market.

Factor analysis crystallized these findings into two distinct dimensions:" audit quality enhancers " and " implementation barriers. “Regression analysis has improved this by identifying fraud detection and public trust as the main drivers of the marked improvement in audit accuracy. In essence, the Palestinian audit profession finds itself at a crossroads: there is a clear recognition of the transformative potential of forensic accounting for the quality of audit, but this softens the practical awareness of significant institutional, economic and organizational limitations that need to be overcome. This tension between professional capacity and institutional constraints defines the current landscape and paves the way for the recommendations and conclusions that will follow in the last chapter.

4.7 Discussion of Key Findings

The field data obtained from the opinions of auditors in Palestine reflect a rich analytical landscape that combines firm professional conviction with complex real-world challenges. On the one hand, there is an almost complete agreement among the participants about the profound positive impact that forensic accounting can have in enhancing the integrity and reliability of audits. On the other hand, there is a clear awareness of the existence of structural and methodological obstacles that limit the wide spread of their applications in practice.

To explain this contradiction comprehensively, the discussion was organized within the framework of two main dimensions drawn from the analysis of the basic components, which constitute the interpretive axis of the vision of the Palestinian auditors. The first dimension is the perception of Forensic Accounting as a stimulating tool for improving the quality of

audit, while the second dimension highlights the applied obstacles that determine the features of the local professional reality.

4.7.1 The Recognized Potential: Forensic Accounting as an Audit Quality Enhancer

The field results of this study highlight the existence of a clear and strong agreement among auditors in Palestine on the pivotal role of forensic accounting in enhancing the quality of audits within their professional environment. This agreement is not just a passing opinion, but reflects a firm professional conviction supported by the high averages shown by the data across various indicators associated with the practical benefits of forensic accounting methods.

This agreement becomes even more important when we observe the exact harmony between these perceived benefits and the ongoing and complex challenges that characterize the financial reality and auditing practices in the Palestinian context. The data clearly indicate that those working in the field do not treat forensic accounting as an idea or an abstract theoretical framework but see it as a realistic and necessary tool that fits the nature of local challenges and responds to the requirements of the professional environment effectively.

Among the most prominent identified advantages is the improvement of fraud detection capabilities, which achieved the highest mean score of agreement (3.96) across all questionnaire statements. This result is strongly supported by the regression analysis, which indicated that fraud detection is the most influential variable in predicting enhanced audit accuracy ($\beta = 0.363$, $p = 0.003$). The significance of this finding is particularly profound within the Palestinian environment. In a reality where the Palestinian Central Bureau of Statistics reports thousands of fraud cases, and where the complex socio-political conditions give rise to obscured financial operations and intricate governance structures, conventional auditing methods are increasingly perceived as inadequate. Practicing auditors in Palestine, through their accumulated professional experience, seem to have reached a shared understanding that traditional audits—largely reactive and based on limited sampling—are insufficient to uncover the calculated and concealed mechanisms often underlying financial misconduct.

The shortcomings of conventional auditing within this context are complex and multifaceted. Traditional audits are primarily intended to provide reasonable assurance that financial statements do not contain material misstatements, whether arising from errors or fraudulent activities. Yet, because these audits rely on sampling, they cannot serve as definitive mechanisms for detecting fraud. Sophisticated schemes—particularly those involving collusion or the avoidance of controls by senior management—often remain hidden within the large volume of transactions that typical audit samples may overlook. In the Palestinian context, where business practices can be impervious and informal networks exert considerable influence, the likelihood of such concealed fraud is notably higher.

Forensic accounting, in contrast, operates on a fundamentally different principle. It is investigative and guided by specific hypotheses, rather than by general compliance procedures. Instead of sampling, forensic accountants follow the trail of financial activity. Core techniques include lifestyle audits, which compare personal expenditures against declared income; network analysis, which uncovers concealed connections between ostensibly unrelated entities; and the application of specialized software to detect subtle patterns across entire datasets. This transition from a compliance-driven, sample-based approach to a suspicion-driven, holistic examination represents the essential advancement recognized by Palestinian auditors in addressing the fraud endemic to their operational environment.

In contrast, forensic accounting, characterized by its proactive and investigative orientation, provides a more effective framework through techniques such as tracing concealed assets, analyzing non-financial indicators, and conducting interviews aimed at detecting deception. Consequently, it is regarded as an essential professional tool in combating the fraudulent activities that hinder sustainable economic growth. This interpretation aligns with the findings of Awad (2022), who confirmed the effectiveness of forensic accounting in identifying earnings management practices in the Palestine Exchange, and with the study by Al-Madhoun (2021), which highlighted the judiciary's growing demand for specialized forensic expertise to resolve complex financial disputes in Gaza.

The findings of the study reveal that auditors possess a well-developed awareness of the broader systemic significance of forensic accounting, particularly in its role in enhancing

public trust (Mean = 3.92) and strengthening the precision of audit reports (Mean = 3.86). The regression analysis further validates the interrelation between these factors, indicating that an increase in public trust significantly contributes to the perceived enhancement of audit accuracy ($\beta = 0.298$, $p = 0.028$). Within the context of Palestine's evolving economy—marked by persistent challenges yet driven by aspirations for stability and growth—the reliability of financial information serves as a foundational pillar of confidence. Auditors recognize that their reports extend beyond technical compliance; they function as critical instruments of assurance for diverse stakeholders, including local business owners, international development partners, and members of the Palestinian diaspora whose investments are essential to economic resilience.

The connection between forensic accounting and public confidence extends beyond theory, carrying concrete economic implications. In an economy that depends heavily on international aid and investment from the diaspora, the credibility of financial reporting plays a decisive role in attracting capital. A record of corruption incidents or even the perception of weak financial oversight can create what may be termed a "Palestine risk premium," compelling investors and donors to seek higher returns to offset the perceived risks, or in some cases, to withdraw their engagement entirely. Integrating forensic techniques into the audit report transforms it into a potent signal for external stakeholders.

It demonstrates that the organization is subject to rigorous scrutiny, that management prioritizes transparency, and that potential fraud or misrepresentation is being proactively addressed. For Palestinian firms aiming to secure foreign joint venture partners or to list on regional exchanges, audit verification that incorporates forensic elements can provide a notable competitive advantage. It allows the company to transcend a problematic collective reputation and emerge as a model of reliable and ethical business practices.

