



# “A STUDY ON ROLES AND RESPONSIBILITIES OF AUDITORS IN FRAUD DETECTION & PREVENTION AND FACTORS INFLUENCING FRAUD DETECTION”

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## **Abstract**

This study looks at the critical roles and duties that auditors play in the field of fraud detection and prevention. It also examines the many aspects that affect how effective fraud detection methods are. The research explores the current obstacles that auditors must overcome to detect fraudulent activity in organisations and outlines the techniques used to reduce the risk of fraud. Through an examination of the changing face of corporate fraud, the paper seeks to clarify the complex processes that auditors must understand in order to improve their ability to identify and stop fraud. Using a combination of theoretical frameworks and empirical data, this study emphasizes how important it is for auditors to be vigilant, independent, and skilled in forensic procedures in order to prevent fraud. Moreover, it looks at a range of internal and external factors—such as organizational culture, legal frameworks, technical improvements, and economic conditions—that influence how successful fraud detection procedures are. By clarifying these elements, the study hopes to offer guidance on improving the efficacy and precision of fraud detection procedures, advancing auditing standards and protecting stakeholders' interests in the process.

**Keywords-** Fraud detection, Auditors, Risk of fraud.

## 1. INTRODUCTION

The work of an auditor is crucial to a company's capacity to guarantee the accuracy of its financial accounts. The term "audit" originates from the Latin word "audire," which means "to hear." It verifies the validity of the accounts and their applicability about any supporting documentation, proofs, or vouchers. The audit has grown significantly in scope and importance since it began as a cash audit.

According to Lawrence R. Dickey, the goal of an audit is to ascertain whether a company's books and records accurately and truthfully represent the financial transactions they purport to record.

According to Spicer and Pegler, an audit is the review of a business's accounts and vouchers that gives the auditor the assurance that, to the best of his knowledge and as supported by the books, the financial statement accurately reflects the business's financial position and the profits and losses statement accurately reflects the business's earnings for the accounting period. The accuracy of the financial statement in representing the company's financial status gives an auditor great confidence.

### 1.1 Background of the Topic.

In the world of business and finance, the subject of auditor tasks and responsibilities in fraud detection and prevention—as well as the variables that impact fraud detection—is crucial. Strong auditing procedures are vital to protect the integrity of financial reporting and preserve public confidence in the capital markets, as demonstrated by the many high-profile corporate scandals and financial scams over the past several years.

Through their independent examination of an organization's financial records and subsequent presentation of their findings to stakeholders, auditors play a crucial role in guaranteeing the integrity and trustworthiness of financial statements. But auditors' duties go beyond just confirming financial statements; they also have to find and stop fraud, which calls for certain knowledge, abilities, and alertness.

Assessing the possibility of a major falsification in an organization's financial statements as a result of fraud is the main duty of auditors in the field of fraud detection. This entails becoming aware of the entity's internal control systems, seeing potential fraud hotspots, and creating audit protocols that are especially meant to catch fraudulent activity. In order to identify any red flags that might indicate fraud, auditors must have a questioning mentality and practice professional scepticism throughout the audit process.

Additionally, auditors are expected to evaluate how well the organization's internal controls work to stop and identify fraud. This entails verifying the operational efficacy of crucial controls, analysing the design and execution of control activities, and analysing management's oversight of fraud risk. Auditors can enhance an organization's anti-fraud framework by recommending corrective actions based on their identification of deficiencies in internal controls.

But even with auditors' greatest efforts, fraud detection is still a difficult task that is impacted by a number of internal and external variables. Internal elements that greatly affect the possibility of fraud incidence and detection include business culture, managerial integrity, and tone from the top. Senior management's strong ethical tone promotes an honest and open culture that makes it simpler for auditors to find fraudulent activity. Fraud detection is also influenced by external variables including the regulatory environment, industrial circumstances, and economic constraints. Fraudulent behaviour may be more common in industries with intense

rivalry, quick technical breakthroughs, or unstable market circumstances. Furthermore, modifications to accounting standards and legal requirements may have an influence on the kind and scope of audit processes needed to successfully identify fraud.

Technological developments have also changed the field of fraud detection in recent years, giving auditors new possibilities as well as difficulties. With the use of data analytics, AI, and machine learning techniques, auditors can examine vast amounts of financial data and spot unusual trends that point to fraud. To properly use these technologies in their audit procedures, auditors must get continual training and upskilling due to the quick speed of technology innovation.

Internal and external variables, such as organisational culture and technical improvements, influence the complex and dynamic roles and duties of auditors in fraud detection and prevention. To protect the integrity of financial reporting and maintain public confidence in the capital markets, auditors must have a thorough awareness of these elements.

## 1.2 Need of the Study

There are various reasons why research on the roles and duties of auditors in fraud detection and prevention, as well as the factors impacting fraud detection, is necessary

- Auditors have a critical role in protecting the interests of many stakeholders, including investors, shareholders, and the general public. Fraud can result in substantial financial losses and reputational harm. Understanding how auditors detect and prevent fraud is critical to preserving trust and confidence in financial reporting.
- **Legal Compliance-** Regulatory agencies such as the Securities and Exchange Commission (SEC) and the Financial Accounting rules Board (FASB) require corporations to undergo audits to verify that accounting rules and regulations are met. Detecting and preventing fraud are critical components of these audits, therefore auditors must understand their duties and responsibilities in this area.
- **Financial Integrity-** Fraudulent acts can undermine the integrity of financial statements, resulting in a misrepresentation of a company's financial condition. This can deceive investors and creditors, leading to poor decision-making. Auditors can improve their capacity to identify and reduce fraudulent activity by investigating the elements that influence fraud detection, ultimately improving financial integrity.
- **Cost Reduction-** Fraud may cause huge financial costs for organisations. Auditors may help organisations save money by successfully detecting and avoiding fraud.
- **Continuous Improvement-** Fraud schemes are always changing, getting more complex and tougher to detect. Researching the roles and duties of auditors in fraud detection and prevention, as well as the factors that influence fraud detection, can aid in the identification of developing trends and methodologies. With this knowledge, auditors may efficiently adjust their methods and processes to remain ahead of fraudsters.
- **Professional Development-** Understanding the subtleties of fraud detection and prevention helps auditors grow professionally. Auditors may increase their skills and experience by learning about best

practices, obstacles, and new trends in fraud detection, resulting in higher-quality work.

### 1.3 Theoretical implication of the topic.

- **Enhanced Understanding of Auditor's Role-** The study may lead to a better understanding of auditors' responsibilities in identifying and preventing fraud in organisations. This might include looking at auditors' conventional responsibilities in financial statement audits and how they overlap with fraud detection and prevention activities.
- **Understanding Fraud Detection Mechanisms-** By investigating the elements that influence fraud detection, the study can give light on the methods by which fraud is recognised inside organisations. This might include looking into the effectiveness of different fraud detection tools and procedures used by auditors.
- **Theoretical Framework Development-** The study's findings may help to design or enhance theoretical frameworks for fraud detection and prevention. This might entail combining ideas from auditing theory, fraud theory, behavioural economics, and other relevant fields to develop a complete framework for understanding fraud detection procedures.
- **Identification of Key characteristics-** Empirical investigation may reveal particular characteristics that impact the efficiency of fraud detection operations. These characteristics may include organisational culture, internal controls, auditor independence, professional scepticism, and technology improvements, among others.
- **Implications for Auditing Standards-** The study's findings might have an impact on auditing standards and procedures. For example, if some elements are shown to have a large impact on fraud detection, this information may be used to design new auditing standards or revise current ones to better address these concerns.
- **Contributions to Fraud Theory-** The study may add to the larger body of knowledge on fraud theory by giving empirical data on auditors' involvement in identifying and preventing fraud. This might assist to enhance existing fraud theories while also providing insights into the nature and dynamics of fraudulent behaviour.
- **Practical Applications-** The study's theoretical findings may have practical ramifications for auditors, organisations, policymakers, and other stakeholders involved in fraud prevention initiatives. For example, the findings may be used to construct auditor training programmes, create fraud risk assessment frameworks for organisations, or establish regulatory laws to improve fraud detection and prevention.

## 1.4 Recent Trends

In recent years, there has been a significant increase in interest and study on auditors' roles and duties in fraud detection and prevention, as well as the different elements that influence fraud detection. Several variables are affecting the current auditing and fraud management landscape, which might explain this heightened emphasis. One notable tendency in this field of research is the changing nature of fraud itself. Fraudulent actions have grown in sophistication and complexity as technology has advanced and globalisation has occurred. As a result, auditors must keep up with these developments while also creating new approaches and tactics for efficiently detecting and preventing fraud. This research frequently investigates emerging kinds of fraud, such as cyber fraud and financial statement fraud, and how auditors might adjust their approaches to confront these growing risks.

Furthermore, there is a rising realisation of the value of proactive fraud prevention techniques in addition to detection. Auditors are increasingly being asked not just to uncover instances of fraud, but also to evaluate the efficiency of internal controls and risk management systems in preventing fraud in the first place. This development shows a change towards a more comprehensive approach to fraud risk management, with auditors playing an important role in assisting organisations in strengthening their anti-fraud measures.

Another noteworthy development in the study of auditors' roles and duties in fraud detection is the regulatory environment. In reaction to high-profile corporate scandals and financial crises, regulators throughout the world have imposed stronger compliance requirements and auditing standards. This involves heightened scrutiny of audit processes, a stronger emphasis on independence and impartiality, and more accountability for auditors in discovering and reporting fraud. Researchers frequently look at the effects of these regulatory changes on auditor behaviour and performance, as well as the efficacy of regulatory measures in reducing fraud risk.

Furthermore, there is a growing understanding of the significance of psychological and behavioural elements in fraud detection. This study investigates how auditors' cognitive biases, decision-making processes, and ethical orientations affect their ability to recognise and respond to fraud indications. Understanding these psychological aspects is critical for creating more effective training and intervention measures to improve auditors' fraud detection abilities.

## 2. REVIEW OF LITERATURE

### 2.1 REVIEW OF LITERATURE

SI No.	Title of the Article.	Author and Year of Publishing.	Summary.
01.	“Perceived effectiveness of fraud detection audit procedures in a stock and warehousing cycle: Additional evidence from Barbados”	Philmore Alleyne. June 2010.	This report examines perceptions of fraud detection tools in the stock and warehousing cycle in Barbados. The study found that standard audit procedures in Barbados are perceived to be moderately to highly effective in detecting fraud in the stock and warehousing cycle. The majority of the "more effective" audit procedures involve direct evidence gathering through field research techniques. Auditors from larger organisations cited greater standards for audit processes. This document aims to inform audit policies and regulations on possible hazards in the stock and warehousing cycle.
02.	“Evaluation of roles of auditors in the fraud detection and investigation in Nigerian industries”	Josiah Mary and Team. June 2012.	This study examined the function of auditors in fraud detection using a survey of selected enterprises in Nigeria. Based on these findings, it is advised that chosen organisations implement ongoing policies and strategies for effective and efficient management. That management should regularly utilise the services of trained and experienced external auditors to not only implement but also improve an effective internal control system.

03.	“Effectiveness of fraud prevention and detection techniques in Malaysian Islamic banks”	Rashidah Abdul Rahman and team. 2014.	This study examines bankers' perceptions on the efficiency of fraud prevention and detection strategies in Malaysian Islamic banks. This research aims to help academics and practitioners assess Malaysia's existing level of protection against bank fraud.
04.	“Factors That Influence Internal Auditors Fraud Detection Capabilities In Ghana”	Seidu Yakubu. January 2014.	The study discovered that the respondent's experience, educational attainment, in-service training, respondent knowledge of information and technology, organisation in which the respondent works, and control environment are all significant predictors of the probability of an internal auditor detecting fraud. This research highly suggests that the Institute of Internal Auditors, Ghana, and the management of various organisations expand the amount of in-service programmes they provide, as well as promote internal auditor participation.
04.	“Accountant's Perception on Fraud Detection in Financial Statement Reporting Using Fraud Triangle Analysis”	Indarti and Inova Fitri Siregara. 2018.	This study discusses the perceptions of accountants in considering the existence of fraud (fraud) in the financial reporting. Indonesian Institute of Accountants (IAI) through Statement on Auditing Standards (PSA) No. 70 require an external accountant in Indonesia to consider fraud during the process of auditing the financial statements.
04.	“Audit Tests and Their Impact on Fraud Detection-	Mirela Ujkani Miti and Team.	Financial reporting's principal goal is to give consumers of financial statements with high-quality

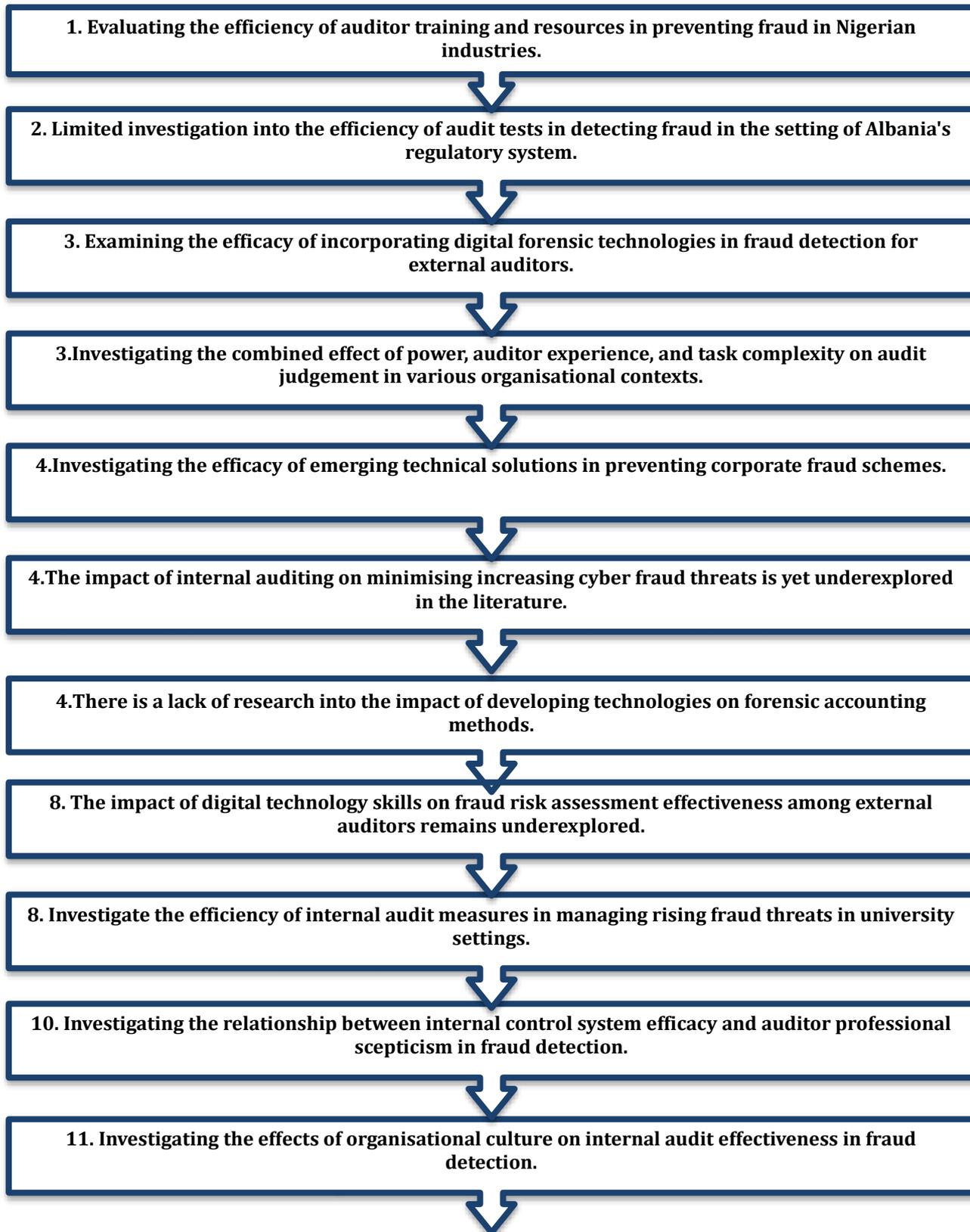
	Case of Albania”	April 2018.	information. Albanian audit engagements follow International Auditing Standards. We sought to research and determine the function of audit tests, conducted by auditors during the audit process, in detecting major misstatements in financial statements, in order to produce a more qualitative financial reporting.
04.	“Forensic Accounting: Fraud Detection Skills for External Auditors”	Fadilah S., Maemunah M., and team. November 2018.	The goal of this research is to determine the impact of external auditors' forensic accounting skills, which include auditing skills, investigative knowledge and skills, legal knowledge, communication skills; psychological, criminological, and victimological skills, accounting skills, and ICT-related skills, on their ability to detect fraud.
08.	“Fraud Detection Gap between Auditor and Fraud Detection Models: Evidence from Gulf Cooperation Council”	Tahani Ali Hakami and Team. January 2020.	This study explores an auditor's fraud detection gap (FDG) in Gulf Cooperation Council (GCC) organisations by comparing the results of fraud detection models (specifically the Beneish M-score, Dechow F-score, and Altman Z-score) with the auditors' real audit judgement. Prior research has shown that financial models are reliable and useful assessments in fraud detection.
08.	“Fraud Detection Gap between Auditor and Fraud Detection	Mohd Mohid Rahmat. April 2020.	This study explores an auditor's fraud detection gap (FDG) in Gulf Cooperation Council (GCC) organisations by comparing the results of fraud detection models

	Models: Evidence from Gulf Cooperation Council”		(specifically the Beneish M-score, Dechow F-score, and Altman Z-score) with an actual audit opinion provided by the auditors. Prior research has shown that financial models are reliable and useful assessments in fraud detection. However, the bulk of fraud instances in the region are discovered unintentionally, indicating an uncertain role for the internal and external auditor.
10.	“Factors Affecting Detection of Manipulation in Financial Statements: An Empirical Study from Auditors’ Perspective”	Mahami, Zouleykha and team. June 2020.	This study investigates if an external auditor's independence, industry specialisation, and ethical commitment increase their capacity to detect financial statement manipulation. The study found that an auditor's sector specialisation and ethical commitment positively enhance their ability to identify financial statement falsification. The independence of auditors does not greatly impact the detection of manipulation.
11.	“The Role of Financial Audit in Detecting and Preventing Fraud: Case study on Insurance Companies in Ethiopia”	Tiripity Gujral and team. March 2021.	This study looked at the effect of financial audits in detecting and preventing fraud in Ethiopian insurance organisations. To reach the study's purpose, the researcher used a quantitative research technique using an explanatory research design.
12.	“Auditors’ professional skepticism and fraud detection”	Fauzia Agustina and team. June 2021.	The purpose of this study is to investigate the influence of competence, independence, experience, and audit time pressure

			on fraud detection in the setting of internal auditors in the public sector, using professional scepticism as a mediator. The findings of this study suggest that exercising professional scepticism can increase fraud detection.
13.	“Analysis Of The Influence Of Power, Auditor Experience And Task Complexity On Audit Judgment”	Komang Adi Kurniawan Saputra and team. 2021.	This study investigates how power, auditor experience, and work complexity affect audit judgement. This study found that power, auditor experience, and job complexity significantly improve audit judgement. Auditors must consider power, experience, and complexity when demonstrating audit excellence. This research advances psychology theory in accounting, particularly attribution theory, by taking into consideration power dynamics and other factors.
14.	“An Overview of Corporate Fraud and its Prevention Approach”	Md. Abdur Rashid and team. 2022.	The goal of this study is to present an overview of the literature on corporate fraud, financial crime, and preventative strategies utilised in various situations. It also seeks to identify appropriate measures that have been effectively used to avoid fraud. Furthermore, this study seeks to analyse the causes and consequences of these frauds on the business's stakeholders.

