

The effect of audit financial statements components on prevention and detection of fraud

El efecto de los componentes de los estados financieros de auditoría en la prevención y detección de fraude

O Efeito dos Componentes das Demonstrações Contábeis da Auditoria na Prevenção e Detecção de Fraudes

Recibido: 20 de septiembre de 2018. Aceptado: 11 de octubre de 2018

Written by:

A. Feizizadeh¹

¹Faculty Members of The Islamic Azad University, Tehran North Branch, Iran,

Email: ahmadf_iran@yahoo.com

Abstract

This is an analysis of the audit factors of the financial statements on prevention and detection of fraud. The present study is a type of applied research and correlation. The samples are 140 expert managers of the audit organization who were selected using the Cochran formula. In the process of gathering information, the researcher carried out a questionnaire that the experts, through the CVI-CVR indicators, approved with a validity equal to 0.87 and 0.99, and approved their reliability equivalent to 0.79, which indicates the convenience of the questionnaire. To analyze the data, the Kolmogorov-Smirnov and Wilk Shapiro tests were applied to analyze the normality of the data, the Pearson coefficient to analyze hypotheses and multiple regression to express the predictive value of the dependent variable using independent variables. All the factors of the financial audit states have a positive effect in the detection and prevention of fraud. In addition, the results of the multiple regression show that among all the factors, the financial transparency factor with a coefficient (0.794) is the most effective factor and the control factor with the coefficient (0.492) is the least important factor,

Therefore, the importance of financial transparency, internal control, professional behavior of the audit, planning and supervision reduces the amount of fraud and avoids financial statements.

Keywords: Auditing, Financial Statements, prevention and detection of fraud, Iranian Audit Organization.

Resumen

Este es un análisis de los factores de auditoría de los estados financieros sobre prevención y detección de fraude. El presente estudio es un tipo de investigación aplicada y de correlación. Las muestras son 140 gerentes expertos de la organización de auditoría que se seleccionaron mediante la fórmula de Cochran. En el proceso de recopilación de información, el investigador realizó un cuestionario que los expertos por medio de los indicadores CVI-CVR aprobaron con una validez igual a 0.87 y 0.99, y aprobaron su confiabilidad que equivale a 0.79, lo que indica la comodidad del cuestionario. Para analizar los datos, se aplicaron las pruebas de Kolmogorov-Smirnov y Wilk Shapiro para analizar la normalidad de los datos, el coeficiente de Pearson para analizar hipótesis y regresión múltiple para expresar el valor predictivo de la variable dependiente mediante variables independientes. Todos los factores de los estados de auditoría financiera tienen un efecto positivo en la detección y prevención del fraude. Además, los resultados de la regresión múltiple muestran que entre todos los factores, el factor de transparencia financiera con un coeficiente (0.794) es el factor más efectivo y el factor de control con el coeficiente (0.492) es el factor menos importante,

Por consiguiente, la importancia de la transparencia financiera, el control interno, el comportamiento profesional de la auditoría, la planificación y la supervisión reduce la cantidad de fraude y evita los estados financieros.

Palabras claves: Auditoría, estados financieros, prevención y detección de fraudes, Organización de Auditoría de Irán.

Resumo

Esta é uma análise dos fatores de auditoria das demonstrações financeiras sobre prevenção e detecção de fraude. O presente estudo é um tipo de pesquisa aplicada e correlação. As amostras são 140 gerentes especialistas da organização de auditoria que foram selecionados usando a fórmula Cochran. No processo de recolha de informação, o investigador realizou um questionário que os especialistas através dos indicadores CVI-CVR adoptada com um período de validade igual a 0,87 e 0,99, e aprovado a sua fiabilidade equivalente a 0,79, que indica o conforto do questionário. Para analisar os dados, o teste de Kolmogorov-Smirnov e Shapiro-Wilk foram aplicados para analisar a normalidade dos dados, o coeficiente de Pearson para analisar hipóteses e regressão múltipla para expressar o valor preditivo da variável dependente com variáveis independentes. Todos os fatores dos estados de auditoria financeira têm um efeito positivo na detecção e prevenção de fraudes. Além disso, os resultados do programa de regressão múltipla que entre todos os factores, a transparência financeira fator com um coeficiente (0794) é o coeficiente de fator e factor de controlo mais eficaz (0492) é o factor menos importante,

Portanto, a importância da transparência financeira, do controle interno, do comportamento profissional da auditoria, do planejamento e da supervisão reduz a quantidade de fraudes e evita as demonstrações financeiras.