By incorporating forensic accounting practices—characterized by rigorous scrutiny, professional skepticism, and detailed verification—the traditional audit report evolves from a standard assurance document into a more credible and resilient representation of reliability. In an environment periodically shaken by corruption-related concerns, the application of forensic accounting emerges as a visible demonstration of commitment to transparency and ethical accountability. Hence, this shift does not merely constitute an enhancement in

methodology; it signifies a strategic transformation for the Palestinian auditing profession, positioning it as a guardian of integrity and a catalyst for sustained economic confidence.

In conclusion, the perceived contribution of forensic accounting to reinforcing auditor independence and objectivity (Mean = 3.82) reflects a core principle of the auditing profession, one that encounters unique challenges within the Palestinian context. The local audit environment is shaped by tightly connected business circles, overlapping family and commercial ties, and client-driven pressures within a competitive market—all factors that may compromise an auditor's impartiality. The results suggest that auditors regard the forensic approach as a safeguard against such influences. Its systematic methodology, reliance on verifiable evidence, and structured legal orientation offer a credible layer of professional protection. When audit conclusions are anchored in objective, evidence-based findings derived through forensic procedures, attempts by clients to exert undue influence become considerably less effective. This reliance on empirical verification enables auditors to maintain their ethical responsibility toward the public good, fostering fairer professional judgments and elevating the ethical standing of the auditing field within Palestinian society.

A forensic approach provides the auditor with a methodological safeguard. When confronted with pressure from a powerful client to modify a finding, the auditor can reframe the discussion in a defensible manner. Rather than presenting the issue as a subjective disagreement, it is recast as a matter grounded in documented, legally admissible evidence. The auditor can emphasize that conclusions are not simply opinions but are derived from a meticulous, evidence-based investigative process, supported by work papers and analyses prepared with the possibility of judicial scrutiny in mind.

This shift fundamentally alters the power dynamic, transforming disputes into professional, objective evaluations rather than relational confrontations. Additionally, introducing a forensic element into an audit engagement communicates, from the very beginning, the auditor's dedication to rigor and independence. This proactive stance can discourage clients with potentially concealed issues from attempting undue influence. In doing so, it strengthens the ethical foundation of the auditing profession and empowers auditors to uphold their findings with confidence.

4.7.2 The Palestinian Reality: Systemic Barriers to Implementation

The field results indicate that there is a broad agreement on the theoretical importance of the concept of forensic accounting, but the practical reality reflects a completely different picture. Attempts to integrate these advanced practices into the Palestinian auditing environment face a complex system of deep-rooted structural obstacles. These constraints have clearly emerged as an influential and coherent factor in the results of the analysis of the main components, forming a solid barrier that goes beyond the limits of professional optimism. Accordingly, the transition from the stage of recognition of the value of forensic accounting to the stage of its actual application remains hampered by a series of methodological shortcomings that reflect the specificity of the socio-economic and organizational reality in Palestine.

- The Regulatory and Legal Vacuum:

The foremost obstacle recognized by professionals lies in the evident absence of a coherent legal and regulatory framework to support forensic auditing. With an average rating of 3.25, the statement that "no laws or standards currently require the implementation of forensic auditing in Palestine" highlights a significant structural deficiency. In contrast to countries where regulatory bodies such as the Securities and Exchange Commission (SEC) or financial conduct authorities have integrated forensic-oriented practices into their supervisory systems, Palestinian institutions—namely the Palestinian Capital Market Authority (PCMA) and the Board of Professional Auditing (BOPA)—have not yet established explicit guidelines or binding standards for forensic procedures.

This legislative void sustains a cycle of stagnation. Without a formal directive from governing institutions, audit firms lack regulatory motivation to allocate resources toward building forensic expertise. Simultaneously, the absence of active engagement from the auditing sector weakens the perceived necessity for intervention by regulators. This mutual dependency creates a systemic standstill, often described as a "chicken and egg" scenario, which constrains institutional progress. Consequently, forensic accounting remains suspended in a state of legal ambiguity—its application left to professional discretion, resulting in limited and inconsistent practice across the field.

This regulatory inertia can be unpacked along several dimensions. First, the issue of mandate and operational capacity within the regulatory authorities themselves is central. Both the PCMA and BOPA frequently function under conditions of limited resources and competing priorities, such as maintaining basic market stability and ensuring compliance with conventional auditing standards. Crafting a new, intricate standard for forensic accounting demands substantial technical expertise, thorough legal vetting, and extensive consultation with stakeholders—a resource-intensive endeavor for which these bodies may currently lack adequate staff or bandwidth. Second, the situation is shaped by a political economic perspective.

The introduction of rigorous forensic auditing standards could be interpreted as antagonistic by influential business actors who benefit from the existing opacity. Regulatory bodies, especially in developing economies, often face political pressures that dissuade them from pursuing reforms potentially disruptive to entrenched interests. Consequently, the so-called "chicken and egg" dilemma is not merely a tension between regulators and professionals but is embedded within a broader ecosystem characterized by resource limitations and political constraints, which collectively impede proactive regulatory innovation in this domain.

- The Critical Deficit in Human Capital:

Exacerbating the regulatory gap is a pronounced scarcity of qualified professionals, reflected in a mean score of 3.37. The number of accountants in Palestine with formal training or certification in forensic disciplines remains strikingly low. This deficiency is not accidental; it stems directly from persistent weaknesses within both educational and professional frameworks. Palestinian universities have been slow to incorporate specialized courses in forensic accounting and fraud examination into their core accounting programs, leaving graduates without the investigative mindset or technical competencies required in this field. Additionally, pursuing internationally recognized certifications, such as CFE or CTFA, presents considerable logistical and financial obstacles for Palestinian practitioners, including restricted access to preparatory resources and the prohibitive cost of examinations. Consequently, the skills gap frequently highlighted in global research is amplified in

Palestine, producing a situation in which even if demand for forensic expertise were to increase, the current workforce would be ill-prepared to meet it.