### 3.RESEARCH DESIGN

#### 3.1 Statement of the Problem



### 3.2 Nature of the Study

This research looks at the duties and responsibilities of auditors in identifying and stopping fraud. It also looks into the several aspects that affect how successful fraud detection campaigns are.

### 3.3 Need of the Study

- This Study is an attempt to know how the theories can be applied that, is through- RPPA (Relevance, Practical Implications, Policy and Regulatory Impact, Academic Contribution).
- This report will put light on the perception of the auditor and prescription as per regulations on the role and responsibility of the auditor in fraud detection and identify various factors affecting fraud detection
- There are very few and Limited studies on the role and responsibility of auditors in fraud detection and Prevention and various factors influencing fraud detection in India.
- This study adds to the existing knowledge in determining the responsibility of auditors to all the stakeholders.

### 3.4 Scope of the Study

- **Auditor Roles and Responsibilities-** This research will look closely at auditors' conventional and emerging roles and responsibilities in fraud detection and prevention. It will go over the many standards, rules, and best practices that regulate auditors' roles in detecting and reducing fraud risks inside organisations.
- **Fraud Detection Techniques and methodology-** The research will look into the various techniques and methodology used by auditors to identify fraud in financial statements and operational procedures. This encompasses forensic accounting techniques, data analytics, anomaly detection, and other novel ways used in modern auditing processes.
- **Elements Influencing Fraud Detection-** The study will look at the many different elements that impact the success of auditors' fraud detection efforts. This includes organisational culture, corporate governance structures, internal controls, managerial integrity, whistleblower mechanisms, the regulatory environment, and technology improvements, among other things.
- **Real-World Applications-** To give practical insights, the research will include real-world examples demonstrating successful and failed fraud detection by auditors. The study's goal in analysing these examples is to provide light on the obstacles that auditors encounter and emphasise lessons learnt for enhancing fraud detection techniques.
- **Recommendations for Improving Fraud Detection processes-** Based on the findings, the research will give recommendations and tactics for auditors to improve the efficacy of their fraud detection processes. This might include recommendations for strengthening internal control structures, improving auditor training and education, using technology for proactive monitoring, and developing a culture of openness and ethical behaviour inside organisations.

### 3.5 Objectives of the Study.

- To understand the Origin, History, and phases of an ordinary Audit and a Forensic Audit.
- To investigate auditors' unique roles and responsibilities in identifying and preventing fraud inside organizations.
- To identify the important criteria determining auditors' success in detecting fraudulent operations.
- To explore the obstacles and barriers that auditors encounter in carrying out their fraud detection and prevention responsibilities.
- To suggest recommendations and best practices for strengthening auditors' roles in fraud detection and prevention.

### 3.6 Limitation of the Study

- **Limited access to confidential data:** The research may have difficulties in obtaining sensitive information connected to fraud instances, since organizations may be reticent to give such data owing to confidentiality concerns, thereby limiting the depth of analysis.
- **Sample size constraints:** Depending on the availability of data and resources, the study may be constrained by a small sample size, which may affect the generalizability of findings to a larger group of auditors.
- **Time constraints:** Conducting a thorough investigation of auditors' roles and duties in fraud detection necessitates time-consuming data gathering and analysis, which may be limited by project timeframes and available resources.
- **Self-reporting bias:** Data obtained through surveys or interviews may be prone to respondent bias, which occurs when individuals offer socially desired replies or omit critical information, impacting the accuracy of the findings.
- **External variables impacting fraud detection:** The research may have overlooked external factors such as regulatory changes, economic situations, or technical improvements, all of which can have a substantial impact on auditors' ability to detect and prevent fraudulent activity.

### 3.7 Research Methodology

- **Population – 109** respondents spread across Bangalore City, Karnataka.
- **Target Audience-** CA's, Auditors, and People having Commerce Knowledge.
- **Sampling Size – 100**
- **Sampling Type-** Simple random sampling.
- **Sampling Method-** Convenience sampling.
- **Methods of Data Collection –**
  - **Primary data-** Questionnaires floated through Google Forms and E-mails.
  - **Secondary data-** Journals, Research Papers, websites, reference books, etc.
- **Instrument of Data Collection –**

The instrument used to collect primary data is a questionnaire.

Questionnaire is an instrument used to collect data from the sample of the study. the administration of questionnaire can happen in several formats such as e-mails, online surveys, interviews or paper format etc.

In this study the questionnaire consisted of 2 parts. The first part includes questions related to the demographic data of the respondents that helps to collect the profile of the sample such as age gender etc. The second part includes various multiple-choice

Questions for which respondents had to rate their level; of agreement with responses ranging from “strongly agree” to “strongly disagree” i.e. on a five-point Likert scale. The questionnaire also consisted of one open-ended question to collect the viewpoint of the respondents on problems faced by them.

- **Draft of questionnaire**

**Demographic details** – Gender, Age, Qualification, Specialization, Occupation/Profession.

**Roles of the Auditor** – (SA, A, N, SD, D)

- Whether the Stakeholders receive independent assurance from auditors on the accuracy and fairness of financial statements and other information presented.
- Whether Auditors evaluate the risks connected to internal control systems and financial reporting in order to pinpoint areas where fraud or mistakes are most likely to happen.
- Whether Auditors make sure that companies follow legal and regulatory obligations, comply with pertinent laws, rules, and accounting standards.
- Whether Auditors establish thresholds for materiality in order to detect major misstatements in financial statements that may influence the decisions made by stakeholders.
- Whether Auditors collect and assess enough relevant audit information to back up their findings regarding the financial statements' fairness.
- Whether Auditor's audit reports, which include their evaluation of the financial statement's fairness, auditors convey to stakeholders their conclusions and recommendations.
- Whether To safeguard the integrity of the audit, auditors challenge assumptions, evidence, and management assertions while maintaining a professional skeptical attitude throughout the process.

- **Responsibility of the Auditor** – (SA, A, N, SD, D)

- Whether The Auditor is responsible for Detection and Prevention of frauds.
- Whether The AS (Audit Standards) make the Auditor feel responsible and cautioned every time.
- Whether An auditor would be held accountable for fraud reporting and detection under a robust legislative framework or auditing standards.
- Whether Is it necessary to evaluate management processes in order to determine whether or not they might result in inaccurate reporting.
- Whether An auditor's suspicion of fraud get enhanced by an internal control assessment.
- Whether Do you think that a company's ability to identify scams is crucial.
- Whether The audit report makes it quite evident how much assurance the auditor provided.

**Numerous incidents point to the possibility of fraud. (SA, A, N, D, SDA)**

- Considerable last-minute changes that have an impact on the financial outcomes.
- Documents misplaced, lost, or absent.
- Transactions that are improper or unlawful.
- Missing of Material & valuable assets.
- Delay in supplying the data that was asked for.
- Acknowledging and accepting a breach of the company's conduct code.
- False statement, Postponement of crucial information.

**Limitations in the auditing process concerning fraud detection (SA, A, N, D, SDA)**

- Interpersonal connections (families, friends)
- Client pressure to do the job quickly.
- Insufficient backing from internal auditors.
- Postponement of financial statement preparation.
- Absence or inadequate client maintaining records and documentation.
- Fear of losing a client's business.
- Peer Pressure/ Influence of Higher authority.

**Influence of quality performance of auditor. (SA, A, N, D, SDA)**

- Fraud detection is influenced by the auditor's years of expertise.
- An auditor to detect fraud, they need to possess the necessary abilities, know-how, and proficiency.
- Independent investigative skills are crucial for the auditor as they impact the identification of fraud.
- The independence of the auditor's reports has an impact on fraud detection.
- Does a lower audit charge limit the audit's scope?
- Particular skills are needed for fraud detection.
- Fraud detection is influenced by an auditor's qualifications.

- **Hypothesis**

Hypothesis is a statement that is yet to be investigated through the study conducted by the researcher.

In order to know whether there is any relationship between various situations giving suspicion of fraud and likelihood of fraud detection the following hypothesis is framed -

**H01 – There is no relationship between occurrences and likelihood of fraud detection HA1 – There is relationship between occurrences and likelihood of fraud detection**

In order to know whether there is any relationship between various constraints that exist on part of the auditor and likelihood of fraud detection the following hypothesis is framed -

**H02 – There is no relationship between constraints and likelihood of fraud detection HA2 – There is relationship between constraints and likelihood of fraud detection**

In order to know whether there is any relationship between various factors and expert performance of the auditor in fraud detection the following hypothesis is framed –

**H03 - There is no significant relationship between factors and expert performance of the auditor in fraud detection**

**HA3 - There is significant relationship between factors and expert performance of the auditor in fraud detection**

- **Data analysis technique -**

To analyze the primary data collected in the study various data analysis tools were used. Descriptive statistics, frequency distribution tables, chi square test and correlation is used.

- **Descriptive statistics** – Means and percentages were used to make a better analysis of the data and give inference and frequency distribution tables is constructed and presented for better understanding of the data.
- **Inferential statistics** – The hypothesis developed is tested using person chi-square – test of independence of attributes to know whether there is any relationship between various dependent and independent variables in the study. Chi–square is conducted using SPSS software. It is a non-parametric test. The association of variables is generally significant if asymptotic significance is less than 0.04. The probability of observing whether the variables are independent is known as asymptotic significance often indicated as p value. If the P value is less than the level of significance then the null hypothesis is rejected and if the P value is more than the level of significance then the null hypothesis is accepted and the alternate hypothesis is rejected. Correlation is also performed to support the analysis by determining the association of variables

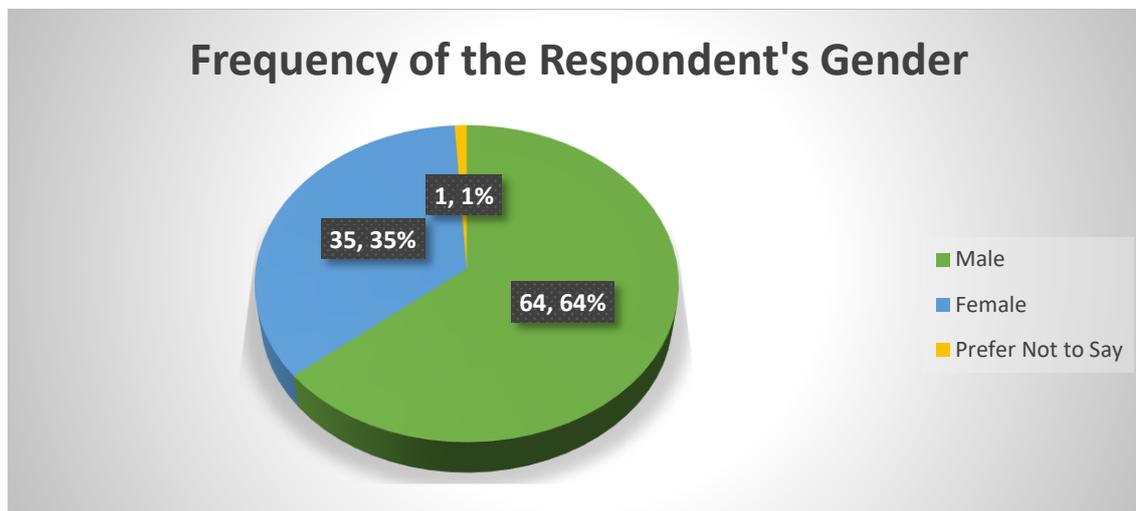
## 4. DATA PROCESSING AND INTERPRETATION

### 4.1 DEMOGRAPHIC ANALYSIS

**Table 4.1. A- Data Representing the respondent's Gender.**

<b>Category</b>	<b>Frequency of the Respondents</b>	<b>Percentage (in %)</b>
<b>Male</b>	64	64
<b>Female</b>	35	35
<b>Prefer not to say.</b>	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

Chart- 4.1. A- Pie Chart Representing Frequency of Respondents Gender.

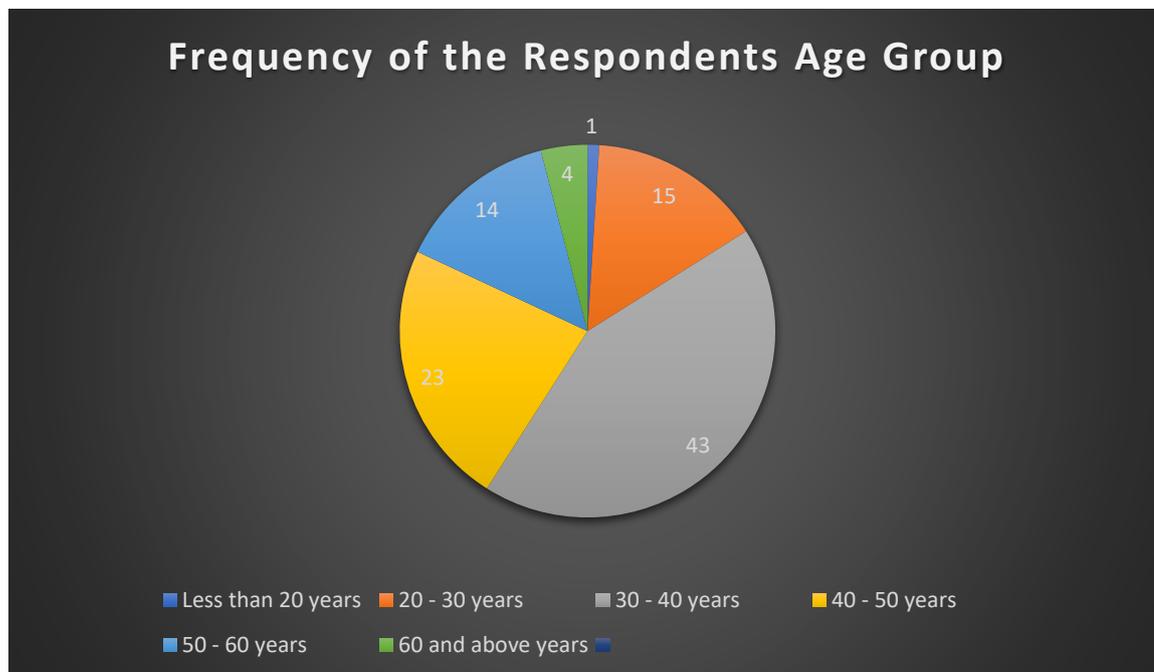
**Interpretation-**

From the above pie chart analysis out of 100 respondents, 35 were female, 1 belonged to prefer not to say and the majority, i.e., 64 belonged to the male category.

**Table 4.1. B- Data Representing the respondent's Age Group**

Category	Frequency of the Respondents	Percentage (in %)
Less than 20 years	1	1
20 – 30 years	15	15
30 – 40 years	43	43
40 – 50 years	23	23
50 – 60 years	14	14
60 and above years	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

Chart- 4.1. B- Pie Chart Representing Frequency of Respondents Age Groups



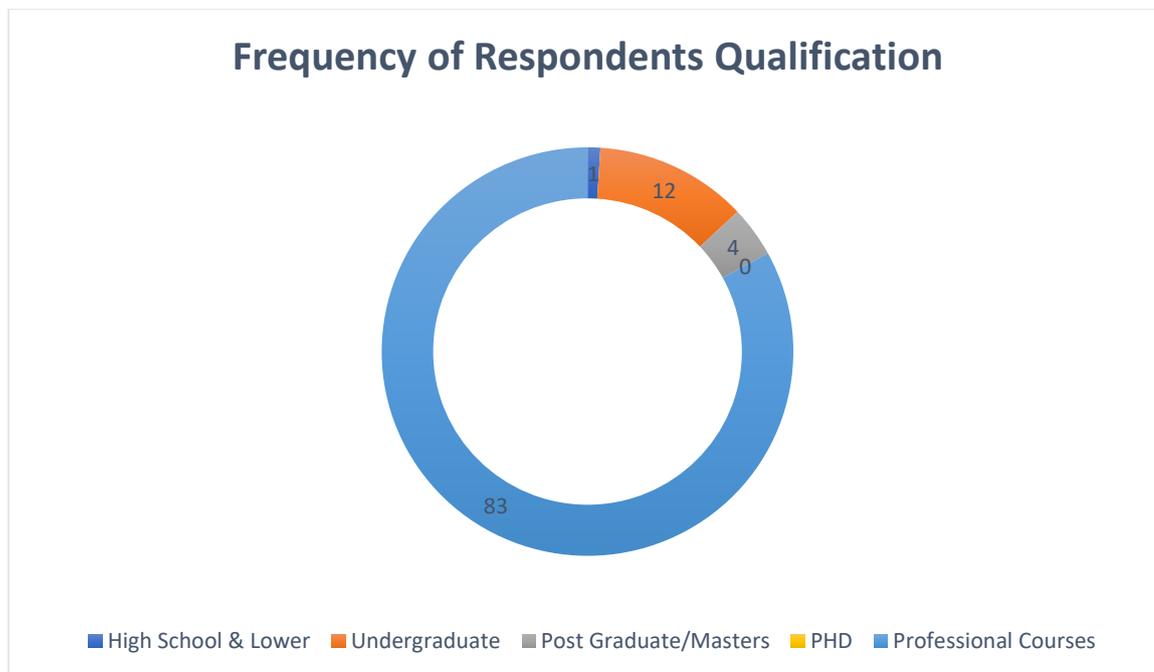
**Interpretation-**

From the above pie chart analysis out of 100 respondents, 1 respondent belonged to the age group of less than 20 years, 4 respondents belonged to 60 and above years, 14 respondents belonged to the 50 – 60 years age group, 15 respondents belonged to the 20 – 30 years age group, 23 respondents belonged to 40 – 50 years age group, and the majority 43 respondents belonged to 30 – 40 years age group.