Palavras-chave: Auditoria, demonstrações financeiras, prevenção e detecção de fraudes, Organização de Auditoria do Irã.

Introduction

Fraud is intentional conduct which is made by one or several managers, personnel or third parties to present incorrect financial statements. Fraud is inclusive of distortion, presentation of fake or modified accounting document to gain unlawful and financial benefits, abuse and misuse of assets (Amani and et al., 2011), incorrect presentation of financial transaction documentation or removing them from documents (Rosen, 2006), Registration of trades without proof (Wells, 2004), Misuse of accounting procedures (Klass, 2014). There are many definitions for fraud, but in general one can say: Fraud is a general term and includes all the various abilities that a person can gain benefits by providing an incorrect information to others. In other word, fraud is a term that describes the process of deception, trust and deceit to gain benefits from someone or other people who are usually financially beneficial. Fraud, or unintentional mistakes are different. In order to conduct fraud, a cheater must deliberately and intentionally deceive others top gain benefits (Naderian et al., 2011). Distortion of financial statements It can be caused by fraud or error. The difference between fraud and mistake is whether it is made intentionally or

unintentionally. Also fraud has a vast range of meaning, but for auditing standards, an audit considers frauds that results in distortion of important financial statements. Two kinds of intentional distortion relate to an audit that one of them is due to financial reporting fraudulent, and the other one is made due to abuse of assets. Also an audit might be suspicious to a fraud, but he/she is not legally in position to verdict whether fraud occurs or not. Daraei (2012) believed that with a little attention in news specially within recent years we notify that fraud and financial corruption have significant growth. Many judicial cases state that managers and personnel that commit frauds and infractions and imprisoned to jail. Unfortunately, this traditional point of view in the societies and financial statements users indicated that audits are obliged to detect and recognize cheats and frauds. While, auditing as a profession expects other issues, and they are presented with guidance to recognize fraud in financial statements. Zandi et al. (2012) stated that the role of modern auditors and accountants has increased dramatically over their traditional role and the social responsibilities of public accountants are worth emphasizing. So, an audit must consider conditions with professional

skepticism and always must be conscious about frauds in financial statements. Nikkar and et al. (2012) believed that the Declaration No. 99 in 2002 by American Audit Board, and replacing it with statement No. 82 was an initiation of a major revision of the laws and standards relating to fraud in the world. Auditing profession due to its social responsibilities has always been the focus of stakeholder attention. Shafai et al. (2012) stated that inaccurate auditor's reaction in auditing's fraud results in defeating the structure of companies in the financial community and makes a great need in three areas namely identification and disclosure and prevention of violations. Astone et al. (2009) emphasizes Attention to the quantitative and qualitative nature of significance, in order to discover and disclose intentional distortions. Glynn (2005) believed that if auditing organizations, do not disclose fraud as a center issue of their services, not only will face danger of credit loss, but also their professional survey will be called to question. Welker and Lee (2007) stated that using the query method in auditing cannot increase the ability of auditors to detect fraud; But it can be helpful in causing doubt in auditors in the process of fraud detection. An audit who do his/her job pursuant to auditing standards is reasonable to assure that the financial statements are free to be a single set of material misstatement due to fraud or error. Even if auditing performs according to standards due to audit constraints there is an inevitable risk that some material misstatements of financial statements will not be discovered. The effects of limitations specially in respect to distortion due to fraud, has a special importance. Frauds may have committed by means of different methods such as distortion, lack of transaction registration, presentation of incorrect data to audit (Jalali and Pyvandi, 2014). The risk of not detecting significant fraudulent distortions is much higher than the risk of not finding distortions of importance due to mistakes. When distortion is used to hide collusion, this is a hard task to disclosure. Collusion can convince the auditor that evidences are persuasive, while this is not really the case (Steven, 2005; Crane, 2005; Boxter, 2009). The auditor's ability to detect fraud is determined by factors such as the perpetrator's skill, the amount of distortion, the extent and amount of collusion, the relative size of each manipulated amount, and the organizational levels of the contributing members. Although the auditor may be able to identify potential fraud opportunities, it can hardly be determined whether the distortions in the judiciary, such as