The challenge of developing human capital in forensic accounting operates as a self-perpetuating cycle. The scarcity of local educational programs compels aspiring professionals to seek training abroad, a path that is both expensive and often complicated by travel limitations. International certifications typically require substantial financial investment, with costs for study materials and exam fees running into several thousand dollars—an amount that is prohibitive for the typical Palestinian accountant, whose income is far below international standards.

Coupled with the absence of a clear local demand for such expertise, the personal return on this investment is uncertain, creating a logical deterrent to pursuing this career path. This situation represents a market failure in cultivating specialized skills. Even when a small number of individuals achieve these credentials, they frequently encounter professional isolation and limited opportunities to apply their knowledge, as the local market has yet to create sufficient demand. This dynamic often drives skilled professionals to seek employment in Gulf countries or other regions, resulting in potential brain drain. Consequently, the gap in expertise is not fixed but rather self-reinforcing, continuously obstructing the emergence of the critical mass of specialists necessary to advance the field.

- Economic and Infrastructural Constraints:

The economic conditions prevailing in the Palestinian audit market impose an additional set of substantial challenges. Survey participants indicated that the prohibitive cost of forensic accounting (Mean = 3.39) and a concurrent lack of requisite infrastructure within audit firms (Mean = 3.24) are key barriers. The local auditing landscape is marked by fierce competition on fees and narrow profit margins, particularly among small to medium-sized firms. Clients, who themselves often face financial constraints, tend to resist any increase in service charges. Within this context, the considerable investments needed to develop forensic accounting capabilities—including hiring specialized personnel, acquiring advanced data analytics software, implementing digital forensic tools, and maintaining ongoing professional development—are widely regarded as financially impractical. As a result, most domestic

firms do not possess the technological foundation or resource allocation necessary for conducting thorough forensic investigations, leaving such initiatives largely aspirational until more favorable market conditions emerge.

The economic barrier stands out as perhaps the most immediate and tangible constraint. To understand this, it helps to dissect the cost components involved. First, the direct expenses of conducting a forensic audit are substantial. The process is highly labor-intensive and demands professionals with specialized expertise, whose services come at a premium. Additionally, licenses for data analytics software—such as ACL, IDEA, or other advanced digital forensics tools—can amount to several thousand dollars each year.

Beyond direct costs, there are significant opportunity costs and competitive pressures to consider. In a market characterized by clients who are extremely price-conscious, firms that attempt to offer higher-cost, forensic-enhanced audits risk pricing themselves out of routine engagements. Competitors operating without such overheads can easily offer lower rates. Furthermore, developing the capacity to perform forensic audits involves a classic "leap of faith," requiring considerable sunk investments in both training and technology now, while the potential returns remain uncertain and long-term.

For small and medium-sized practices (SMPs) that dominate the Palestinian market, this represents a risk they are often unable to assume. Their operational model depends on high volumes and narrow margins from standard compliance work, rather than on high-value, specialized consultancy services. Therefore, the economic barrier is not simply about absolute cost; it reflects a deeper misalignment between the prevailing audit business model in Palestine and the investment needed to establish a forensic accounting capability.

- The Awareness Gap and Market Immaturity:

A major challenge arises from the interplay between perception and the maturity of the market. Client awareness of the advantages of forensic auditing remains low, as indicated by an average score of 3.29, which directly suppresses demand at its source. Many business owners and managers across Palestinian public and private institutions possess only a limited grasp of corporate governance principles and proactive risk management.

For them, audits are often viewed merely as statutory obligations rather than as tools that add strategic value. In this context, forensic accounting is frequently misinterpreted as an unnecessary expense or worse, as an antagonistic measure suggesting pre-existing doubts. This gap in understanding significantly undermines auditors' ability to advocate for forensic services; proposals to include forensic components are often met with confusion or outright rejection. Clients struggle to recognize the potential of such services to protect assets, strengthen operational integrity, and support the long-term sustainability of their organizations. Consequently, the development of the market for forensic accounting remains constrained until there is a fundamental shift in client perception.

This gap in awareness is deeply rooted in both cultural norms and organizational structures. Within many family-owned enterprises—an integral component of the Palestinian economy—financial data is treated as extremely sensitive, and the idea of an external auditor scrutinizing transactions can be perceived as an intrusion on trust or an encroachment on the family's authority. In such contexts, audits are often regarded merely as a regulatory expense rather than a strategic investment in risk management and value protection.

Compounding this issue is a widespread misconception about the nature of forensic accounting. It is frequently misunderstood as synonymous with criminal investigation, reserved only for instances where substantial fraud has already occurred. Business owners seldom recognize forensic accounting as an proactive, preventative mechanism. They often overlook the capacity of a forensic audit to pinpoint inefficiencies in procurement, uncover cumulative small-scale internal theft, or verify the integrity of a potential acquisition, ultimately yielding financial benefits that far exceed the cost of the service.

Addressing this divide demands extensive educational initiatives that reposition forensic accounting—not as a policing function—but as a vital strategic instrument to protect and enhance the value of the enterprise.

In essence, the Palestinian audit sector faces a striking paradox: while there is a clear intellectual recognition of the value of forensic accounting, its practical application remains severely limited by a complex network of obstacles. The absence of robust regulatory incentives, the shortage of skilled professionals, restrictive economic conditions, and a

relatively immature client base collectively reinforce a status quo that resists transformation. Overcoming these barriers demands a deliberate, multi-dimensional strategy that extends beyond simple recognition, focusing instead on targeted, context-sensitive solutions.

4.8 A Strategic Roadmap for Integrating Forensic Accounting into the Palestinian Auditing Ecosystem

The gap between the acknowledged potential of forensic accounting and its present level of practice in Palestine, as clearly highlighted by the empirical evidence of this study, cannot be closed through sporadic initiatives or by simply hoping for natural progression. The obstacles are structural, deeply embedded within the political, economic, and institutional context of the Palestinian territories. Therefore, any response must be equally deliberate, strategic, and multi-faceted. The recommendations presented here are more than a set of isolated suggestions; they constitute an integrated, actionable roadmap aimed at the principal stakeholders within the Palestinian national framework. Successful implementation will demand coordinated collaborative efforts to elevate forensic accounting from a specialized, largely theoretical discipline to a principal component of financial governance and audit quality.