Table 4.1. C- Data Representing the respondent's Qualification

Category	Frequency of the Respondents	Percentage (in %)
High School & Lower	1	1
Undergraduate	12	12
Post Graduate / Masters	4	4
PHD	0	0
Professional Courses	83	83
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.1. C- Pie Chart Representing Respondents Qualification.**



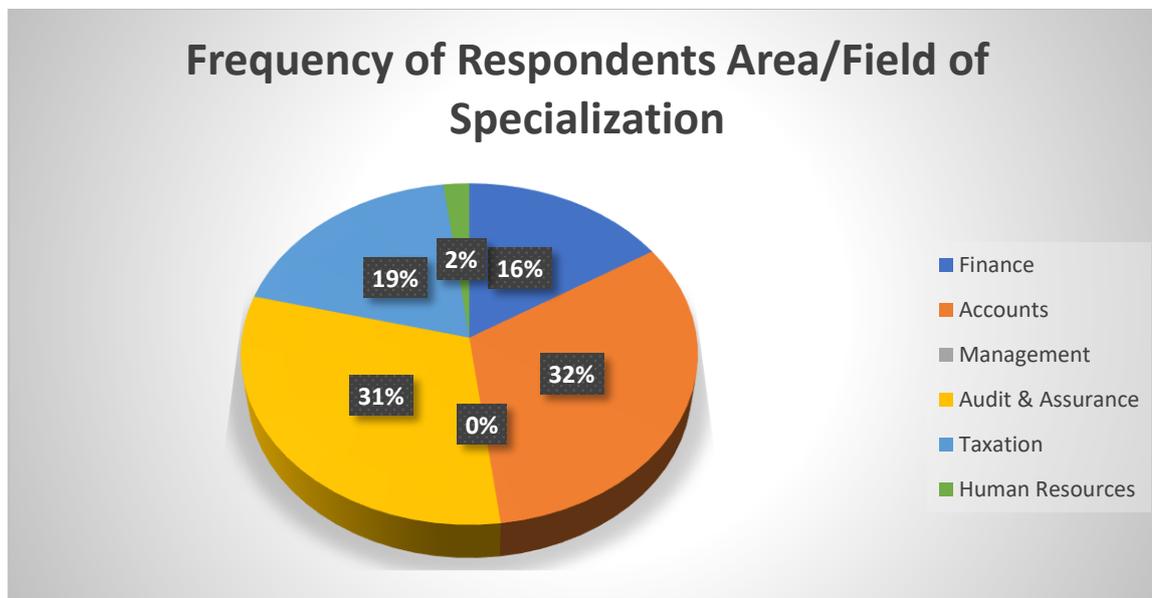
**Interpretation-**

From the above pie chart analysis out of 100 respondents, 1 respondent belonged to high School & Lower school qualifications, 4 respondents belonged to Post Graduate/Master, 12 respondents belonged to Undergraduate, and the majority 83 belonged to professional courses.

**Table 4.1. D- Data Representing the respondent's Area/Field of Specialization**

Category	Frequency of the Respondents	Percentage (in %)
Finance	16	16
Accounts	32	32
Management	0	0
Audit & Assurance	31	31
Taxation	19	19
Human Resources	2	2
<b>Total</b>	<b>100</b>	<b>100</b>

Chart- 4.1. D- Pie Chart Representing frequency of respondent's area/field of specialization.



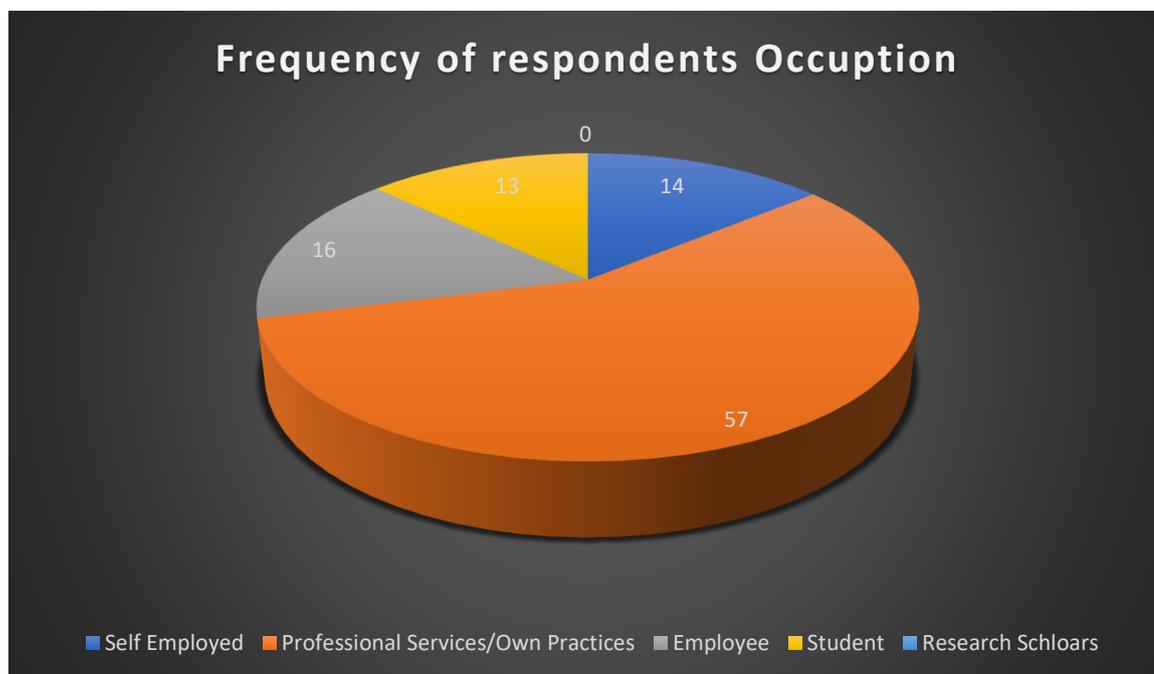
#### Interpretation-

From the above pie chart analysis out of 100 respondents, 2 respondents belonged to the Human Resources Specialization, 16 respondents belonged to the finance Specialization, 19 respondents belonged to the Taxation Specialization, 31 respondents to the Audit & Assurance Specialization respondents, 32 respondents belonged to the Accounts specialization.

**Table 4.1. E- Data Representing the respondent's Occupation.**

Category	Frequency of the Respondents	Percentage (in %)
Self Employed	14	14
Professional Services/own Practices	57	57
Employee	16	16
Student	13	13
Research Scholars	0	0
<b>Total</b>	<b>100</b>	<b>100</b>

Chart- 4.1. E- Pie Chart Representing Frequency of respondents Occupation.



**Interpretation-**

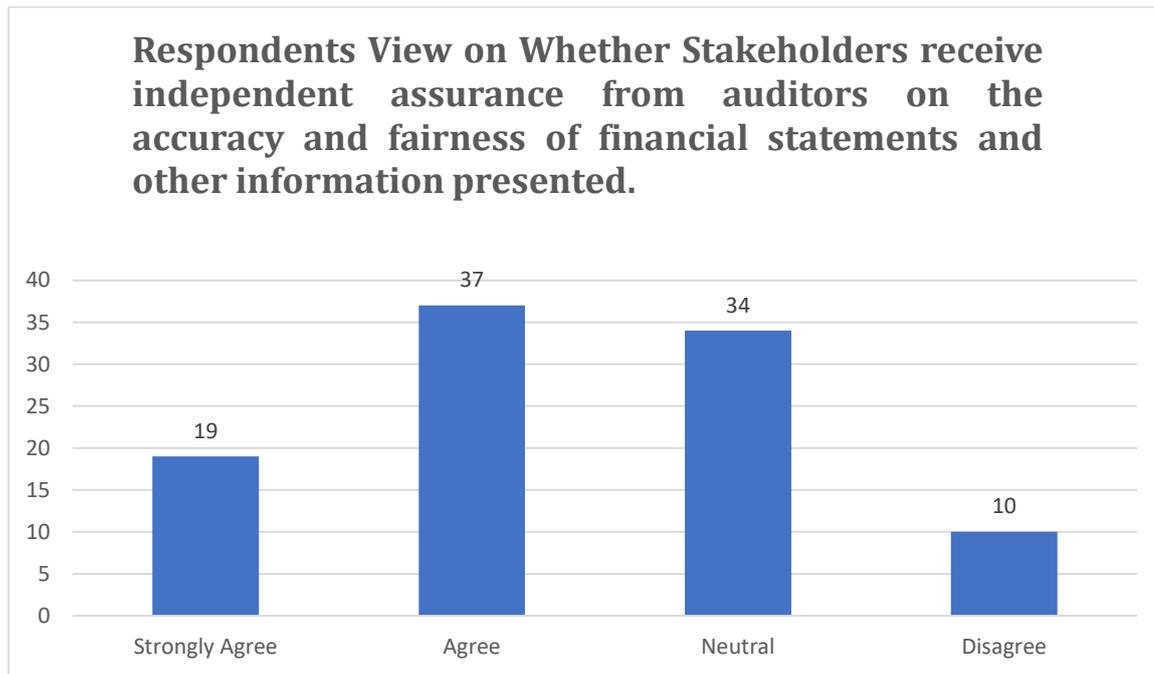
From the above pie chart analysis out of 100 respondents, 13 respondents belonged to the Student Occupation, 14 respondents belonged to Self Employed Occupation, 16 respondents belonged to the Employee Occupation, and 57 respondents belonged to professional Services & Own practices Occupation.

**4.2 ROLES AND RESPONSIBILITIES OF AUDITORS**

**Table 4.2. A – Whether Stakeholders receive independent assurance from auditors on the accuracy and fairness of financial statements and other information presented. (R1)**

Responses	Frequency	Percentage
Strongly Agree	19	19
Agree	37	37
Neutral	34	34
Disagree	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. A- Column chart representing Respondents View on Whether Stakeholders receive independent assurance from auditors on the accuracy and fairness of financial statements and other information presented. (R1)**



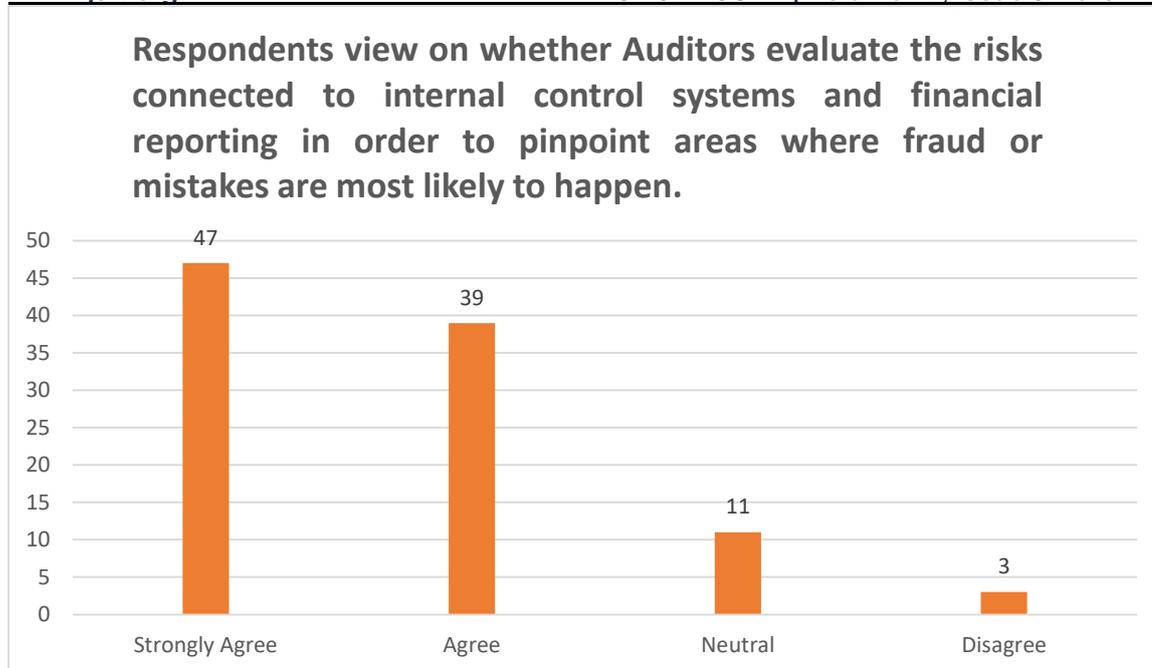
**Interpretation-**

From the above Column chart analysis out of 100 respondents, 10 respondents Disagreed with the above views, 19 respondents Strongly agreed with the above views, 34 respondents agreed with the above views and the majority 37 respondents stayed Neutral with the above statement views.

**Table 4.2. B – Whether Auditors evaluate the risks connected to internal control systems and financial reporting in order to pinpoint areas where fraud or mistakes are most likely to happen. (R2)**

Responses	Frequency	Percentage
Strongly Agree	47	47
Agree	39	39
Neutral	11	11
Disagree	3	3
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. B- - Column chart representing Respondents View on Whether Auditors evaluate the risks connected to internal control systems and financial reporting in order to pinpoint areas where fraud or mistakes are most likely to happen. (R2)**



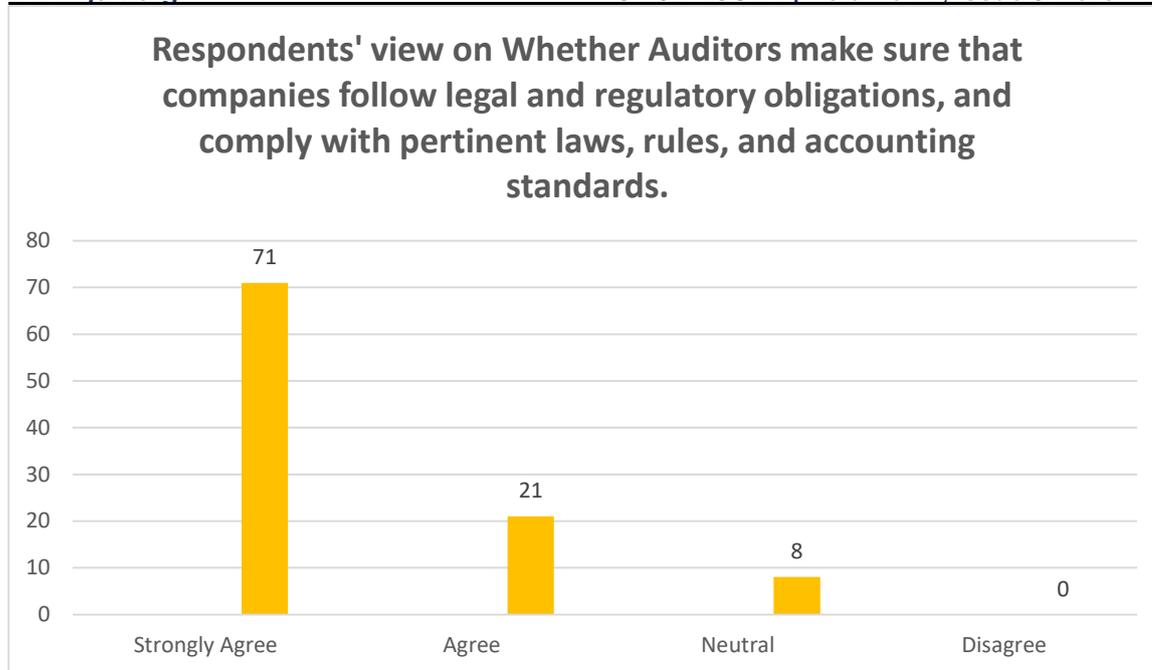
**Interpretation-**

From the above Column chart analysis out of 100 respondents, 10 respondents Disagreed with the above views, 19 respondents Strongly agreed with the above views, 34 respondents agreed with the above views and the majority 37 respondents stayed Neutral with the above statement views.