accounting estimates, have been due to fraud or error. The issue of auditors' duty of fraud in companies is a major factor in the auditor's expectations and performance gap. This is a general difference between what the community expects of auditors and what the auditors receive. This issue has always been the subject of heated debate in auditing. Some members of auditing proposed a great responsibility, and others limit it. The main responsibility for preventing and detecting fraud is with the executive managers and the business managers of business unit's. this is important issue that executive managers with the supervision of the business management units prevent the fraud commitment (Ebrahimi et al. 2013). This issue implies adherence to the promotion of a culture of integrity and ethical behavior that can be strengthened through active oversight by the business unit's corporate governance. The supervision of the pillars, including the possibility of undermining control or inappropriate influence in the financial reporting process, such as executive in the field of profit management to influence the analysts' perception of the performance and profitability of the entity (Nikkar et al, 2012). In Iran since many times ago the issue of fraud, embezzlement and illegal conducts were at the central attention of lawmakers. In Iranian trade law, responsibility for the accurate and timeliness of financial statements from the responsibilities of the board of directors of the company (Article 232), and commenting on the accuracy of financial statements and the reporting of any type of offense, fault or crime are in the field of inspection department (Article 148), and distribution of fictitious profits (Article 258), and The direct or indirect use of property or company credit is considered a crime (Article 269). Auditing standards since 1378 are considered as obligatory, that in sections 24 and 25, Fraud, misconduct and non-observance of laws and regulations by the unit are considered (Technical Committee of the Audit Organization, 1380). There are also studies on financial statement audits and fraud prevention and detection, among the most important research, Khajavi and Ebrahimi (2013) stated that the results of the feature selection based on the correlation method indicate the usefulness of the interest coverage ratios, the ratio of accounts divided to total assets, the ratio of inventory to net sales, cash ratio, normal sales logic, net profit to sales ratio, and current assets ratio to the total assets are considered for fraud detection. Zahiri and Ghafari (2014) concluded that reporting

fraud is the responsibility of auditing according to auditing standards; So that the audit work should be designed in a manner that ensures that there is no material misstatement due to fraud or error in the financial statements "reasonable certainty". Nikkar et al (2012) indicated that professional conduct and financial transparency are one of the most important means of preventing fraudulent financial statements. Zandi and Sayyed-azizi (2012) stated that the role of modern accountants and auditors has strongly increased with their traditional role and the social responsibility of public accountants in societies, and social welfare is still emphasized. Kirkos et al. (2015) said that the published financial statements contain useful information for detecting fraudulent financial reporting. Spathis (2015) reported that companies with a high percentage of inventory sales, a high ratio of debt to total assets, a low proportion of net profit to total assets, a low proportion of working capital to total assets, and a low score Z, are more likely to manipulate their financial statements. Huang et al. (2014) in a research gathered samples of 144 companies included 72 fraudulent companies and 72 companies with transparent

financial transactions. Then, they proposed a model based upon self-organizing mapping of the growing hierarchy of financial fraud reporting fraudsters. The results of the research indicated the proper functioning of the proposed model for detecting fraudulent financial reporting. Dania et al. (2014) indicated that There is a significant difference between the average ratio of total debt to total equity and accounts receivable for sale in fraudulent companies and non-fraudulent companies. Also, Altman Ratings that measure the probability of bankruptcy is very important to detect fraudulent financial reporting. According to the mentioned materials and review of the related literature, there are four hypotheses:

- H1: There is a relation between transparent financial statements and fraud detection.
- H2: There is a relation between internal control and fraud detection.
- H3: There is a relation between planning and supervision on fraud detection.
- H4: There is a relation between professional conduct of the auditor and fraud detection.