4.8.1 For Regulatory and Professional Oversight Bodies (PCMA, BOPA, and PACPA)

Regulatory authorities serve as the central force driving transformative change. Entrusted with safeguarding public interests and maintaining the integrity of financial markets, they occupy a pivotal role in shaping and implementing an advanced framework for forensic auditing.

- Promulgate a Palestinian Forensic Auditing Standard (PFAS):

The Palestinian Capital Market Authority (PCMA), in collaboration with the Board of Professional Auditing (BOPA), should launch a structured initiative to develop and issue a mandatory standard. This standard would act as a complement to conventional auditing practices rather than replacing them, emphasizing a forensic-oriented approach in areas with elevated risk. The formulation process should be comprehensive, engaging auditors, scholars, and legal specialists to ensure both practical applicability and legal soundness.

At the outset, the Palestinian Forensic Auditing Standard (PFAS) could be applied on a "comply-or-explain" basis to publicly listed companies exhibiting particular risk characteristics—for instance, firms operating in the financial sector, those with intricate ownership arrangements, or entities that have recently experienced substantial mergers or acquisitions. Such a gradual rollout would enable the auditing profession to develop necessary capabilities without being overextended, while simultaneously generating evidence of effectiveness to support its eventual broader adoption.

To enhance the practical applicability of this recommendation, the proposed standard could be developed as a modular supplement to the existing International Standards on Auditing (ISA). Specifically, it could require that audit plans for high-risk entities explicitly incorporate a Forensic Risk Assessment (FRA). Unlike conventional risk assessments, this FRA would demand a deeper, targeted evaluation, including: 1) a detailed examination of management override controls, featuring tests on all journal entries exceeding a predetermined threshold through data analytics; 2) comprehensive background investigations of senior management and principal suppliers or customers to uncover any undisclosed related-party relationships; and 3) the deployment of ratio analysis and digital screening tools to detect anomalies in financial statements that may signal earnings management. By articulating the Palestinian Forensic Auditing Standard (PFAS) as a set of precise, procedural actions rather than a general principle, auditors are provided with clear, actionable steps that promote consistent implementation and generate quantifiable results.

- Establish a National Certification for Forensic Accountants:

The current deficit of qualified experts represents a major obstacle to progress. The Palestinian Association of Certified Public Accountants (PACPA) holds a strategic position to overcome this challenge by establishing a nationally recognized professional credential—such as the Certified Palestinian Forensic Accountant (CPFA) designation. This certification should be designed in collaboration with reputable international organizations like the Association of Certified Fraud Examiners (ACFE) to ensure it meets global standards, while also incorporating a distinctly local focus.

The program's curriculum should integrate components related to Palestinian commercial legislation, the operational realities of the domestic banking sector, the intricacies of cross-border transactions involving Israel and Jordan, and the investigation of financial misconduct within donor-funded initiatives—an area that plays a pivotal role in the Palestinian economy. Developing such a credential would not only create a structured and prestigious professional trajectory but also encourage practicing accountants to pursue specialization and motivate new professionals to enter the field, thereby contributing to the systematic strengthening of the nation's human capital.

A pivotal element in ensuring the success of this certification lies in its financial and logistical accessibility. PACPA could engage with international organizations, such as the ACFE, to develop a localized version of the CFE examination, delivered in Arabic at a considerably reduced cost, accompanied by study resources translated and contextualized for the Palestinian environment.

In addition, to cultivate a continuous talent pipeline, PACPA might provide scholarships or subsidized examination fees to the highest-achieving graduates from Palestinian accounting programs, thereby fostering academic excellence. The certification should also incorporate requirements for ongoing professional education (CPE) credits, particularly in areas such as local anti-money laundering legislation and the investigation of fraud within the public sector, ensuring that practitioners maintain up-to-date and practically relevant expertise. This approach would establish a sustainable ecosystem of specialized knowledge.

- Integrate Forensic Considerations into the Palestinian Audit Law and Enforcement Mechanisms:

Reform efforts are essential to modernize the legal framework that regulates the auditing profession in Palestine. The existing legislation should be revised to explicitly establish auditors' proactive duty to assess and address the risk of material misstatement arising from fraud, rather than merely responding after such issues occur. In addition, the law must strengthen the legal protection afforded by auditors engaged in forensic accounting work. This includes formally defining the legal standing and evidentiary acceptance of forensic audit reports within Palestinian courts, as well as ensuring protection from defamation claims

against auditors who, acting in good faith, disclose suspected fraudulent activity. Without such a legal safeguard, auditors are likely to remain cautious and reluctant to undertake the in-depth and often adversarial inquiries that forensic accounting requires.

This legal reform serves as the foundational pillar supporting all subsequent initiatives. The updated Audit Law must incorporate a clear provision establishing a "safe harbor" for auditors. Under this provision, auditors acting in good faith and relying on credible evidence obtained through forensic procedures would be shielded from liability for breaches of confidentiality or defamation when reporting suspected fraud to the relevant authorities, such as the PACC. Such protection is essential; without it, the personal and professional risks associated with forensic auditing become prohibitively high.

Additionally, the law should stipulate that forensic audit reports, prepared in alignment with the proposed Palestinian Forensic Auditing Standard (PFAS), carry a presumption of reliability in Palestinian courts. This shifts the burden of proof onto the opposing party, who would then be required to challenge either the methodology or the findings. By doing so, the work of forensic accountants is elevated from a professional opinion to recognized expert evidence, significantly enhancing its influence within the judicial process.

4.8.2 For Universities and Academic Institutions (e.g., Birzeit University, An-Najah National University, Islamic University of Gaza)

Universities serve as the foundational grounds for cultivating the professionals of tomorrow. Beyond merely transmitting knowledge, they play a crucial role in molding both the intellectual acumen and the ethical principles of the upcoming cadre of auditors.

- Curricular Integration and Specialization:

Accounting education must undergo a significant transformation. Undergraduate programs should require a dedicated course in forensic accounting and fraud investigation. At the graduate level, institutions ought to provide specialized Master's programs or postgraduate diplomas focused on Financial Forensics. Instruction should extend beyond theoretical frameworks, emphasizing firsthand learning through case studies derived from actual, anonymized financial scandals in the Arab region and Palestine. Students must gain practical

experience in utilizing data analytics tools, conducting investigative interviews, and analyzing intricate transaction networks, equipping them with the skills necessary to navigate the complexities of the profession.