**Table 4.2. C – Whether Auditors make sure that companies follow legal and regulatory obligations, and comply with pertinent laws, rules, and accounting standards. (R3)**

Responses	Frequency	Percentage
Strongly Agree	71	71
Agree	21	21
Neutral	8	8
Disagree	0	0
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. C- Column Chart representing respondents' view on Whether Auditors make sure that companies follow legal and regulatory obligations, and comply with pertinent laws, rules, and accounting standards. (R3)**



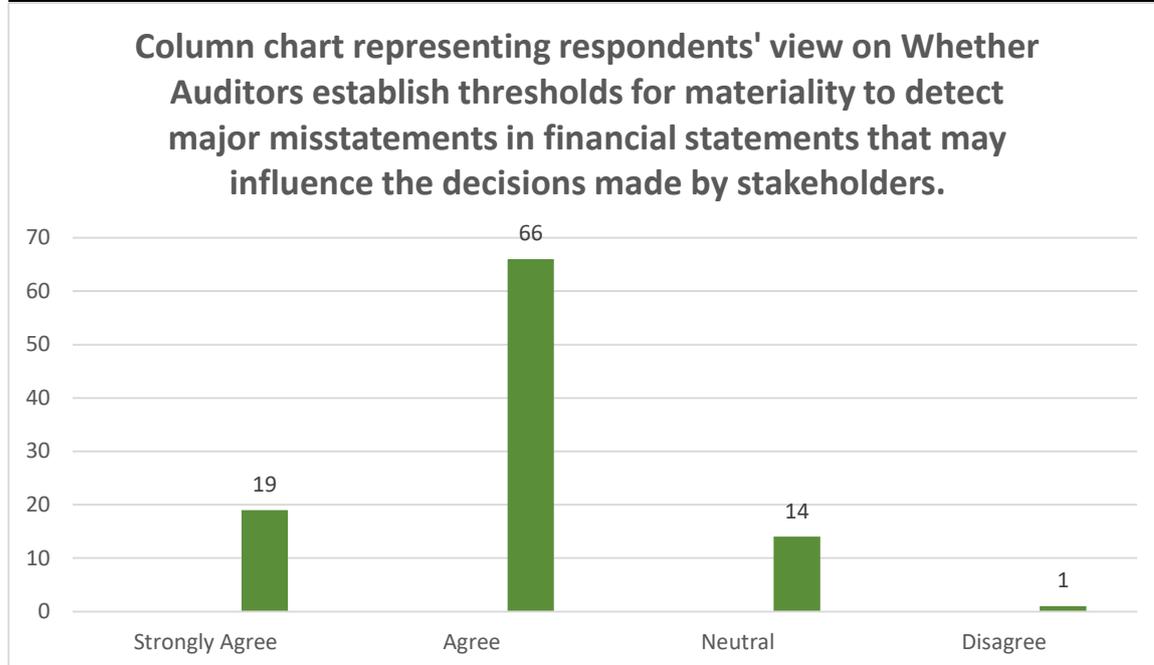
### Interpretation-

From the above Column chart analysis out of 100 respondents 71 respondents Strongly agreed with the above views, 21 respondents agreed with the above views and 8 respondents stayed Neutral with the above statement views.

**Table 4.2. D – Whether Auditors establish thresholds for materiality to detect major misstatements in financial statements that may influence the decisions made by stakeholders. (R4)**

Responses	Frequency	Percentage
Strongly Agree	19	19
Agree	66	66
Neutral	14	14
Disagree	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. D- Column chart representing respondents' view on Whether Auditors establish thresholds for materiality to detect major misstatements in financial statements that may influence the decisions made by stakeholders. (R4)**



**Interpretation-**

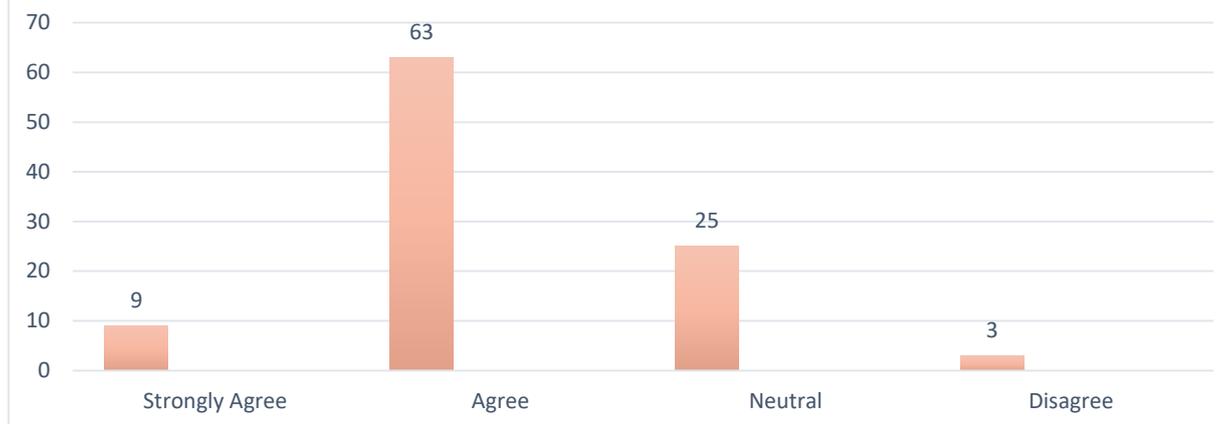
From the above Column chart analysis out of 100 respondents, 1 respondent Disagreed with the above views, 19 respondents Strongly agreed with the above views, 66 respondents agreed with the above views and 14 respondents stayed Neutral with the above statement views.

**Table 4.2. E – Whether Auditors collect and assess enough relevant audit information to back up their findings regarding the financial statements' fairness.\_(R5)**

Responses	Frequency	Percentage
Strongly Agree	9	9
Agree	63	63
Neutral	25	25
Disagree	3	3
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. E- Column Chart representing respondents' view on Whether Auditors collect and assess enough relevant audit information to back up their findings regarding the financial statements' fairness. (R5)**

### Respondents' view on Whether Auditors collect and assess enough relevant audit information to back up their findings regarding the financial statements' fairness.



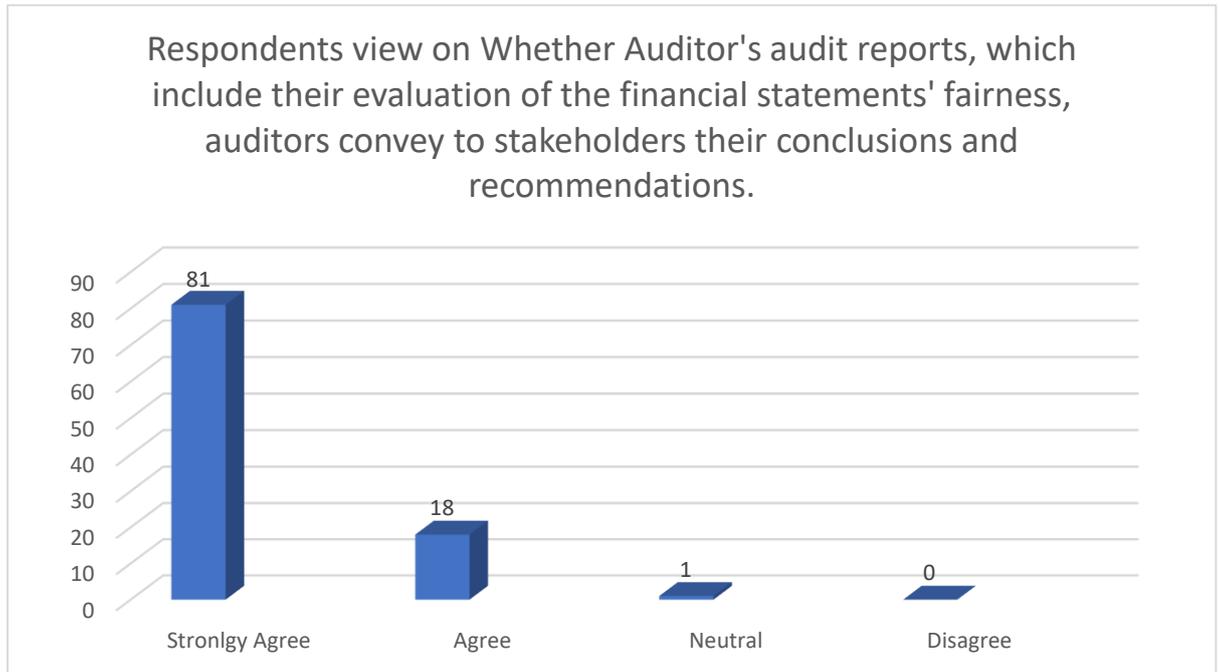
#### Interpretation-

From the above Column chart analysis out of 100 respondents, 3 respondents Disagreed with the above views, 9 respondents Strongly agreed with the above views, 63 respondents agreed with the above views and 25 respondents stayed Neutral with the above statement views.

**Table 4.2. F – Whether Auditor's audit reports, which include their evaluation of the financial statements' fairness, auditors convey to stakeholders their conclusions and recommendations. (R6)**

Responses	Frequency	Percentage
Strongly Agree	81	81
Agree	18	18
Neutral	1	1
Disagree	0	0
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. F- Column Chart Representing respondents view on Whether Auditor's audit reports, which include their evaluation of the financial statements' fairness, auditors convey to stakeholders their conclusions and recommendations. (R6)**



**Interpretation-**

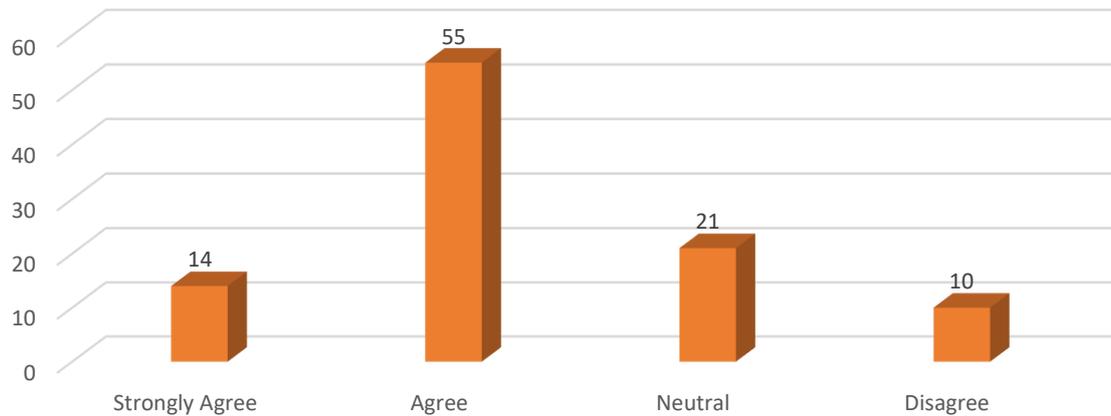
From the above Column chart analysis out of 100 respondents, 81 respondents Strongly agreed with the above views, 18 respondents agreed with the above views and 1 respondent stayed Neutral with the above statement views.

**Table 4.2. G – Whether to safeguard the integrity of the audit, auditors challenge assumptions, evidence, and management assertions while maintaining a professional skeptical attitude throughout the process. (R7)**

Responses	Frequency	Percentage
Strongly Agree	14	14
Agree	55	55
Neutral	21	21
Disagree	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. G- Column Chart representing Respondents views on Whether to safeguard the integrity of the audit, auditors challenge assumptions, evidence, and management assertions while maintaining a professional skeptical attitude throughout the process. (R7)**

Respondents views on Whether to safeguard the integrity of the audit, auditors challenge assumptions, evidence, and management assertions while maintaining a professional skeptical attitude throughout the process.



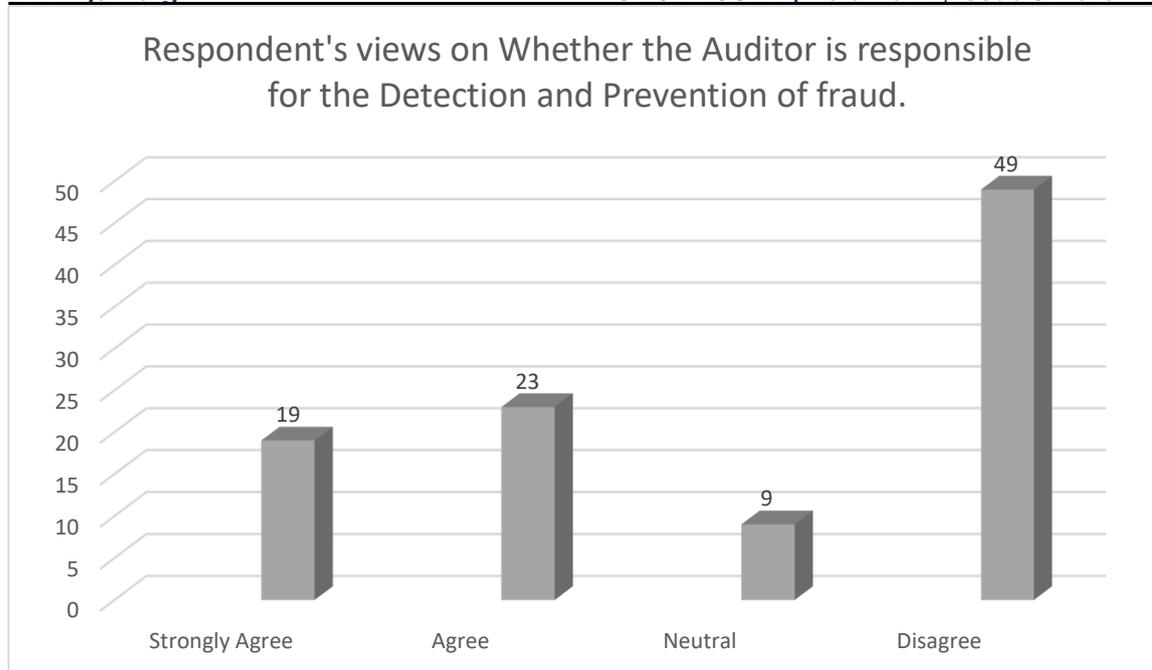
### Interpretation-

From the above Column chart analysis out of 100 respondents, 10 respondents Disagreed with the above views, 14 respondents Strongly agreed with the above views, 55 respondents agreed with the above views and 21 respondents stayed Neutral with the above statement views.

**Table 4.2. H – Whether the Auditor is responsible for the Detection and Prevention of fraud? (R8)**

Responses	Frequency	Percentage
Strongly Agree	19	19
Agree	23	23
Neutral	9	9
Disagree	49	49
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. H- Column Chart Representing Respondent's views on Whether the Auditor is responsible for the Detection and Prevention of Fraud. (R8)**



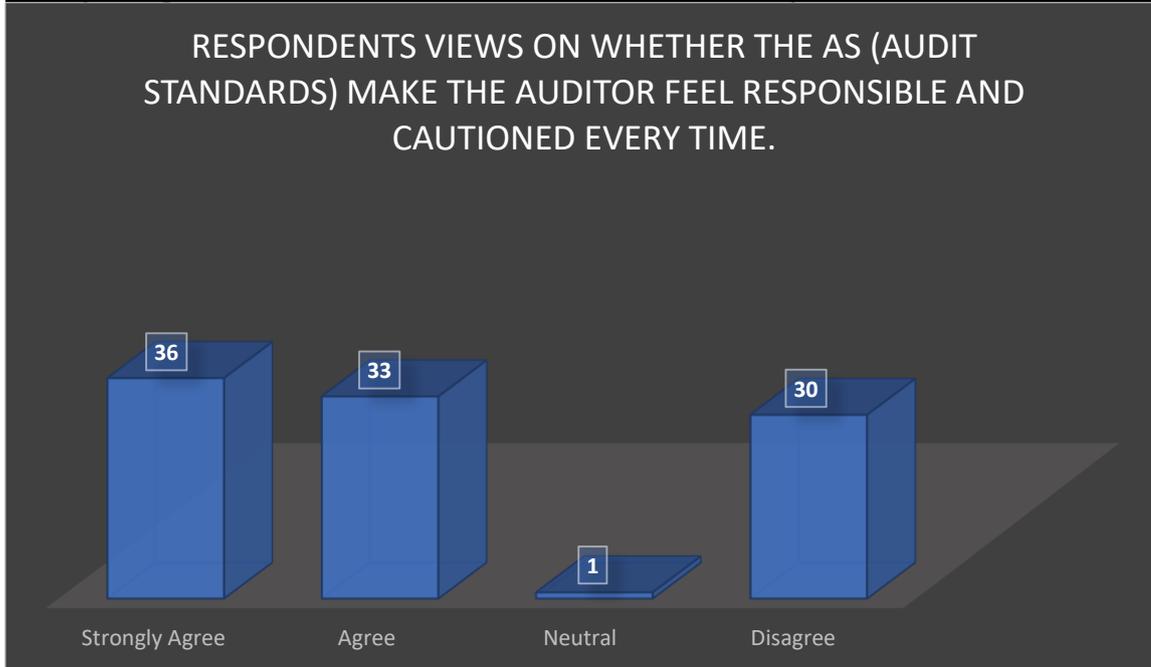
### Interpretation-

From the above Column chart analysis out of 100 respondents, 49 respondents Disagreed with the above views, 19 respondents Strongly agreed with the above views, 23 respondents agreed with the above views and 9 respondents stayed Neutral with the above statement views.

**Table 4.2. I – Whether the AS (Audit Standards) make the Auditor feel responsible and cautioned every time. (R9)**

Responses	Frequency	Percentage
Strongly Agree	36	36
Agree	33	33
Neutral	1	1
Disagree	30	30
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. I- Column Chart representing respondents views on Whether the AS (Audit Standards) make the Auditor feel responsible and cautioned every time. (R9)**



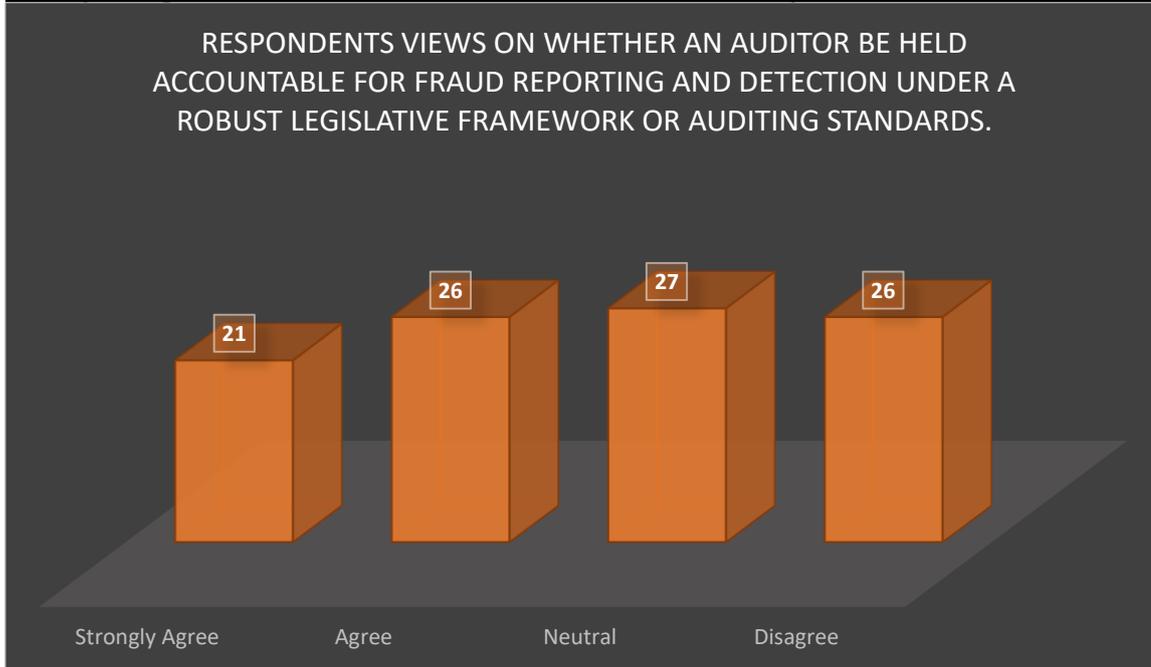
**Interpretation-**

From the above Column chart analysis out of 100 respondents, 30 respondents Disagreed with the above views, 36 respondents Strongly agreed with the above views, 33 respondents agreed with the above views and 1 respondent stayed Neutral with the above statement views.