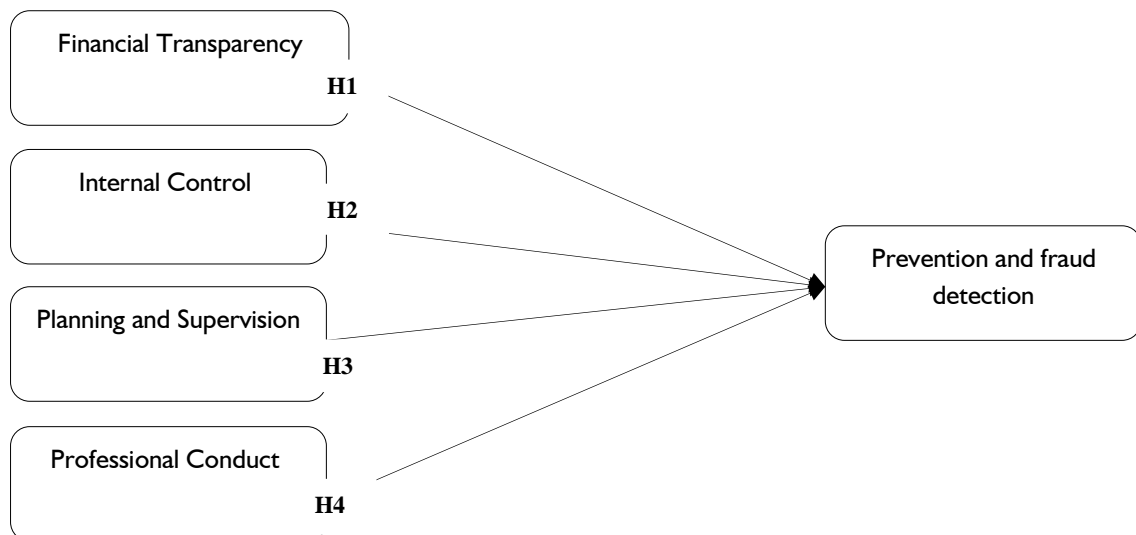


Figure I-Conceptual model of the relationship between variables

Materials and methodologies

The present research is kind of applied and correlation research. In order to gather

information, the questionnaire is used which contains 24 items in 4 dimensions (Financial transparencies, internal control, planning and supervision, and professional audit behavior).

Items 1 to 5 is particular to the first hypothesis, items 6 to 11 is particular to the second hypothesis, items 12 to 17 is particular to the third hypothesis, and finally items 18 to 24 is particular to forth hypothesis. according to the Likert spectrum the rating system is as shown here: Very low=1, low=2, average=3, high=4 and very much=5. In order to determine validity of questionnaire CVI and CVR indicators were applied that equals 0.87 and 0.99. also, to determine reliability of questionnaire Cronbach formula was used which in financial transparency dimension it equals to 0.86, in internal control dimension it equals 0.77, in planning and supervision dimension it equals 0.74, and in professional conduct of the auditor dimension it equals 0.73. on the other hand, reliability of whole questionnaire equals 0.79 which indicates a good quality of the questionnaire. The sample group includes all managers and expert of the audit organization which are 219 samples that by means of Cochran formula 140 samples were selected as number of samples. in order to analyze data Kolmogorov and Smirnov tests, Wilk and Shapiro, Pearson and multiple regressions, and SPSS 25 were used.

Findings

In this section the researcher analyzes results, in the first step, the researcher used descriptive statistics to study demographic information and descriptive statistics indexes of the research variables (table 1-2). According to table 1, 34 female samples and 107 samples which 67 persons of female samples are in their 30s to 40s, and 54 of female samples are in their 40s to 50s, and 19 persons of female are above 50 years old. From the view point of their educational career, 36 BAs, 29 MAs and 75 PhD degrees. About their resume the author of the study state that 39 samples between 1-56, 10 samples between 11-20, and 45 samples above 20 years of work experience. According to table 2 the author of the study stated that the highest average of responses for transparency components and internal controls, and the lowest mean for the planning and supervision component, is the highest standard deviation for the auditor's professional behavior component and the least standard deviation for the components of transparency and internal controls.