The structure of these courses is of paramount importance. Ideally, they should be co-instructed by university academics alongside practicing forensic accountants or legal professionals, ensuring a seamless integration of theoretical knowledge and practical application. The curriculum ought to feature a compulsory component, such as a "Forensic Accounting Laboratory," in which students engage with anonymized, real-world datasets sourced from Palestinian companies to detect warning signs of financial irregularities. For example, students might be provided with a company's general ledger and tasked with employing data analytics tools to uncover suspicious journal entries, or they could examine procurement procedures to pinpoint potential kickback schemes. This firsthand approach is essential for cultivating a new cohort of graduates who are not only well-informed but also equipped with immediately applicable, marketable skills.

- Executive Education and Interdisciplinary Collaboration:

To bridge the skills gap currently observed among professionals in practice, universities should position themselves as centers for ongoing professional development. This involves offering targeted short courses, intensive certificate programs, and workshops designed specifically for auditors, internal controllers, legal practitioners, and even members of the judiciary. Equally important is the promotion of interdisciplinary collaboration. Creating joint programs or integrated modules across faculties such as Commerce, Law, and Information Technology can dismantle traditional academic silos and cultivate graduates who recognize that forensic accounting extends beyond mere numerical analysis, encompassing financial acumen, legal procedures, and digital investigative techniques.

One impactful approach would involve creating an annual "Palestinian Forensic Accounting and Anti-Corruption Conference," organized collaboratively by a network of universities. Such a forum would convene auditors, judges, law enforcement investigators, regulatory authorities, and scholars to engage with actual cases, confront prevailing challenges, and explore practical solutions. This initiative could foster a much-needed

professional community, dismantling the current institutional barriers that impede effective cooperation. Additionally, universities might introduce a concise training program titled “Forensic Accounting for Judges,” aimed at equipping members of the judiciary with the skills to analyze and assess forensic evidence, thereby enhancing the legal system’s overall responsiveness and effectiveness in addressing financial crimes.

- Establishment of Applied Research Centers:

Palestinian universities ought to take the lead in creating specialized research centers devoted to the study of "Economic Crime and Financial Integrity in the Arab World." Such centers would engage in empirical investigations into the unique patterns of fraud, corruption, and money laundering as they occur within Palestine. Beyond research, they could offer independent consultancy services, producing technical reports for regulatory bodies and judicial institutions. These centers would also function as critical repositories of local expertise, shifting the focus from externally imported frameworks to homegrown, context-specific solutions.

The research agenda of such a center should prioritize immediate applicability. Potential projects might include examining money laundering patterns within the Palestinian Hawala system, analyzing instances of fraud in NGOs operating in Gaza, or creating a fraud risk assessment framework for public procurement in the West Bank. These initiatives would generate concrete empirical evidence to guide both policy development and practical interventions. Additionally, the center could serve as a neutral, reliable entity conducting forensic investigations for organizations unable to afford commercial services or for cases requiring impartiality, such as civil society groups or student unions. Such involvement would offer faculty and students invaluable firsthand experience while fulfilling a vital public service role.

4.8.3 For Audit Firms and Individual Practitioners

Audit firms and individual practitioners cannot remain idle while waiting for regulatory reforms from above. It is essential to adopt an proactive, step-by-step strategy to strengthen internal capabilities and showcase their contribution effectively.

- Strategic Niche Development and Phased Integration:

Audit firms, both domestic and international, operating in Palestine should consider strategically cultivating forensic accounting as a distinct and specialized service offering. This could initially take the form of a small, focused unit within a broader organizational structure, concentrating on targeted services such as litigation support, fraud risk evaluations, or due diligence in the context of mergers and acquisitions.

Concurrently, audit teams across the firm could begin a gradual incorporation of forensic methodologies into their routine auditing practices. Such integration might involve the use of data analytics to examine 100% of journal entries for irregularities, the application of tailored checklists to detect potential fraud indicators during both planning and execution phases, and the adoption of a mindset grounded in professional skepticism, where evidence is rigorously questioned through a more investigative lens.

- Proactive Client Education and Value Reframing:

A central responsibility of practitioners is to actively nurture and expand the market for forensic accounting services. This requires reshaping how clients perceive such services: rather than viewing them as an optional and expensive addition, they should be understood as a critical element of comprehensive risk management and strong corporate governance.

Auditors can support this shift by organizing educational seminars and producing analytical reports for clients, demonstrating how the early implementation of forensic practices can safeguard shareholder interests, facilitate more favorable loan conditions from financial institutions, and reinforce the company's reputation for transparency. In turn, these advantages enhance the firm's appeal to international investors and strategic partners.

- Intra-Professional Knowledge Sharing and Mentorship:

The auditing profession in Palestine is characterized by a keen sense of community and interconnectedness. Audit firms are encouraged to cultivate an environment that emphasizes the sharing of knowledge, rather than treating forensic expertise as a proprietary advantage. The Palestinian Association of Certified Public Accountants (PACPA) could support this

effort by establishing specialized forums or interest groups, allowing practitioners to discuss complex cases confidentially and exchange effective practices. Additionally, implementing structured mentorship programs—where seasoned auditors with investigative experience provide guidance to less experienced colleagues—can significantly enhance the transfer of implicit knowledge, which is vital for success in forensic accounting.

4.8.4 For Policymakers and Public Institutions (The Palestinian Anti-Corruption Commission - PACC, The Palestinian Monetary Authority - PMA)

Ensuring financial integrity represents a crucial national concern, as it directly influences economic stability, the public's confidence in institutions, and the efficient allocation of development assistance.

- Operational Empowerment of the PACC through Forensic Capability:

The Palestinian Anti-Corruption Commission should evolve into a highly capable, technically proficient institution. Achieving this demands a twofold approach: firstly, revising legislation to provide its forensic unit with enhanced autonomy and expanded investigative authority; secondly, allocating a specific budget to procure state-of-the-art forensic technologies and to deliver continuous, rigorous training for its investigators. Establishing a robust and technically skilled PACC serves as a significant deterrent and is crucial for ensuring the accountability of public officials.