**Table 4.2. J – Whether an auditor be held accountable for fraud reporting and detection under a robust legislative framework or auditing standards?\_(R10)**

Responses	Frequency	Percentage
Strongly Agree	21	21
Agree	26	26
Neutral	27	27
Disagree	26	26
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. J- Column chart representing Respondents views on Whether an auditor be held accountable for fraud reporting and detection under a robust legislative framework or auditing standards. (R10)**



**Interpretation-**

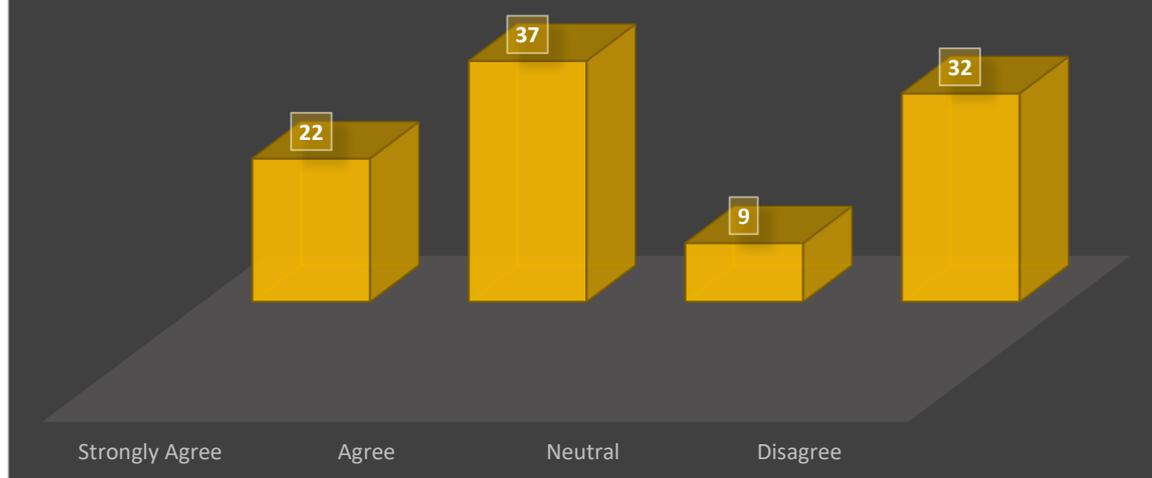
From the above Column chart analysis out of 100 respondents, 26 respondents Disagreed with the above views, 21 respondents Strongly agreed with the above views, 26 respondents agreed with the above views and 27 respondents stayed Neutral with the above statement views.

**Table 4.2. K – Whether is it necessary to evaluate management processes in order to determine whether or not they might result in inaccurate reporting?\_(R11)**

Responses	Frequency	Percentage
Strongly Agree	22	22
Agree	37	37
Neutral	9	9
Disagree	32	32
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. K- Column chart representing Respondents views on Whether is it necessary to evaluate management processes in order to determine whether or not they might result in inaccurate reporting. (R11)**

RESPONDENTS VIEWS ON WHETHER IS IT NECESSARY TO EVALUATE MANAGEMENT PROCESSES IN ORDER TO DETERMINE WHETHER OR NOT THEY MIGHT RESULT IN INACCURATE REPORTING.



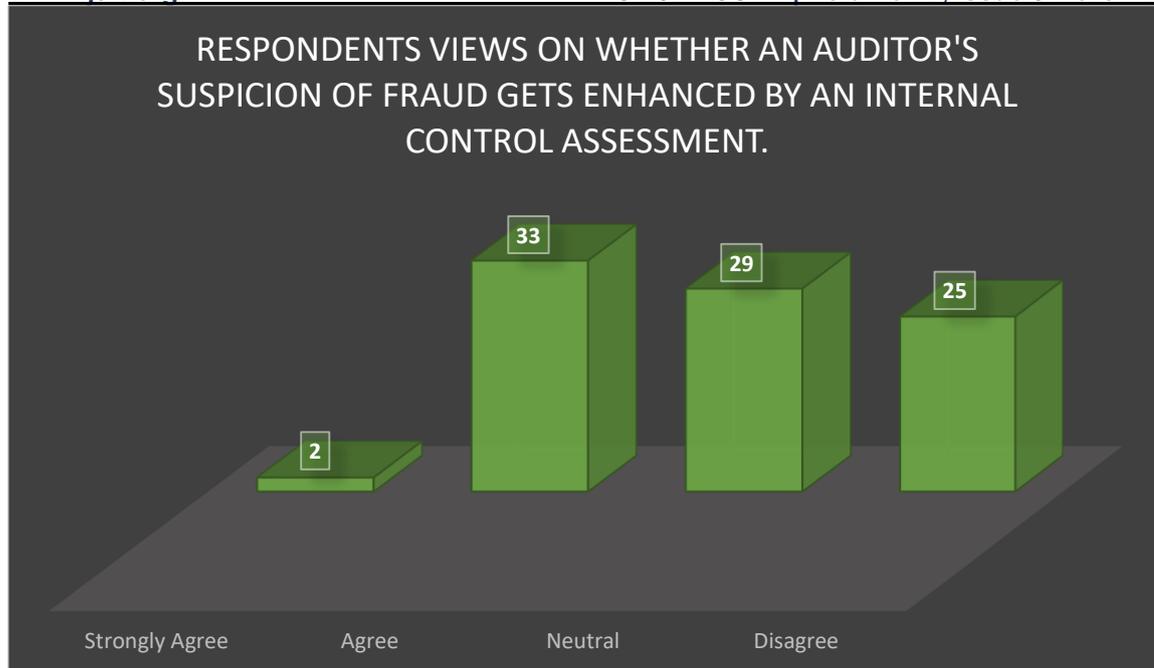
### Interpretation-

From the above Column chart analysis out of 100 respondents, 32 respondents Disagreed with the above views, 2 respondents Strongly agreed with the above views, 37 respondents agreed with the above views and 19 respondents stayed Neutral with the above statement views.

**Table 4.2. L – Whether An auditor's suspicion of fraud gets enhanced by an internal control assessment. (R12)**

Responses	Frequency	Percentage
Strongly Agree	13	13
Agree	33	33
Neutral	29	29
Disagree	25	25
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. L- Column Chart representing respondents' views on Whether An auditor's suspicion of fraud gets enhanced by an internal control assessment. (R12)**



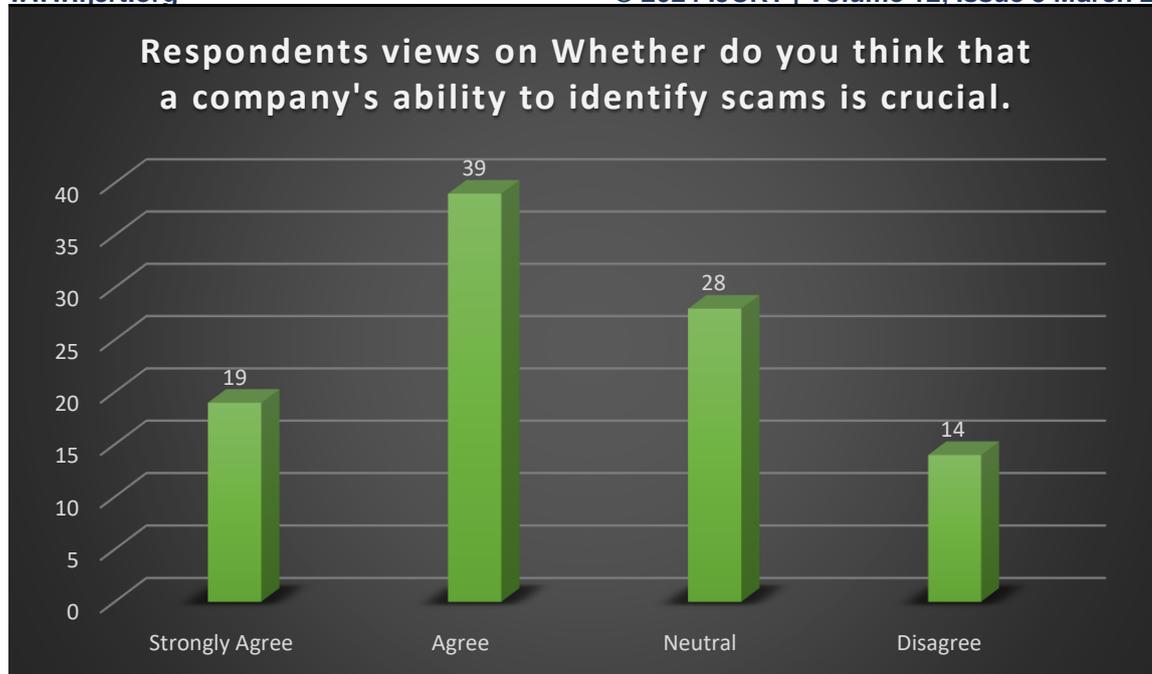
**Interpretation-**

From the above Column chart analysis out of 100 respondents, 25 respondents Disagreed with the above views, 2 respondents Strongly agreed with the above views, 33 respondents agreed with the above views and 29 respondents stayed Neutral with the above statement views.

**Table 4.2. M– Whether do you think that a company's ability to identify scams is crucial. (R13)**

Responses	Frequency	Percentage
Strongly Agree	19	19
Agree	39	39
Neutral	28	28
Disagree	14	14
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. M- Column chart representing respondents views on Whether do you think that a company's ability to identify scams is crucial. (R13)**



### Interpretation-

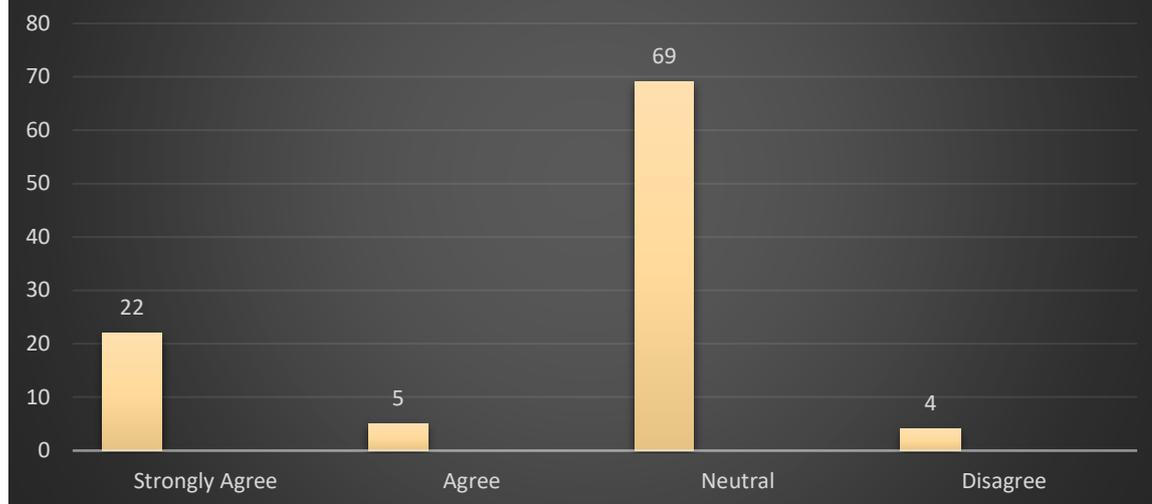
From the above Column chart analysis out of 100 respondents, 14 respondents Disagreed with the above views, 19 respondents Strongly agreed with the above views, 39 respondents agreed with the above views and 28 respondents stayed Neutral with the above statement views.

**Table 4.2. N – Whether The audit report makes it quite evident how much assurance the auditor provided. (R14)**

Responses	Frequency	Percentage
Strongly Agree	22	22
Agree	5	5
Neutral	69	69
Disagree	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.2. N- Column chart representing respondents' views on Whether The audit report makes it quite evident how much assurance the auditor provided. (R14)**

### Respondents views on Whether The audit report makes it quite evident how much assurance the auditor provided.



#### Interpretation-

From the above Column chart analysis out of 100 respondents, 4 respondents Disagreed with the above views, 22 respondents Strongly agreed with the above views, 5 respondents agreed with the above views and 69 respondents stayed Neutral with the above statement views.

#### Overview

Overall view of responses received in order to cater first objective was as follows –

#### Table No – 4.2.1

#### Descriptive Statistics of Role and Responsibility of Auditor in Fraud Detection

Particulars	Strongly Agree	Agree	Neutral	Disagree	Total	Mean
R1	19	37	34	10	100%	<b>2.35</b>
R2	47	39	11	3	100%	<b>1.7</b>
R3	71	21	8	0	100%	<b>1.37</b>
R4	19	66	14	1	100%	<b>1.97</b>
R5	9	63	25	3	100%	<b>2.22</b>
R6	81	18	1	0	100%	<b>1.2</b>
R7	14	55	21	10	100%	<b>2.27</b>
R8	19	23	9	49	100%	<b>2.88</b>

R9	36	33	1	30	100%	<b>2.25</b>
R10	21	26	27	26	100%	<b>2.58</b>
R11	22	37	9	32	100%	<b>2.51</b>
R12	13	33	29	25	100%	<b>2.66</b>
R13	19	39	28	14	100%	<b>2.37</b>
R14	22	5	69	4	100%	<b>2.55</b>

### **Interpretation**

As per Table 4.2.1, the mean values are almost similar to each other and above 1.2. And in all the questions the percentage of agreement is more and is significant. The majority of the respondents have either stayed neutral or agreed to the given statements.

## **4.3 FACTORS INFLUENCING AUDITORS IN FRAUD DETECTION**

### **Hypothesis Testing**

**H01 – There is no relationship between occurrences and likelihood of fraud detection**

**HA1 – There is relationship between occurrences and likelihood of fraud detection**

**Table No – 4.3.1 - various occurrences indicate the likelihood of fraud**

<b>Various occurrences indicating the likelihood of fraud</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Mean</b>
O1	24	12	51	13	<b>2.53</b>
O2	79	14	3	4	<b>1.32</b>
O3	66	27	1	6	<b>1.47</b>
O4	12	49	37	2	<b>2.29</b>
O5	20	47	4	29	<b>2.42</b>
O6	4	26	34	36	<b>3.02</b>

**Table No – 4.3.2 – Pearson Chi-square Table**

	<b>Value</b>	<b>Degrees of freedom</b>	<b>Asymptotic Significance (2-sided)</b>
<b>Pearson Chi Square</b>	94.626 <sup>a</sup>	20	0.000

a. 0 cells (0.0%) have expected count less than 4. The minimum expected count is 5.33. (Source - SPSS)

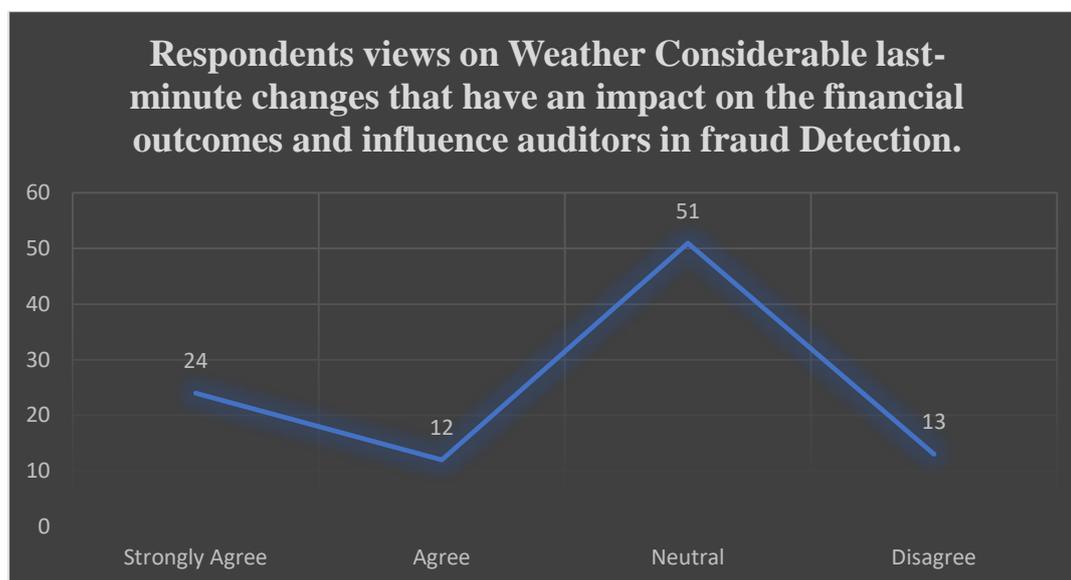
### Interpretation

Since 0 cells have expected count less than 5, results of the test can be relied on. Here the asymptotic significance offered referred to as p value is 0.000 which is less than 0.04. As per the results of the chi square test conducted using SPSS, null hypotheses are rejected and alternate hypothesis is accepted. **Therefore, there is significant relationship between occurrences and likelihood of fraud detection.**