Table 1. Demographic descriptive findings

Frequency	Demographic variable	
34	female	Sex
106	male	
67	30-40	Age
54	40-50	
19	Above 50	
36	BA	Education
29	MA	
75	PhD	
39	10-1	Resume
56	20-11	
45	Above 20	

Table 2. Descriptive Findings of Variables

Variables	Numbers	Mean	Minimum	Maximum	Standard deviation
Financial transparency	140	3.5	2	5	1.5
Internal control	140	3.5	2	5	1.5
Planning and supervision	140	2.5	1	4	1.37
professional Conduct of audit	140	3	2	4	1.41

To test and analyze the assumptions, the data normalized data (Kolmogorov Smirnov, Wilk and Shapiro) were applied (Table 3). According to the results of the above test, it can be stated that

all of the collected data is due to a significant level of more than 0.05 ($\text{sig}=0.05 < 0.200$) and ($\text{sig}=0.05 < 0.05$). Observations follow the normal distribution.

Table 3 - Results of normal test data

Kolmogorov-Smirnov			Wilk-Shapiro		
Amount	Degrees of freedom	SIG level	Amount	Degrees of freedom	SIG level
0/360	139	(*)0/200	0/996	139	(*)/286

According to the results of the normal test, the data were analyzed using Pearson test and multiple regression tests (tables 4,5,6). All coefficients obtained from the Pearson test were positive and the significance levels were less than 0.05; so, the researcher can admit that the assumptions of the research are verified and all the components of the audit of the financial statements, transparency of financial statements

with a coefficient of 0.489 and meaningful level $\text{sig}=0.05 > 0.000$, Internal controls with a coefficient of 0.581 and a significant level $\text{sig}=0.05 > 0.000$, Planning and supervision with coefficient of 0.370 and significant level $\text{sig}=0.05 > 0.001$, and The professional behavior of the auditor with a coefficient of 0.544 and a significant level $\text{sig}=0.05 > 0.002$ is effective on fraud prevention and detection.

Table 4 - Pearson Test Results

Hypothesis	Variables	Pearson coefficient	SIG level
first	Transparent financial statements and fraud detection	0.489	0.000
second	Internal controls and fraud prevention and detection	0.581	0.000
third	Planning, Guarding, and Advocating and Fraud Detection	0.370	0/001
forth	Auditor's Professional Behavior and Prevention of Fraud Detection	0.544	0/002

Also based on the correlation matrix (Table 5), the regression model can be used to obtain the model and determine the contribution of each of the predictor variables in the explanation of the criterion variable. The results of the analysis of

variance of linear multiple regression in step-by-step method are presented in Table 5. According to Fisher statistics which is equal to 657/52 and significant level $\text{sig}=0.05 > 0.000$ It can be said that the research model is significant.

Table 5 - Analysis of variance of regression to determine the share of predictive variables

SIG level	Fisher statistics	Average squares	Degree of freedom	Sum of squares	Sources of changes
0/000	52/657	2346/06	5	11730/31	Regression model
		44/554	134	10425/54	left over
		139	22155/85	total

Since there are more than one independent variables, multiple regression tests were used to determine the predictive value for the correction of the dependent variable (Table-6). According to the above table, the author can state that the component of transparency of financial statements with coefficient 0.794, maximum significance level equals $\text{sig}= 0.05 > 0.001$, planning and supervision with coefficient 0.492

and minimum significant level $\text{sig}=0.05 > 0.000$, components of internal controls with coefficient 0.732 and significant level $\text{sig}=0.05 > 0.000$, And professional behavior of the auditor with coefficient 0.561 meaningful level $\text{sig}=0.05 > 0.000$, are ranked in second and third in terms of predictive power in preventing and detecting fraud.

Table 6 – estimation of regression coefficients

Predictive variables	Standardized coefficients	Non-Standardized coefficients	Sig level
Invariant	41/414	0.000
Transparency of financial statements	0/794	0/425	0.001
Internal control	0/732	0/382	0.000
Planning and supervision	0/492	0/344	0.000
Professional conduct of the auditor	0/561	0/249	0.000

$$\text{Prevention and fraud detection} = 41/414 + 0/794 + 0/492 + 0/561$$

Discussion and conclusion

The purpose of this study was to investigate the effect of audit financial statements on fraud prevention and detection. Four hypotheses were developed to examine the above goal. The results were as follows:

- 1) The first hypothesis: The results of this hypothesis have shown that transparency of financial statements is effective on fraud detection and fraud. The results of this hypothesis are consistent with and consistent with the results of Khajavi and Ebrahimi (2013) Septis (2014) who believe that financial transparency is effective in preventing fraud. In explaining the results of this hypothesis it can be stated that one of the ways to reduce fraud and prevent is to focus on the clarification of financial statements, since clarification will make all information presented in the financial statements without tampering and mistakes. It prevents fraud in the organization. This is a cultural issue in a society where companies with a sense of social responsibility for tax compliance and stock supply must pay attention to it and can minimize the manipulation of financial statements to mislead audiences.
- 2) The second hypothesis: The results of this hypothesis showed that internal and control controls are effective in detecting fraud. The

results of this hypothesis coincide with the results of Agha Khani's research (2012), which showed that control is preventing fraud. In explaining the results of this hypothesis, it can be stated that in general, control by a third party and dominant affairs will prevent any fraud from occurring, and organizations should be responsible for this, and individuals must be responsible for it. They will work.

- 3) The third hypothesis: The results of this hypothesis indicate that planning and supervision are effective in detecting fraud. The results of this hypothesis are consistent with the results of Ebrahimi et al. (2013), which showed that proper care prevents fraud. In explaining the results of this hypothesis, it can be stated that attention to the appropriate time and operational planning criteria under the supervision of a third party and non-affiliated company will prevent companies from distortion financial statements and minimizing them.
- 4) The forth hypothesis: The results of this hypothesis indicate that auditor's professional behavior is effective in preventing fraud detection. The results of this hypothesis are consistent with the results of Zahir and Ghaffari (2014) and Zandi and Seyyed Aziri (2012), which showed that the auditor's behavior was effective in detecting and preventing fraud.

In explaining the results of this hypothesis, it can be stated that an auditor, according to his or her job requirements, must have a conscientiousness and behave in a position to work as a working model, such as having a sense of trust, social responsibility, and doing work activities.

Also, the results of multiple regression analysis showed that the components of financial statements transparency, planning, and supervision, and the components of internal control and professional conduct of the auditor, ranked second and third in terms of predictive power in preventing and detecting fraud. In explaining the results of this test, it can be argued that transparency in financial statements is an important factor in preventing and detecting fraud, as the main reason for fraudulent manipulation of financial statements is to positively demonstrate the financial performance of an organization with incentives such as Stock Sharing, profit manipulation, and tax incentive motives. Therefore, this component has the greatest impact on the detection and prevention of fraud. On the other hand, the components of internal control, planning, supervision and professional conduct of the auditor are designed to manipulate financial statements and report offenses that are in turn, they have a tremendous share in controlling and reducing the amount of fraud in the financial statements.

Overall, according to the results, it can be said that the main objective of the audit is not fraud detection, but the main purpose is to reconcile the financial statements with the principles and correctness. However, it is possible, when the auditor randomly or any type of settlement is responsible for tracking the company's financial statements, there are fraudulent investigations that should be disclosed or corrected. Uncovering fraud in a company may be considered as providing appropriate services to executives. The discovery of fraud by the audit managers constitutes a warning to auditors of the existence of a risk in the operations of the company. Studies have shown that auditors' accountability for fraud detecting and reporting is a serious issue and cannot be easily resolved. It is necessary to have more insight into the expectations of auditors and more professional commitments in responding to the realistic expectations of society. Auditors face major problems with fraud detecting and reporting. Fraud may be hidden carefully. The auditing process requires the mutual trust and

cooperation between the auditor and the executives, which may be reduced by disclosure of the suspicion or fraud discovered by the auditors. Additionally, the community does not have a general agreement on the minimum amount or type of counterfeiting that the auditor finds reasonable. However, the auditing profession tends to avoid the criticisms of societies and politicians as far as it is possible to satisfy the public. So whatever the results of this research showed, reduction of fraud, prevention of it, and the control of financial statements should be clarified. Also supervision, planning, supervision, and professional conduct of the auditor, each in turn has an impact on the phenomenon of fraud and can have a positive effect on its reduction. Finally, it can be stated that the researcher was confronted with limitations in the implementation of this research. One of the most important issues is the limitation of the statistical society to the managers and experts of the audit organization, which reduces the generalizability of research findings. Another limitation is the use of a questionnaire tool that may respondents with indifference, personal attitude, suspicion may change the results. Considering other effective factors in preventing fraud, such as cultural issues and the sense of social responsibility of the organization, and modeling the effective factors on fraud prevention and providing a desirable pattern are recommended to other researchers at the end of this research.