- Enactment of Comprehensive Whistleblower Protection Legislation:

Investigations in the field of forensic accounting are frequently triggered by information provided by internal sources. In Palestine, the absence of strong legal safeguards for whistleblowers represents a significant obstacle. It is imperative that the Palestinian Legislative Council enact a thorough whistleblower protection statute that ensures confidentiality, shields employees from professional reprisals, and offers possible financial incentives. Implementing such legislation would enable workers to report misconduct without apprehension, substantially enhancing the quantity and quality of information available to auditors and investigators.

- Mandatory Forensic Auditing in High-Risk Public Sector Domains:

From a public policy perspective, it is imperative that the government enforces the use of forensic auditing in sectors that are especially susceptible to corruption. This requirement should be mandatory for all significant public procurement projects, particularly those involving infrastructure development, as well as for the allocation and management of substantial donor funds. Integrating forensic audits as a routine element of the public fiscal management process would not only help recover misappropriated resources but, more importantly, serve as a strong deterrent against corrupt practices at their origin.

Adopting this comprehensive strategic framework positions the Palestinian auditing and accounting sector to spearhead a profound transformation. Incorporating forensic accounting extends beyond mere technical enhancement; it signifies a dedication to a future in which financial transparency, accountability, and ethical integrity serve as the fundamental pillars of Palestine's economic stability and long-term development. The results of this study offer unmistakable evidence supporting this direction, and the ultimate impact will depend on the collective commitment to implement these recommendations.

Chapter 5: Conclusion and Recommendations

This concluding chapter synthesizes the study's core findings, which investigates auditors' views on how forensic accounting affects audit quality in Palestine. It directly responds to the research questions, discusses the study's practical and theoretical contributions, and suggests directions for subsequent scholarly inquiry.

5.1 Summary of Key Findings

This study reveals a clear consensus among Palestinian auditors on the transformative potential of forensic accounting for enhancing audit quality, a potential constrained by a complex web of systemic barriers. The findings present a central paradox: strong intellectual recognition coexists with severely limited practical application.

Auditors perceive forensic accounting as a crucial upgrade to traditional methods, primarily due to its superior ability to detect complex financial fraud ($\beta = 0.363$, $p = 0.003$), which is a pressing issue in the Palestinian context. Furthermore, it is highly valued for its capacity to enhance public trust in financial reporting, strengthen the credibility of audit reports, and reinforce auditor independence against client pressures.

However, this recognized potential is largely dormant. Its integration is hindered by a deeply rooted, self-reinforcing system of obstacles. The most significant barriers identified include a pronounced regulatory and legal vacuum, a critical shortage of qualified human capital, prohibitive economic and infrastructural costs for local audit firms, and a substantial awareness gap among clients. These challenges interact to create a cycle of stagnation, indicating that the path to adoption is not merely technical but a socio-technical challenge requiring coordinated, multi-stakeholder intervention.

5.2 Conclusion to Research Questions

This section provides a direct, structured conclusion to the three research questions (RQs) posed in Chapter 1, synthesizing the key findings discussed in the preceding sections.

RQ1: How can investigative techniques in forensic accounting contribute to detecting and combating financial fraud within Palestinian organizations?

Conclusion: The study concludes that forensic accounting techniques are perceived by Palestinian auditors as highly effective and essential for detecting and combating financial fraud, a finding strongly supported by the regression analysis ($\beta = 0.363$, $p = 0.003$). The contribution lies in shifting the audit paradigm from a compliance-driven, sample-based approach to a suspicion-driven, investigative approach. This is critical in the Palestinian context, where complex financial operations and high reported fraud rates render traditional auditing methods insufficient. Forensic techniques, such as tracing concealed assets and network analysis, provide the necessary tools to uncover sophisticated schemes, thereby significantly enhancing the quality and reliability of fraud detection efforts.

RQ2: What qualifications and training are requisite for accountants to effectively practice forensic accounting in the Palestinian context?

Conclusion: While the study did not directly measure the specific qualifications, the findings implicitly confirm a critical need for specialized training and certification. The identification of a "shortage of qualified forensic accountants" as a significant barrier to implementation indicates that the requisite qualifications must extend beyond conventional auditing skills. The necessary training must be multi-disciplinary, encompassing advanced investigative techniques, legal knowledge (particularly concerning evidence admissibility in Palestinian courts), data analytics, and a high degree of professional skepticism. The study's recommendations for establishing a Certified Forensic Accountant (CFA) program and integrating forensic accounting into academic curricula are a direct response to this identified gap in professional capacity.

RQ3: How does litigation support provided by forensic accountants contribute to the equitable resolution of financial disputes and legal proceedings in Palestine?

Conclusion: The study concludes that the application of forensic accounting significantly contributes to the equitable resolution of financial disputes by enhancing the objectivity and credibility of financial evidence. Auditors perceive that the forensic approach

reinforces their independence (Mean = 3.82) by grounding their conclusions in meticulous, evidence-based investigative processes prepared with the possibility of judicial scrutiny in mind. This structured, legally-oriented verification transforms subjective disagreements into objective evaluations, thereby providing the judiciary with more reliable and defensible financial information. This, in turn, supports fairer professional judgments and elevates the ethical standing of the auditing field, which is a prerequisite for equitable legal outcomes.

5.3 Avenues for Future Research

This study offers a foundational quantitative perspective on auditors' perceptions of forensic accounting in Palestine. To advance from identifying challenges to developing practical, context-specific solutions, the following research avenues are proposed:

1. A Multi-Stakeholder Qualitative Inquiry: Future research should employ in-depth interviews with key stakeholders—including regulators, audit partners, judges, and corporate financial managers—to explore the nuanced political, bureaucratic, and commercial dynamics that hinder forensic accounting adoption. This is vital for designing interventions that are both theoretically sound and practically feasible within the Palestinian context.

2. An Evidence-Based Taxonomy of Fraud and Tailored Forensic Procedures: Subsequent studies should create a precise classification of prevalent financial crimes in Palestine. This can be achieved by systematically analyzing court cases, PACC reports, and confidential surveys. Identifying dominant local fraud schemes (e.g., procurement kickbacks, asset misappropriation in SMEs) will allow for the development of tailored forensic procedures and analytical tools that address the specific patterns of the Palestinian market.