**Table 4.3. A – Weather Considerable last-minute changes that have an impact on the financial outcomes and influence auditors in fraud Detection. (O1)**

Responses	Frequency	Percentage
Strongly Agree	24	24
Agree	12	12
Neutral	51	51
Disagree	13	13
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3. A- Line chart representing Respondents views on Weather Considerable last-minute changes that have an impact on the financial outcomes and influence auditors in fraud Detection. (O1)**



### Interpretation-

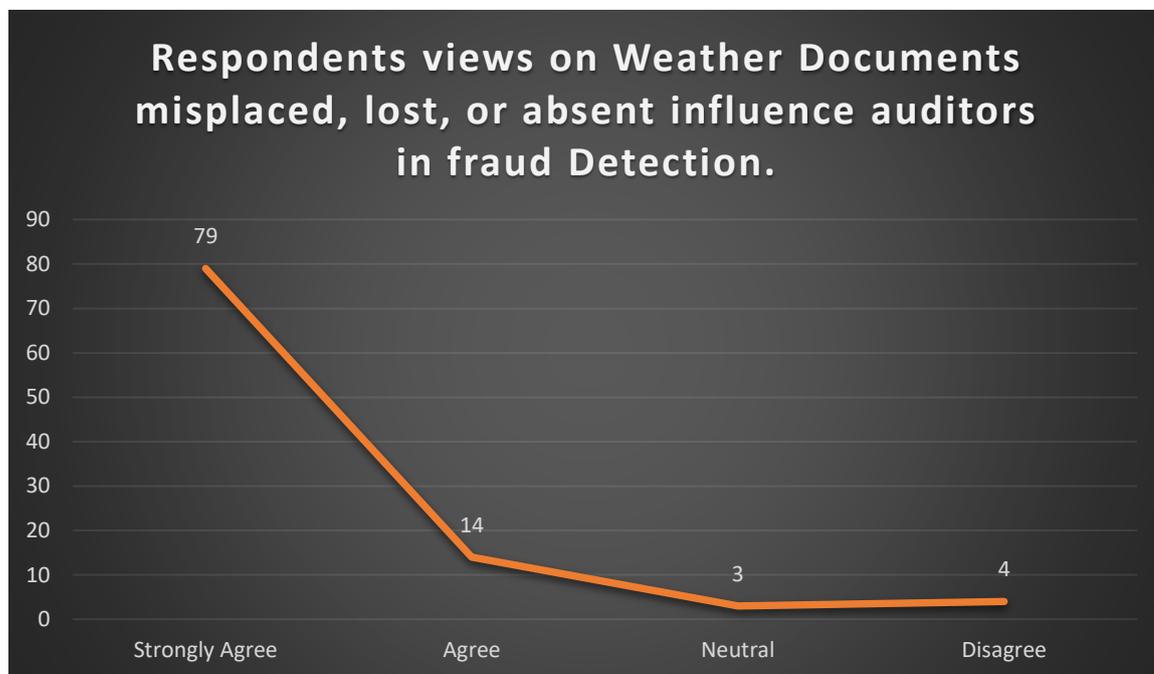
From the above Line chart analysis out of 100 respondents, 13 respondents Disagreed with the above views, 24 respondents Strongly agreed with the above views, 12 respondents agreed with the above views and 51 respondents stayed Neutral with the above statement views.

**Table 4.3. B – Whether documents misplaced, lost, or absent influence auditors in fraud Detection. (O2)**

Responses	Frequency	Percentage
Strongly Agree	79	79

<b>Agree</b>	14	14
<b>Neutral</b>	3	3
<b>Disagree</b>	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3. B – Line chart representing Respondents views on Weather Documents misplaced, lost, or absent influence auditors in fraud Detection. (O2)**



**Interpretation-**

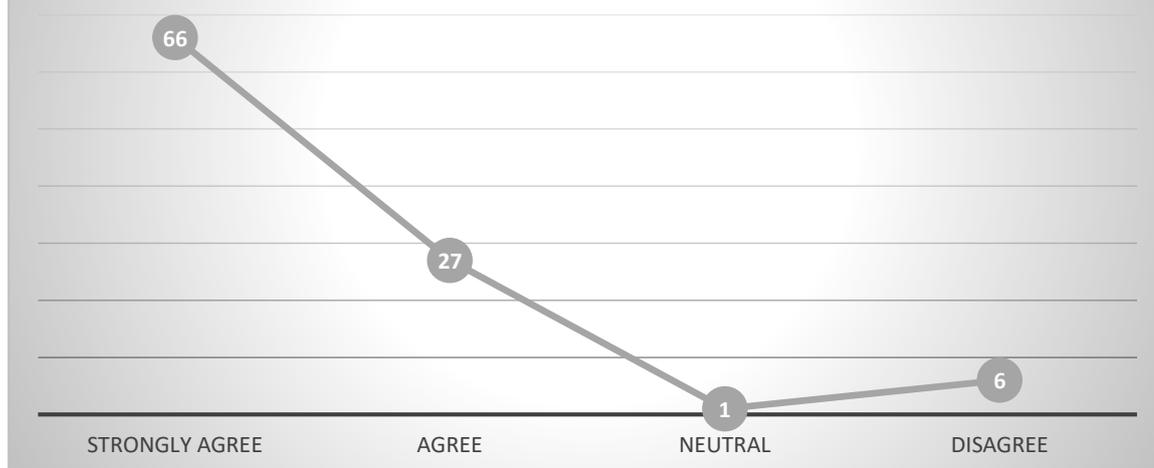
From the above Line chart analysis out of 100 respondents, 4 respondents Disagreed with the above views, 79 respondents Strongly agreed with the above views, 14 respondents agreed with the above views and 3 respondents stayed Neutral with the above statement views.

**Table 4.3. C – Whether transactions that are improper or unlawful influence auditors in fraud Detection. (O3)**

<b>Responses</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Strongly Agree</b>	66	66
<b>Agree</b>	27	27
<b>Neutral</b>	1	1
<b>Disagree</b>	6	6
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3. – Line chart representing respondents views on Whether transactions that are improper or unlawful influence auditors in fraud Detection. (O3)**

### Respondents views on Whether transactions that are improper or unlawful influence auditors in fraud Detection.



#### Interpretation-

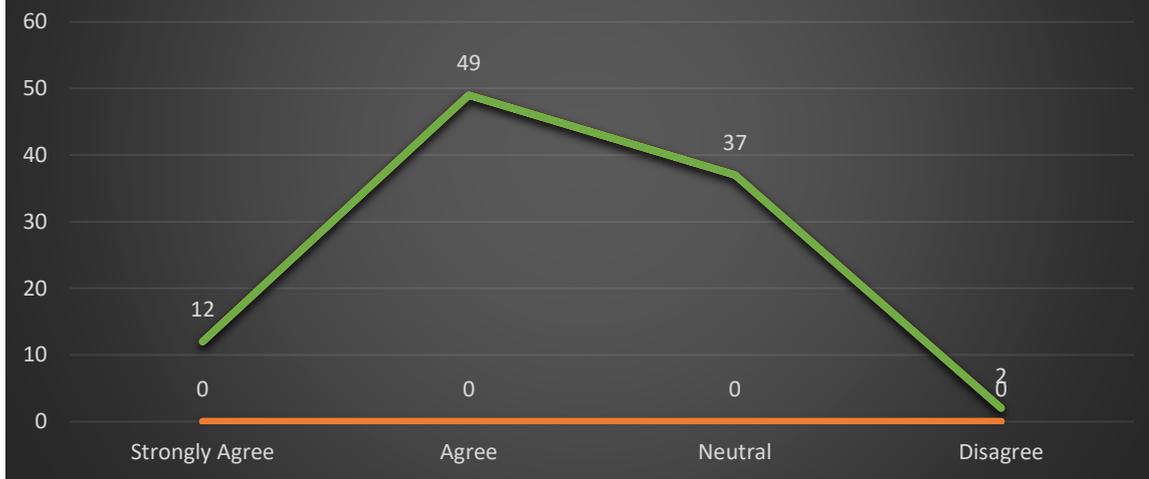
From the above Line chart analysis out of 100 respondents, 6 respondents Disagreed with the above views, 66 respondents Strongly agreed with the above views, 27 respondents agreed with the above views and 1 respondent stayed Neutral with the above statement views.

**Table 4.3. D– Weather Missing Material & valuable assets influence auditors in fraud Detection. (O4)**

Responses	Frequency	Percentage
Strongly Agree	12	12
Agree	49	49
Neutral	37	37
Disagree	2	2
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3. D – Line chart representing Respondents views on Weather Missing Material & valuable assets influence auditors in fraud Detection. (O4)**

## Respondents views on Weather Missing Material & valuable assets influence auditors in fraud Detection.



### Interpretation-

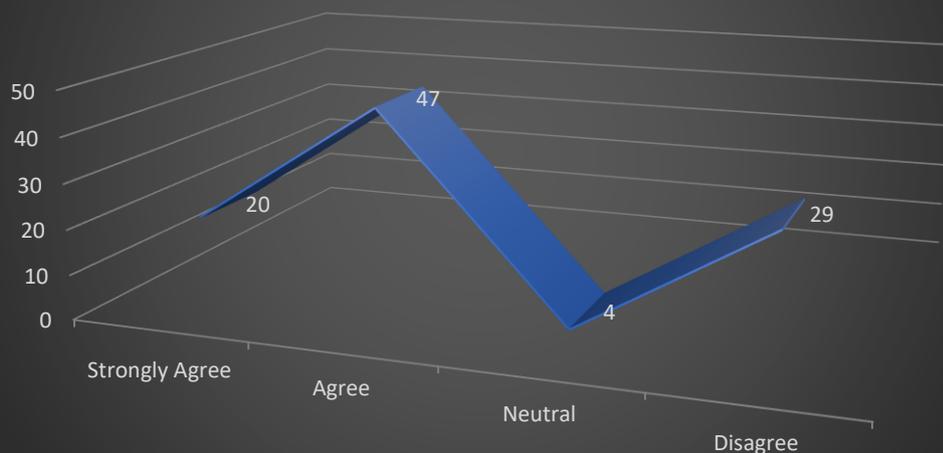
From the above Line chart analysis out of 100 respondents, 2 respondents Disagreed with the above views, 12 respondents Strongly agreed with the above views, 49 respondents agreed with the above views and 37 respondents stayed Neutral with the above statement views.

**Table 4.3. E – Weather Delay in supplying the data that was asked for influence auditors in fraud Detection. (O5)**

Responses	Frequency	Percentage
Strongly Agree	20	20
Agree	47	47
Neutral	4	4
Disagree	29	29
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3. E- Line chart representing Respondents views on Weather Delay in supplying the data that was asked for influence auditors in fraud Detection. (O5)**

### Respondents views on Weather Delay in supplying the data that was asked for influence auditors in fraud Detection.



**Interpretation-**

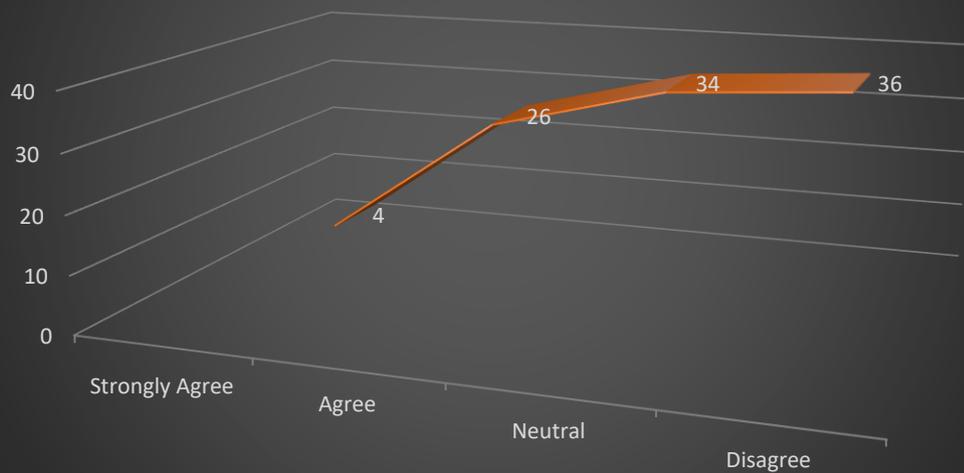
From the above Line chart analysis out of 100 respondents, 29 respondents Disagreed with the above views, 20 respondents Strongly agreed with the above views, 47 respondents agreed with the above views and 4 respondents stayed Neutral with the above statement views.

**Table 4.3. F– Weather Acknowledging and accepting a breach of the company's conduct code influence auditors in fraud Detection. (O6)**

Responses	Frequency	Percentage
Strongly Agree	4	4
Agree	26	26
Neutral	34	34
Disagree	36	36
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3. F- Line chart representing respondents' views on whether acknowledging and accepting a breach of the company's conduct code influences auditors in fraud Detection. (O6)**

**Respondents views on Weather Acknowledging and accepting a breach of the company's conduct code influence auditors in fraud Detection.**



**Interpretation-**

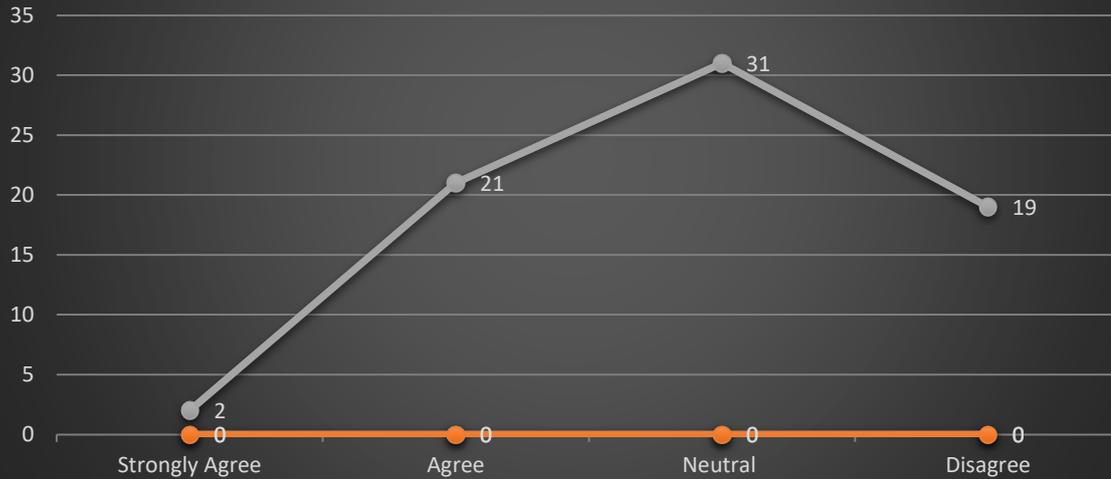
From the above Line chart analysis out of 100 respondents, 36 respondents Disagreed with the above views, 4 respondents Strongly agreed with the above views, 26 respondents agreed with the above views and 34 respondents stayed Neutral with the above statement views.

**Table 4.3. G – Whether false statements or postponement of crucial information influence auditors in fraud Detection. (O7)**

Responses	Frequency	Percentage
Strongly Agree	29	29
Agree	21	21
Neutral	31	31
Disagree	19	19
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3. G- Line Chart representing Respondents views on Whether false statements or postponement of crucial information influence auditors in fraud Detection. (O7)**

### Respondents views on Whether false statements or postponement of crucial information influence auditors in fraud Detection.



**Interpretation-**

From the above Line chart analysis out of 100 respondents, 19 respondents Disagreed with the above views, 2 respondents Strongly agreed with the above views, 21 respondents agreed with the above views and 31 respondents stayed Neutral with the above statement views.

**4.4 Impact of Auditor Quality Performance.**

**Hypothesis Testing**

**H02 – There is no relationship between constraints and likelihood of frauddetection**

**HA2 – There is relationship between constraints and likelihood of frauddetection**

**Table No – 4.4.1 Restrictions in audit engagement on fraud detection**

Restrictions in audit engagement on frauddetection	Strongly Agree	Agree	Neutral	Disagree	Mean
C1	9	35	39	17	<b>2.64</b>
C2	31	27	22	20	<b>2.31</b>
C3	11	19	37	33	<b>2.92</b>
C4	19	21	42	18	<b>2.59</b>
C5	0	33	29	38	<b>3.05</b>
C6	61	11	17	11	<b>1.78</b>

**Table No – 4.4.2 - Pearson Chi-square Table**

	Value	Degrees of freedom	Asymptotic Significance (2-sided)

Pearson Chi-Square	94.710 <sup>a</sup>	20	0.000
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a. 0 cells (0.0%) have an expected count less than 4. The minimum expected count is 5.33.