References

- Amani, A., Davani, G. (2011). Corruption, fraud, money laundering and the duty of auditors. Official accountant form. No. 12, pp. 51-76 (In Farsi).
- Audit Committee Technical Committee. (2001). Auditing Standards, Audit Organization, First Edition,
- Crane, A. (2005). Questioning the Domain of the Business Ethics Curriculum. *Journal of Business Ethics*, 54 (4), 357- 369.
- Daraei, M. (2012). The role of auditing in detecting fraud, misconduct and financial corruption. First National Conference on Accounting and Management. Islamic Azad University, Noor Branch.
- Ebrahimi, M., Khorashadi, M., Rezapourmoghaddam, F., Qavipankeh, A. (2013). A comprehensive analysis of the factors influencing fraud detection in the financial statements along with the presentation of a conceptual model, Second National Conference

on Accounting, Financial Management and Investment, Gorgan, Golestan Academic and Professional Association of Accountants (In Farsi).

Glynn, M. P. (2005). Technical Manager for the AICPA's Audit & Attest Standards, Basic Legal Concepts, <http://www.aicpa.Org/pubs/jofa/Oct2004/index.htm>.

Huang, S.H., Tsaih, R.H., Yu, F. (2014). Topological pattern discovery and feature extraction for fraudulent financial Reporting. *Expert Systems with Applications*, 41, 4360–4372.

Jalali, F., Pyvandi, S. (2014). The relationship between fraud in financial statements and ownership criteria in corporate governance. The first international conference on management, accounting and economics, electronically, Hakim Sharif University of Science and Technology.

Khajavi, S., Ebrahimi, M. (2017). Modeling effective variables for fraud detection in financial statements using data mining techniques, *Quarterly Financial Accounting*, 9 (33), 23-50.

Kirkos, E., Spathis, C., Manolopoulos, Y. (2015). Data mining techniques for the detection of fraudulent financial statements. *Expert Systems with Applications*, 32, 995-1003.

Klass, K.M. (2014). Left in the Dark: Sarbanes-Oxley and Corporate Abuse of 401(k) Plan Blackout Periods. *The Journal of Corporation Law*, 29 (4), 801-817.

Naderian, M., Saffar, M. (2011). Auditor's Responsibility for Fraud, *Auditor's Quarterly*, 13, 44-50.

Nikkar, B., Barshad, A., Nazari, H. (2012). The role of auditing financial statements in preventing, detecting fraud and corruption. Regional Conference on New Issues in Accounting, Ahvaz, Sama Technical and Vocational School, Ahvaz Branch.

Rosen, L.S. (2006). CAP Forum on Forensic Accounting in the post-Enron World: Accounting and Auditing Education Reform. *Canadian Accounting Perspectives*, 5 (2), 275-279.

Singleton T.W., Singleton, A.J. (2007). Why Don't We Detect More Fraud? *Journal of Corporate Accounting and Finance*, 18 (4), 7-10.

Spathis, C.T. (2015). Detecting false financial statements using published data: Some evidence from Greece. *Managerial Auditing Journal*, 17, 179–191

Welker, R.B., Chen, L. (2007). The effect of audit inquiries on the ability to detect financial misrepresentations. *Behavioral Research in Accounting (BRIA)*, 19, 161-178.

Wells, J.T. (2004). New Approaches to Fraud Deterrence. *Journal of Accountancy*, 197 (2), 72-76.

Zahir, M., Ghafari, Z. (2014). Overview of the role of auditors in preventing and detecting fraud in financial statements, International Conference on Advanced Research in Management, Economics and Accounting.

Zandi, A., Sayyedmohsen, H. (2012). Audit of financial statements and its role in detecting, preventing fraud and financial corruption. First National Conference on Accounting and Management. Islamic Azad University, Noor Branch.