3. An Economic Impact and Cost-Benefit Analysis: Research must quantify the macroeconomic and microeconomic benefits of forensic accounting. Future work should use econometric methods to examine the link between forensic-enhanced audits and a company's cost of capital. A comprehensive cost-benefit analysis of

implementing a Palestinian Forensic Auditing Standard (PFAS) is also needed to provide policymakers and business leaders with an evidence-based rationale for investment.

4. Archival Studies on Effectiveness and Competency Model Development: To move beyond perceptual data, archival research is needed to compare fraud detection rates and litigation outcomes for entities audited with versus without forensic techniques. Concurrently, a dedicated study should develop and validate a localized forensic accounting competency model. This model would define the essential knowledge, skills, and abilities (KSAs) required, directly informing the curriculum for professional certification and ensuring training meets the specific demands of the local market.

Pursuing these research avenues will provide the empirical evidence and practical tools necessary to transform forensic accounting from a theoretical concept into a tangible mechanism for ensuring financial integrity and fostering sustainable economic growth in Palestine.

5.4 Concluding and Recommendations Remarks

The results of this study clearly indicate that the transition from recognizing the theoretical value of forensic accounting to its actual application in the Palestinian auditing environment requires a coordinated, multi-level strategic effort. The recommendations presented here are based on the findings and are directed at the key stakeholders responsible for shaping the professional and regulatory landscape in Palestine.

- Recommendations for Regulatory Bodies (PCMA and BOPA):

    - Promulgate a Palestinian Forensic Auditing Standard (PFAS): The Palestinian Capital Market Authority (PCMA), in collaboration with the Board of Professional Auditing (BOPA), should launch a structured initiative to develop and issue a mandatory standard. This standard would act as a complement to conventional auditing practices rather than replacing

them, emphasizing a forensic-oriented approach in areas with elevated risk. The formulation process should be comprehensive, engaging auditors, scholars, and legal experts.

- Establish a Specialized Forensic Unit: BOPA should consider establishing a specialized unit responsible for overseeing the implementation of the PFAS, providing technical guidance, and acting as a liaison with the judiciary to facilitate the admissibility of forensic evidence in court.

- Incentivize Adoption: Regulatory bodies should consider offering incentives, such as reduced professional fees or priority status, to audit firms that invest in training, technology, and obtaining professional forensic certifications for their staff.

- Recommendations for Audit Firms:

  - Mandatory Continuing Professional Education (CPE): Audit firms should make forensic accounting techniques a mandatory component of their annual CPE programs, focusing on fraud risk assessment, digital forensics, and investigative interviewing skills.

  - Invest in Technology: Firms must invest in specialized data analytics and forensic software to overcome the technological barrier identified in the study. This investment should be prioritized for tools that can handle large datasets and identify complex financial patterns.

  - Develop Internal Expertise: Firms should designate and train internal specialists to act as forensic accounting consultants on high-risk audit engagements, thereby integrating the forensic mindset into the core audit process.

- Recommendations for Academic and Professional Bodies (PACPA and Universities):

    - Establish a Certified Forensic Accountant (CFA) Program: The Palestinian Association of Certified Public Accountants (PACPA) should lead the effort to establish a local, context-specific CFA certification. This program should be designed to address the unique legal and economic challenges of the Palestinian environment.

    - Integrate Forensic Accounting into Curricula: Palestinian universities should revise their accounting and finance curricula to include mandatory courses in forensic accounting, fraud examination, and financial criminology. This will ensure a continuous supply of graduates equipped with the necessary skills to meet the growing market demand.

    - Promote Research: Academic institutions should actively promote, and fund research focused on forensic accounting, particularly studies that explore the effectiveness of various techniques in the local context and analyze the economic impact of financial crime.

- Recommendations for Policy Makers and the Judiciary:

    - Judicial Training: The Ministry of Justice and the Higher Judicial Council should mandate specialized training for judges and prosecutors on the principles of forensic accounting and the interpretation of complex financial evidence. This will enhance the judiciary's capacity to handle financial crime cases effectively.

    - Legal Reform: Policy makers should review and update relevant commercial and criminal laws to explicitly recognize and define the role of forensic

accountants as expert witnesses, thereby strengthening the legal framework for combating financial crime.

In summary, this research has established a clear consensus among Palestinian auditors regarding the transformative potential of forensic accounting to enhance audit quality, primarily through its superior ability to detect fraud and reinforce auditor independence. However, this potential is currently constrained by a systemic regulatory vacuum and a shortage of qualified professionals. The path forward requires a concerted, multi-stakeholder effort to establish a robust legal framework, invest in specialized professional training, and integrate the forensic mindset into both academic and professional practice. By addressing the limitations and pursuing the suggested research avenues, the Palestinian financial system can move toward a more transparent, accountable, and resilient future.

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Appendices

Appendix (1): Questionnaire

Arab American University
Faculty of Graduate Studies
Accounting & Auditing

Dear Participants.

Thank you for participating in this questionnaire. I'm a master degree student, cordially extend an invitation to you to participate in a study titled "**The Expected Impact of Forensic Accounting Application on Audit Quality in Palestine: Auditors' Perspective.**". This study is a requisite for the completion of our Master's degree program in accounting and auditing at the faculty of graduate studies in the Arab American University. Your voluntary participation in this questionnaire will greatly assist me in attaining the study's objectives.

Your involvement in the study is completely voluntary and will not have any impact on your professional or personal life. Your participation in the study will be kept confidential, and no one will be informed of your involvement. All responses will be treated as anonymous and analyzed collectively for scientific research purposes only.

If you have any questions regarding the study or your rights as a participant, please do not hesitate to contact me at the following address:

Phone numbers: +972 59-458-2289

Thanks for your cooperation

Researcher: Sara Mahamid
Supervisor: Dr. Naser Mufrej

Section A: Demographic Information

(Please tick ✓the appropriate box or write where applicable)

1. **Gender:**
   ☐ Male ☐ Female

2. **Age:**
   ☐ Under 25 ☐ 25–34 ☐ 35–44 ☐ 45 and above

3. **Academic Qualification:**
   ☐ Diploma ☐ Bachelor's Degree ☐ Master's Degree ☐ Ph.D.