(Source – SPSS)

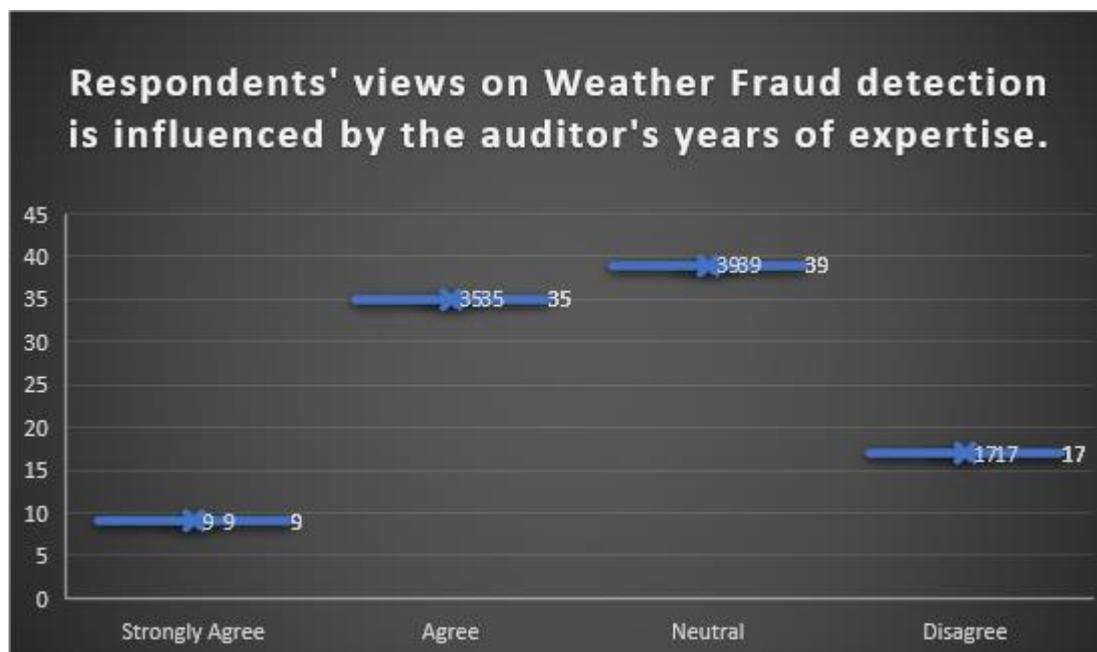
**Interpretation**

Since 0 cells have expected count less than 5, results of the test can be relied on. Here the asymptotic significance offered referred to as p value is 0.000 which is less than 0.04. As per the results of the chi square test conducted using SPSS, null hypotheses is rejected and alternate hypothesis is accepted. **Therefore, there is a significant relationship between constraints and likelihood of fraud detection.**

**Table 4.3.A – Weather Fraud detection is influenced by the auditor's years of expertise. (C1)**

Responses	Frequency	Percentage
Strongly Agree	9	9
Agree	35	35
Neutral	39	39
Disagree	17	17
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3.A- Chart representing respondents' views on Weather Fraud detection is influenced by the auditor's years of expertise. (C1)**



**Interpretation-**

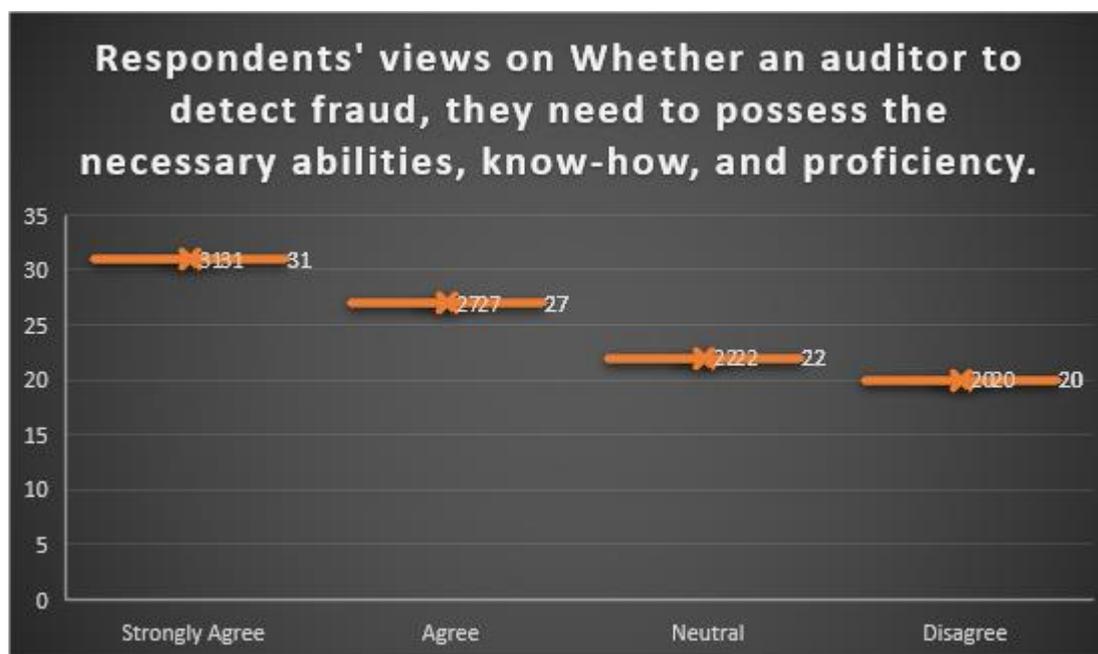
From the above chart analysis out of 100 respondents, 17 respondents Disagreed with the above views, 9 respondents Strongly agreed with the above views, 35 respondents agreed with the above views and 39 respondents stayed Neutral with the above statement views.

**Table 4.3. B– Whether an auditor to detect fraud, they need to possess the necessary abilities, know-how,**

and proficiency. (C2)

Responses	Frequency	Percentage
Strongly Agree	31	31
Agree	27	27
Neutral	22	22
Disagree	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3.B- Chart representing Respondents views on Whether an auditor to detect fraud, they need to possess the necessary abilities, know-how, and proficiency. (C2)**



**Interpretation-**

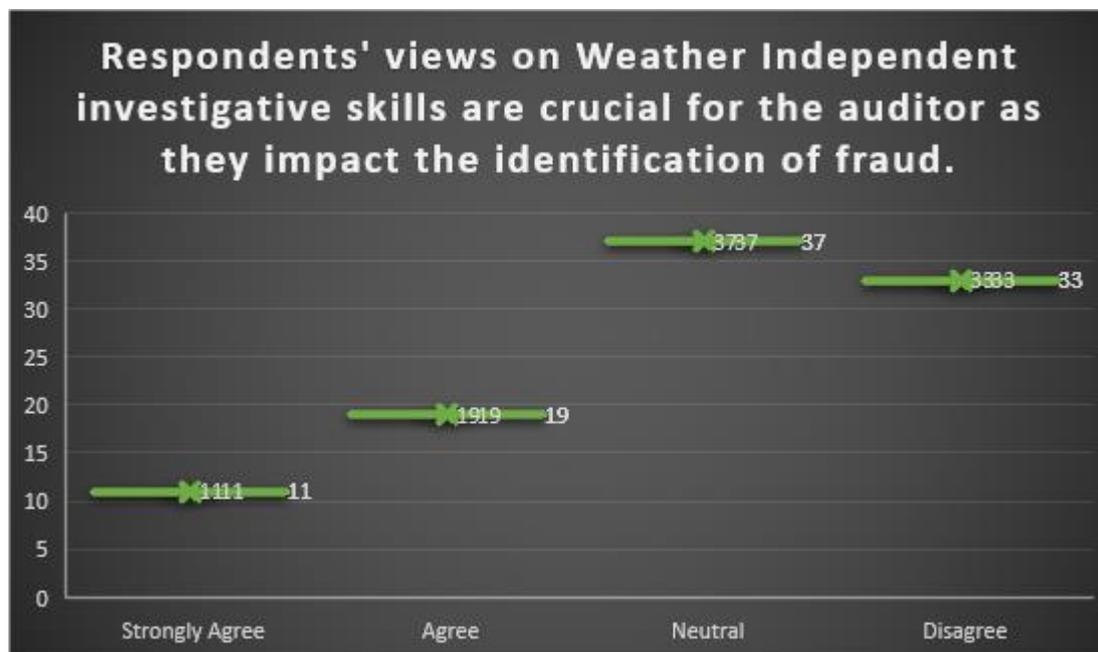
From the above chart analysis out of 100 respondents, 20 respondents Disagreed with the above views, 31 respondents Strongly agreed with the above views, 27 respondents agreed with the above views and 22 respondents stayed Neutral with the above statement views.

**Table 4.3. C– Weather Independent investigative skills are crucial for the auditor as they impact the identification of fraud. (C3)**

Responses	Frequency	Percentage
Strongly Agree	11	11
Agree	19	19
Neutral	37	37

Disagree	33	33
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3.C – Chart Representing respondent's views on Weather Independent investigative skills are crucial for the auditor as they impact the identification of fraud. (C3)**



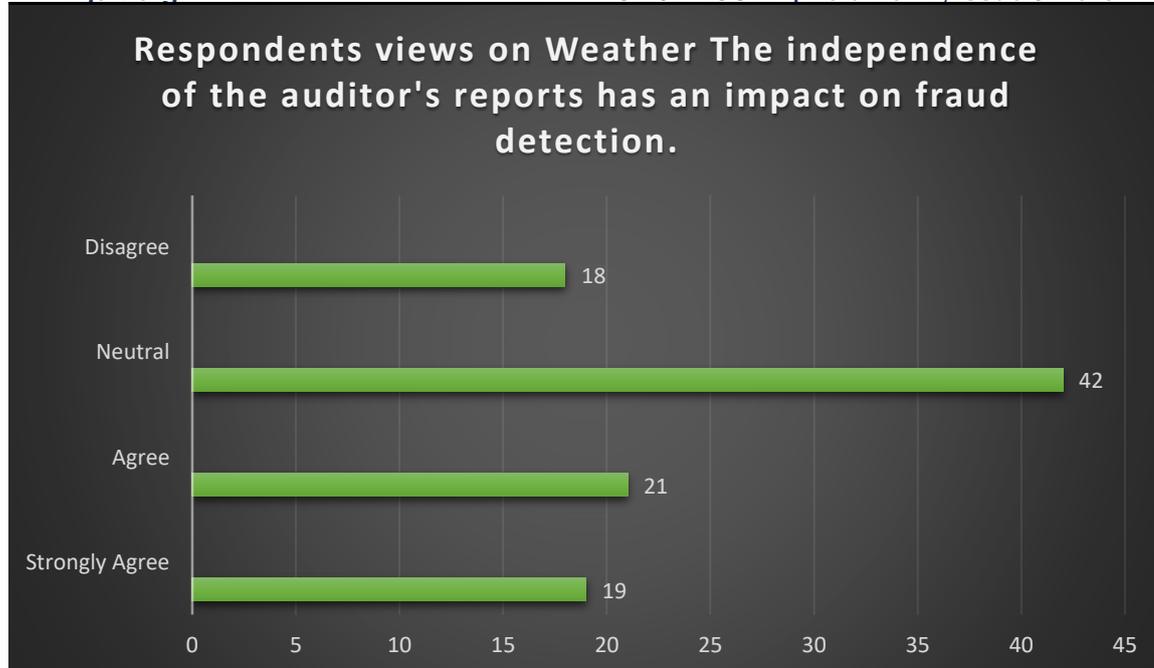
**Interpretation-**

From the above chart analysis out of 100 respondents, 33 respondents Disagreed with the above views, 11 respondents Strongly agreed with the above views, 19 respondents agreed with the above views and 37 respondents stayed Neutral with the above statement views.

**Table 4.3. D– Weather The independence of the auditor's reports has an impact on fraud detection. (C4)**

Responses	Frequency	Percentage
Strongly Agree	19	19
Agree	21	21
Neutral	42	42
Disagree	18	18
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3.D- Bar chart representing respondents' views on whether the independence of the auditor's reports has an impact on fraud detection. (C4)**



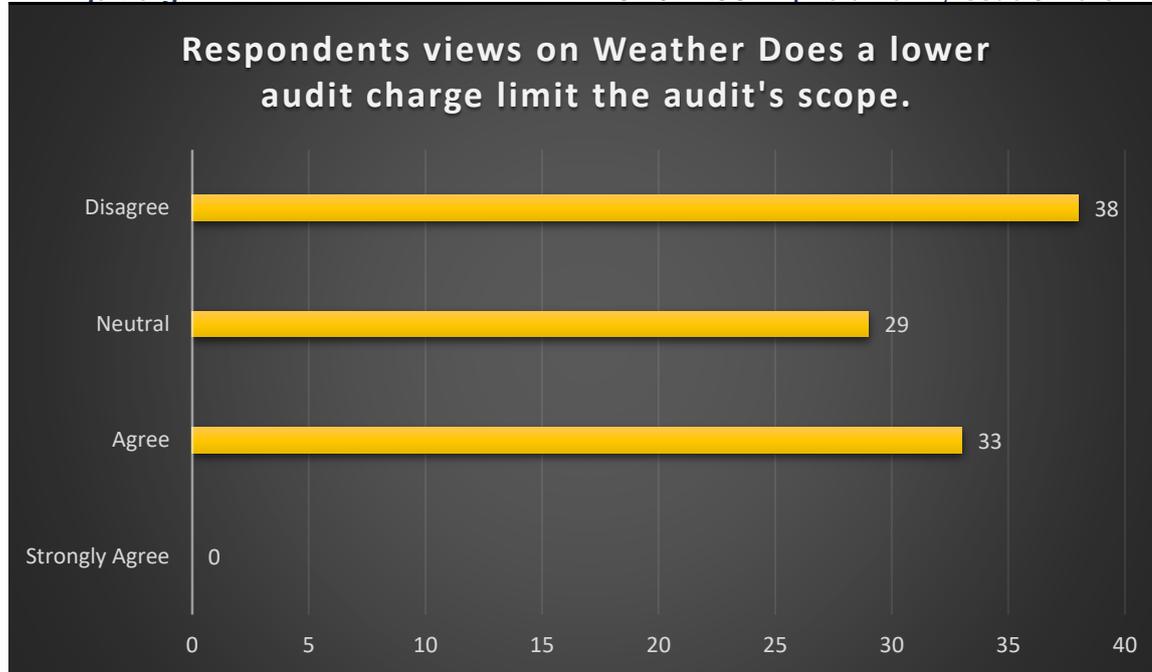
**Interpretation-**

From the above Bar chart analysis out of 100 respondents, 18 respondents Disagreed with the above views, 19 respondents Strongly agreed with the above views, 21 respondents agreed with the above views and 42 respondents stayed Neutral with the above statement views.

**Table 4.3.E – Weather Does a lower audit charge limit the audit's scope. (C5)**

Responses	Frequency	Percentage
Strongly Agree	0	0
Agree	33	33
Neutral	29	29
Disagree	38	38
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3.E – Bar chart representing respondents' views on Weather Does a lower audit charge limit the audit's scope? (C5)**



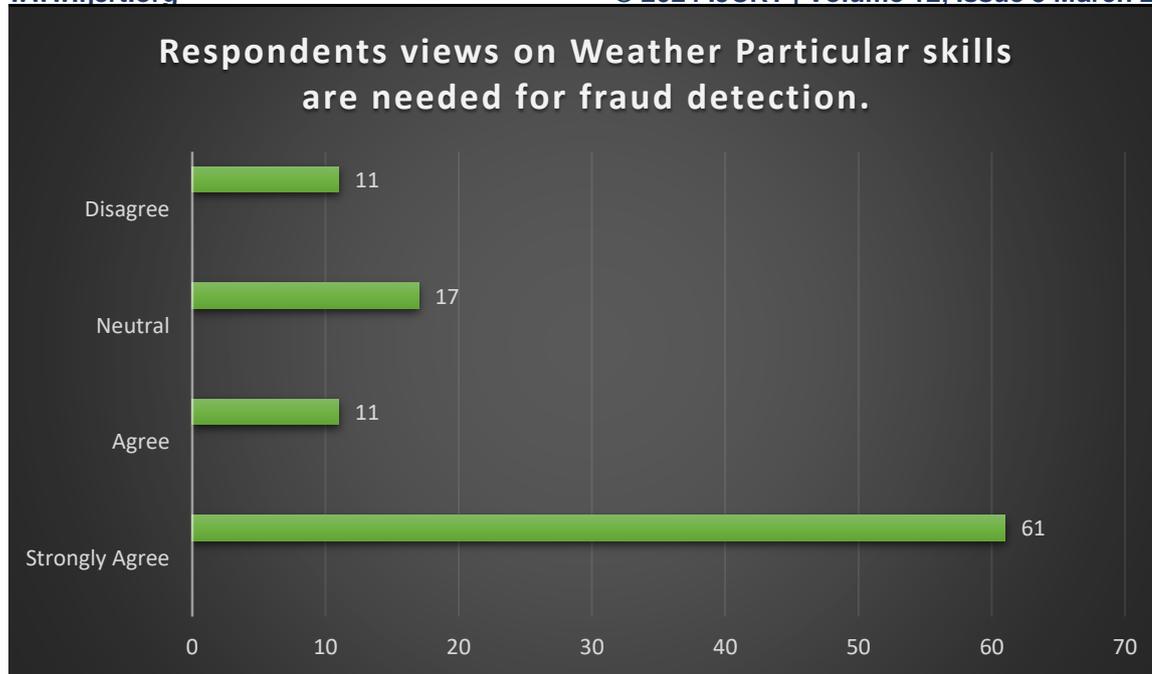
### Interpretation-

From the above Bar chart analysis out of 100 respondents, 38 respondents Disagreed with the above views, 33 respondents agreed with the above views and 29 respondents stayed Neutral with the above statement views.

**Table 4.3.F – Weather Particular skills are needed for fraud detection.\_(C6)**

Responses	Frequency	Percentage
Strongly Agree	61	61
Agree	11	11
Neutral	17	17
Disagree	11	11
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3.F- Bar chart representing respondents' views on Weather Particular skills are needed for fraud detection. (C6)**



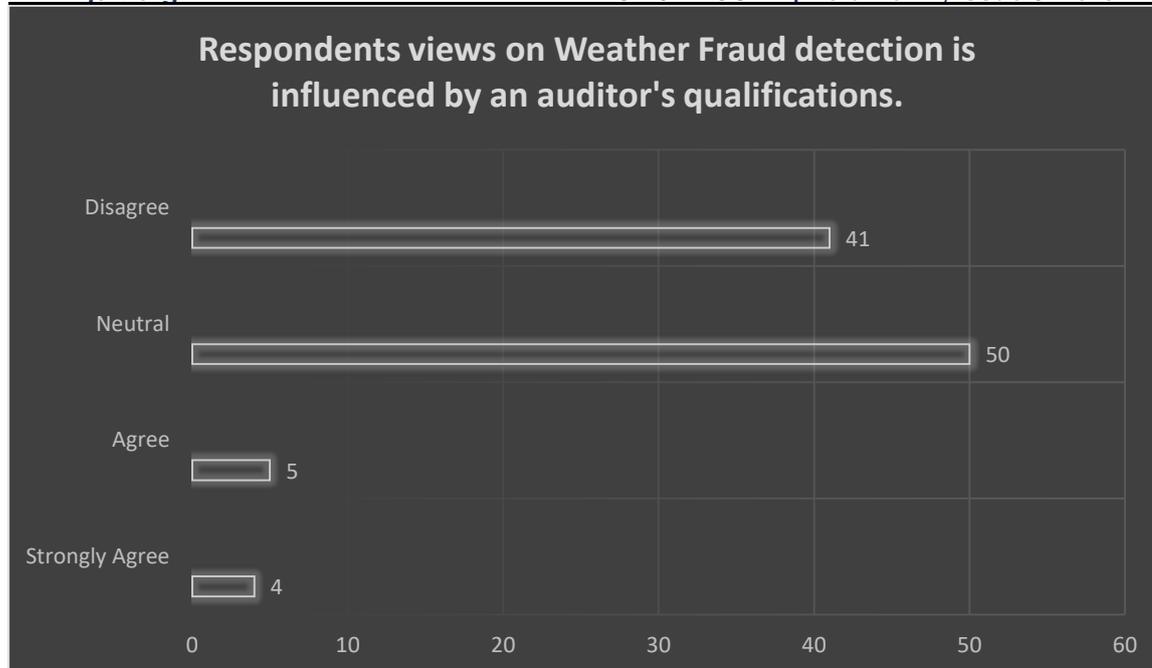
### Interpretation-

From the above Bar chart analysis out of 100 respondents, 11 respondents Disagreed with the above views, 61 respondents Strongly agreed with the above views, 11 respondents agreed with the above views and 17 respondents stayed Neutral with the above statement views.

**Table 4.3.G – Whether Fraud detection is influenced by an auditor's qualifications. (C7)**

Responses	Frequency	Percentage
Strongly Agree	4	4
Agree	5	5
Neutral	50	50
Disagree	41	41
<b>Total</b>	<b>100</b>	<b>100</b>

**Chart- 4.3.G- Bar chart representing respondents' views on whether fraud detection is influenced by an auditor's qualifications. (C7)**



**Interpretation-**

From the above Bar chart analysis out of 100 respondents, 41 respondents Disagreed with the above views, 4 respondents Strongly agreed with the above views, 5 respondents agreed with the above views and 50 respondents stayed Neutral with the above statement views.

**Hypothesis Testing**

**H03 - There is no relationship between factors and expert performance of the auditor in fraud detection**

**HA3 - There is relationship between factors and expert performance of the auditor in fraud detection**

**Table No – 4.4.3 - Pearson Chi-square Table**

	Value	Degrees of freedom	Asymptotic Significance (2-sided)
<b>Pearson Chi-Square</b>	104.202 <sup>a</sup>	16	0.000

a. 0 cells (0.0%) have expected count less than 4. The minimum expected count is 5.33. (Source – SPSS)

**Interpretation**

Since 0 cells have an expected count of less than 5, the results of the test can be relied on. Here the asymptotic significance offered referred to as the **p-value is 0.000 which is less than 0.04**. As per the results of the chi-square test conducted using SPSS, the null hypothesis is rejected and alternate hypothesis is accepted. **Therefore, there is a significant relationship between factors and expert performance of the auditor in fraud detection**

**4.5 CORRELATION OF VARIOUS PARAMETERS AND LIKELIHOOD OF FRAUD DETECTION**

**Table No – 4.4.1****Correlation of occurrences indicating fraud detection and likelihood of fraud detection**

		LFD	O1	O2	O3	O4	O5	O6
LFD	Correlation	1						
	Sig. (2-tailed)							
	N	100						
O1	Correlation	.944**	1					
	Sig. (2-tailed)	0.000						
	N	100	100					
O2	Correlation	.992**	.970**	1				
	Sig. (2-tailed)	0.000	0.000					
	N	100	100	100				
O3	Correlation	.867**	.933**	.922**	1			
	Sig. (2-tailed)	0.000	0.000	0.000				
	N	100	100	100	100			
O4	Correlation	.836**	.870**	.889**	.984**	1		
	Sig. (2-tailed)	0.000	0.000	0.000	0.000			
	N	100	100	100	100	100		
O5	Correlation	.802**	.623**	.720**	.398**	.360**	1	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000		
	N	100	100	100	100	100	100	
O6	Correlation	.663**	.383**	.573**	.273**	.313**	.887**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.006	0.002	0.000	
	N	100	100	100	100	100	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source – SPSS Software

As per the results of the correlation performed using SPSS software, the relationship between the **likelihood of fraud detection (LFD)** and the various occurrences is significant and large as the value of correlation between LFD and O1 is 0.944, LFD and O2 is 0.922, LFD and O3 is 0.867, LFD and O4 is 0.836, LFD and O5 is 0.802, LFD and O6 is 0.663. Since all the values are above 0.5, this indicates that there is a strong relationship between various occurrences and likelihood of fraud detection. Here O1, O2, O3, O4, O5 and O6 indicate significant last-minute adjustments that affect the financial results, Lost, missing, or misplaced documents, Improper or unauthorized transactions, Missing assets having significant value, Delay in providing the requested information, Acceptance of violation of the company's code of conduct respectively

**Table No – 4.4.2**

## Correlation of various constraints and likelihood of fraud detection

		LFD	C2	C2	C3	C4	C5	C6
LFD	Correlation	1						
	Sig. (2-tailed)							
	N	100						
C1	Correlation	.937**	1					
	Sig. (2-tailed)	0.000						
	N	100	100					
C2	Correlation	.924**	.965**	1				
	Sig. (2-tailed)	0.000	0.000					
	N	100	100	100				
C3	Correlation	.853**	.801**	.923**	1			
	Sig. (2-tailed)	0.000	0.000	0.000				
	N	100	100	100	100			
C4	Correlation	.689**	.588**	.766**	.947**	1		
	Sig. (2-tailed)	0.000	0.000	0.000	0.000			
	N	100	100	100	100	100		
C5	Correlation	.968**	.884**	.933**	.943**	.847**	1	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000		
	N	100	100	100	100	100	100	
C6	Correlation	.393**	.266**	.464**	.709**	.889**	.603**	1
	Sig. (2-tailed)	0.000	0.007	0.000	0.000	0.000	0.000	
	N	100	100	100	100	100	100	100
**. Correlation is significant at the 0.01 level (2-tailed).								
Source – SPSS Software								

As per the results of the correlation performed using SPSS software, the relationship between **LFD (likelihood of fraud detection)** and various constraints that exist on the part of the auditor is significant. The correlation value between LFD and C1 is 0.937, LFD and C2 is 0.924, LFD and C3 is 0.853, LFD and C4 is 0.689, LFD and C5 is 0.968, LFD and C6 is 0.393. Correlation between LFD and C6 is medium, when compared to other constraints. At a 1% level of significance, there is a significant relationship between various constraints and likelihood of fraud detection.

Here C1, C2, C3, C4 and C5 indicate personal relationships (family, friends), Pressure from the client to complete the work soon, Lack of support from internal auditors, Delay in preparation of financial statements, Lack/poor record and bookkeeping by the client and Fear of loss of client respectively.

## 5. SUMMARY OF FINDINGS

### 5.1 Summary of Findings

- **Auditor Independence Affects Fraud Detection Significantly-** The study discovered a statistically significant correlation ( $p > 0.05$ ) between the efficacy of fraud detection by auditors and their independence from the examined firm, with auditors exhibiting greater detection rates.
- **Training and Experience Enhance Fraud Detection Skills-** According to the findings, auditors who had received more in-depth instruction and had more fraud detection experience on average had a higher mean level of fraud detection than their less experienced peers. According to this research, funding auditor education and training initiatives may enhance their capacity to identify fraud.
- **Technology Enhances Fraud Detection-** The research showed a direct relationship between the efficiency of fraud detection and the use of cutting-edge technical instruments in auditing processes. **The mean detection rate of fraudulent activities was greater among auditors who heavily utilized fraud detection technologies and data analytics.**
- **Proactive Risk Assessment Increases Fraud Detection Rates-** The results showed that auditors who carried out in-depth risk assessments before auditing engagements attained a mean level of fraud detection that was significantly higher than those who relied only on conventional audit procedures without doing a thorough risk analysis.
- **Effective Communication with Management Facilitates Fraud Detection-** The study found a correlation between the possibility of identifying fraud and the calibre of communication between auditors and management. The average rate of fraud detection was greater among auditors who kept lines of communication open and transparent with management.
- **Organisational Culture Influences Fraud Detection-** According to the findings, attempts to identify fraud are either aided or hindered by organisational culture. Strong ethical cultures and a zero-tolerance policy for dishonest behaviour were linked to greater mean auditor fraud detection rates.
- **Whistleblower Mechanisms Enhance Fraud Detection-** It has been shown that the existence of strong whistleblower mechanisms within businesses has a favourable impact on the rates of fraud detection. Auditors found that in organisations where staff members felt free to disclose fraud suspicions without fear of reprisal, the mean detection rate of fraudulent activity was greater.
- **Regular Training on Fraud Detection Techniques is Essential-** The study stressed how crucial it is for auditors to get ongoing education and training in order to improve their capacity for detecting fraud. Compared to auditors who did not get such training, individuals who took part in regular training programmes on fraud detection techniques had a much greater mean degree of fraud detection.

These results emphasize the complexity of fraud detection and the role that various elements play in effectively thwarting fraudulent activities. These elements include auditor independence, training, technology use, risk assessment, communication, organisational culture, whistleblower mechanisms, and continuous education.

## **6. SUMMARY OF SUGGESTIONS/ RECOMMENDATIONS**

### **6.1 Summary of Recommendations -**

- Since stakeholders have more trust in audited financial statements and since they are of the highest importance, it is imperative that auditors take great care and carry out a variety of tests and procedures to guarantee the discovery of frauds and appropriate reporting of them. Therefore, everyone involved, including the audit firm, is impacted by the discovery of fraud following the release of audited financial accounts.
- To raise the audit's quality, ongoing learning is crucial. Senior auditors should keep an eye on field auditors and ensure that they have sufficient knowledge and abilities. If not, they must receive proper training to become competent.
- Due to the competitive nature of the market in which auditors operate, audit services are fee-limited. Therefore, auditors must use a clever technique that allows them to learn more about the business and the reality that frauds vary depending on the industry. This enables them to maintain the highest level of audit quality while navigating a competitive market.
- It is best to promote the use of a high degree of professional scepticism. In terms of ethics, auditors should also disclose any suspicions of fraud without holding back and taking the client relationship into account.
- The statutory authorities can provide well-designed training to ensure that there is no discrepancy in the auditor's knowledge of their position and that their perspective and their statutory requirement in fraud detection are the same. This aids in uniting all auditors under one roof with shared knowledge.
- It is necessary to take action to ensure that the stakeholders are aware of the auditor's role, responsibilities, audit scope, and significance. The auditors are having trouble since they don't know what the stakeholders' scope of the audit is. Therefore, prior to the audit engagement, the auditor must provide the client with a clearer and more comprehensive understanding of the same.
- Enhancing one's experience, skills, knowledge, competence, and independence is crucial for auditors as it may positively impact their capacity to detect fraud and improve the overall quality of their audits.
- The future of auditing, including standards, audit law, auditor education, and auditor certification, may be significantly impacted by behavioral science education and training concerning conscious and unconscious bias.

## **7. CONCLUSION**

### **7.1 Conclusion**

The purpose of this study, "Role and Responsibility of Auditors in Fraud Detection and Variable Factors Affecting Fraud Detection," is to gain insight into the auditor's function in relation to both legislative obligations and public perception. The audit firm and all other stakeholders are impacted when fraud is discovered subsequent to the release of audited financial accounts. This study has identified a number of

issues that auditors face while conducting audits and detecting fraud, in addition to a number of circumstances that raise suspicions about fraud.

One hundred respondents were asked to complete a questionnaire in order to gather data for the study. Empirical research is the method used for this investigation. This study serves as a barrier to fraud activity and aids auditors in better understanding their job. Descriptive statistics, correlation, and the chi-square test are used to analyse the data that has been gathered.

The study unequivocally found that a number of significant factors influence the likelihood of detecting fraud, such as different circumstances that raise suspicions about fraud, different restrictions placed on the auditor, and the expert performance of the auditor. Ultimately, the ability and perception of the auditor to identify fraud depends on a variety of factors.

In order to comprehend the possibility of detecting fraud, the auditor must be aware of the different circumstances and limitations that they face. These factors are contingent upon the auditor's perception, which is also shaped by their competence, or their expert performance.

The information gathered indicates that auditors have the same concept of their roles and their duties. A small number of auditors, however, believe that the scope for independent fraud detection has to be expanded. Ongoing education is crucial, and even training in behavioural science has a significant influence on the audit's future.

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### 7.3 Questionnaire

**A Study on Roles and Responsibilities of Auditors in Fraud Detection and Prevention and Factors influencing Fraud Detection.**

Hello Sir/Madam,  
I am C B Dhanush, final year B.Com Student at PES University. As a part of my curriculum, am doing a research on "

A Study on Roles and Responsibilities of Auditors in Fraud Detection and Prevention and Factors influencing Fraud Detection". I seek your cooperation in getting this questionnaire filled.  
I assure you that the information provided by you will be kept highly confidential and will be used only for research purpose.

dhanushcb@gmail.com [Switch accounts](#)

\* Indicates required question

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**A Study on Roles and Responsibilities of Auditors in Fraud Detection and Prevention and Factors influencing Fraud Detection.**

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**Demographics Related.**

Details of the respondents to ascertain goodness of fit of data.

Gender \*

Male  
 Female  
 Prefer not to say

Age Group \*

Less than 20 years  
 20 - 30 years  
 30-40 years  
 40-50 years  
 50-60 years  
 60 and above years

Qualification \*

High School and Lower  
 Undergraduate  
 Post Graduate/Masters  
 PhD  
 Professional Courses

Your Area/Field of specialization \*

Finance  
 Accounts  
 Management  
 Audit & Assurance  
 Taxation  
 Human Resource  
 Science Background

Occupation/Profession \*

Self Employed  
 Professional Services/Own Practice  
 Employee  
 Student  
 Research Scholar  
 Other: \_\_\_\_\_

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**A Study on Roles and Responsibilities of Auditors in Fraud Detection and Prevention and Factors influencing Fraud Detection.**

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**Details Pertaining to Roles and Responsibilities of Auditor**

Following are the Pertaining to Roles and Responsibilities of Auditor in various domains which are gathered based on empirical studies. Please rate them based on your opinion

Which of the following Roles of the Auditor are likely to be true? \*

	Strongly Agree	Agree	Neutral	Disagree
Stakeholders receive independent assurance from auditors on the accuracy and fairness of financial statements and other information presented.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auditors evaluate the risks connected to internal control systems and financial reporting in order to pinpoint areas where fraud or mistakes are most likely to happen.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Auditors make sure that companies follow legal and regulatory obligations, compliance with pertinent laws, rules, and accounting standards.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Auditors establish thresholds for materiality in order to detect major misstatements in financial statements that may influence the decisions made by stakeholders.

Auditors collect and assess enough relevant audit information to back up their findings regarding the financial statements' fairness.

Auditor's audit reports, which include their evaluation of the financial statements' fairness, auditors convey to stakeholders their conclusions and recommendations.

To safeguard the integrity of the audit, auditors challenge assumptions, evidence, and management assertions while maintaining a professional skeptical attitude throughout the process.

Which of the following Responsibility of the Auditor are likely to be true? \*

	Strongly Agree	Agree	Neutral	Disagree
The Auditor is responsible for Detection and Prevention of frauds?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The AS (Audit Standards) make the Auditor feel responsible and cautioned every time.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
An auditor would be held accountable for fraud reporting and detection under a robust legislative framework or auditing standards?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Is it necessary to evaluate management processes in order to determine whether or not they might result in inaccurate reporting?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
An auditor's suspicion of fraud get enhanced by an internal control assessment?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Do you think that a company's ability to identify scams is crucial?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

An auditor's suspicion of fraud get enhanced by an internal control assessment?

Do you think that a company's ability to identify scams is crucial?

The audit report makes it quite evident how much assurance the auditor provided.

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### A Study on Roles and Responsibilities of Auditors in Fraud Detection and Prevention and Factors influencing Fraud Detection.

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\* Indicates required question

#### Details Pertaining to Factors Influencing Auditor in Fraud Detection

Following are the

Pertaining to Factors influencing Auditor in Fraud Detection in various domains which are gathered based on empirical studies. Please rate them based on your opinion

Numerous incidents point to the possibility of fraud. \*

	Strongly Agree	Agree	Neutral	Disagree
considerable last-minute changes that have an impact on the financial outcomes.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Documents misplaced, lost, or absent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transactions that are improper or unlawful.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Missing of Material & valuable assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Missing of Material & valuable assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Delay in supplying the data that was asked for.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Acknowledging and accepting a breach of the company's conduct code	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
False statement, Postponement of crucial information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

#### Limitations in the auditing process concerning fraud detection \*

	Strongly Agree	Agree	Neutral	Disagree
Interpersonal connections (families, friends)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Client pressure to do the job quickly.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient backing from internal auditors.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Postponement of financial statement preparation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Absence or inadequate client maintaining records and documentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Absence or inadequate client maintaining records and documentation

Fear of losing a client's business

Peer Pressure/ Influence of Higher authoritative

#### Impact of auditor quality performance \*

	Strogly Agree	Agree	Neutral	Disagree
Fraud detection is influenced by the auditor's years of expertise.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
An auditor to detect fraud, they need to possess the necessary abilities, know-how, and proficiency.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Independent investigative skills are crucial for the auditor as they impact the identification of fraud.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The independence of the auditor's reports has an impact on fraud detection.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The independence of the auditor's reports has an impact on fraud detection.

Does a lower audit charge limit the audit's scope?

Particular skills are needed for fraud detection.

Fraud detection is influenced by an auditor's qualifications.

How successful do you think you are as an auditor at spotting fraud, on a scale of \* 10?

1 2 3 4 5 6 7 8 9 10

Are there any additional issues that the auditor is having in carrying out their duties? \*

Your answer \_\_\_\_\_

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