4. **Professional Certification:**
   ☐ CPA ☐ ACCA ☐ CIA ☐ CFE ☐ None ☐ Other (please specify): _____

5. **Years of Experience in Auditing:**
   ☐ Less than 1 year ☐ 1–3 years ☐ 4–7 years ☐ More than 7 years

6. **Type of Organization You Work For:**
   ☐ Local Audit Firm ☐ International Audit Firm ☐ Governmental Body ☐ Private Sector ☐ Other: _____

Section B: Awareness of Forensic Accounting

Please rate the following statements on a scale of 1 (Strongly Disagree) to 5 (Strongly Agree):

Statement	1	2	3	4	5
I am familiar with the concept of forensic accounting.	☐	☐	☐	☐	☐
I have received training or education in forensic accounting.	☐	☐	☐	☐	☐
I can distinguish between traditional and forensic auditing.	☐	☐	☐	☐	☐
Forensic accounting is useful in detecting financial fraud.	☐	☐	☐	☐	☐
The demand for forensic accounting is increasing in Palestine.	☐	☐	☐	☐	☐

Section C: Application of Forensic Accounting

Rate the extent to which the following statements reflect the practice in your workplace:

Statement	1	2	3	4	5
My organization applies forensic techniques in auditing processes.	☐	☐	☐	☐	☐
Forensic accounting is integrated into our risk assessment procedures.	☐	☐	☐	☐	☐
We use forensic tools to investigate financial irregularities.	☐	☐	☐	☐	☐
Forensic accounting contributes to fraud detection in my organization.	☐	☐	☐	☐	☐
There is institutional support for using forensic accounting techniques.	☐	☐	☐	☐	☐

Section D: Impact on Audit Quality

Rate how much you agree with the following statements:

Statement	1	2	3	4	5
The use of forensic accounting enhances the quality of audits.	☐	☐	☐	☐	☐
Forensic methods increase the auditor's ability to detect fraud.	☐	☐	☐	☐	☐
Applying forensic accounting improves audit independence.	☐	☐	☐	☐	☐
Forensic accounting contributes to greater transparency in financial reports.	☐	☐	☐	☐	☐
The integration of forensic techniques strengthens auditor credibility.	☐	☐	☐	☐	☐

Section E: Open-Ended Questions

(Please answer briefly)

1. In your opinion, what are the main challenges to implementing forensic accounting in Palestinian audit firms?

   _____

   _____

2. What recommendations would you give to enhance the role of forensic accounting in improving audit quality?

   _____

   _____

Thank you for your valuable participation.

Your responses will remain confidential and will only be used for academic purposes.

التأثير المتوقع لتطبيق المحاسبة الجنائية في فلسطين:
وجهة نظر مدققي الحسابات

سارة خضر صالح محاميد

لجنة الإشراف: د. ناصر مفرج، د. ياسر شاهين، د. محمد واصف صالح

الملخص

هناك حاجة متزايدة إلى أدوات تحقيق متقدمة لمكافحة الغش المالي وتعقد المنازعات المالية، من أجل تحسين نوعية مراجعة الحسابات واستعادة الثقة في الإبلاغ المالي .في فلسطين، يمارس المدققون عملهم في بيئة مليئة بالتحديات، وأبرزها عدم الاستقرار السياسي، وعدم كفاية الإطار التنظيمي، والافتقار إلى الخبرة المتخصصة في المحاسبة الجنائية .لذلك، تبحث هذه الدراسة في التأثير المتوقع لتطبيق المحاسبة الجنائية على جودة التدقيق من وجهة نظر المدققين الفلسطينيين، مع التركيز على تقنيات الكشف عن الاحتيال، ودعم التقاضي، والمؤهلات المهنية اللازمة لممارستها بشكل فعال. اعتمدت الدراسة المنهج الوصفي التحليلي من خلال استبانة منظم شمل51 مدققا مرخصا في فلسطين، لمسح وجهات نظرهم حول الفوائد المحتملة والعقبات العملية لدمج المحاسبة الجنائية في مهنة التدقيق .كشف التحليل الإحصائي باستخدام برنامج SPSS عن إجماع قوي بين المدققين على الدور الإيجابي للمحاسبة الجنائية في تحسين دقة التدقيق، وكشف الاحتيال، وتعزيز ثقة الجمهور في البيانات المالية. أظهرت اختبارات الموثوقية أيضا اتساقا داخليا عاليا (ألفا كرونباخ= 0.876) وحدد التحليل العاملي بعدين رئيسيين: الفوائد المتصورة والحواجز السياقية. وأثبتت نتائج التراجع أن تقنيات التحقيق الجنائي والممارسات المعززة للشفافية لها أثر إيجابي ذي دلالة إحصائية على الجودة المتصورة لتقارير مراجعة الحسابات. ومع ذلك، سلط المدققون الضوء على التحديات الرئيسية، مشيرين إلى ضعف الامتثال القانوني، ونقص التدريب المهني المتخصص، والبنية المؤسسية المحدودة التي تدعم ممارسات المحاسبة الجنائية في فلسطين.
وخلصت الدراسة إلى أن دمج المحاسبة الجنائية في مجال التدقيق يمكن أن يحسن جودته بشكل كبير، من خلال تعزيز الكشف عن الاحتيال، وضمان دقة التقارير، وتقديم دعم أكثر قوة لحل النزاعات المالية. كما يقدم توصيات عملية لصانعي السياسات ومكاتب التدقيق والمؤسسات الأكاديمية، مع التركيز على الحاجة إلى تشريعات أكثر وضوحا، وتدريب مهني منظم، وتطوير المناهج الدراسية، وأطر مؤسسية

تدعم التدقيق القائم على الطب الشرعي .من خلال تلبية هذه المتطلبات، يمكن أن تصبح المحاسبة الجنائية أداة حيوية لتعزيز الشفافية المالية، ومكافحة الفساد، ودعم المرونة الاقتصادية في السياق الفلسطيني.

الكلمات المفتاحية: المحاسبة الجنائية، جودة التدقيق، كشف الاحتيال، المنازعات المالية، الشفافية المالية.