

**ARE THE EXTERNAL AUDITORS' RESPONSIBLE FOR THE**

**PREVENTION AND DETECTION OF FRAUD.**

**(PROJECT PAPER)**

**ACC 556**

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## **ABSTRACT**

When we mention about fraud , always come in our mind it is the auditor's responsibility for the prevention and detection of fraud. But after do some research, the author have come out with findings that the auditor are not responsible for the prevention and detection of fraud . It is rest with the management. It means that the management are responsible for the prevention and detection of fraud .

As we know, the main duty of the external auditor is to express an opinion and to give the true and fair view of the financial statement. Therefore, in the course of audit work the auditor have to perform their work according to the standard, that is they should be straightforward, honest and sincere to his professional work.

## CHAPTER ONE

### 1. INTRODUCTION

In the late 1940's, the primary role of the auditors was changed from fraud detection to expressing the opinion on the financial statements. The reason why they change the audit objective are as follows:

- i ) the increase of complexity in business operation.
- ii ) the tremendous growth of economic activities and volume of transactions.
- iii) the emergence of new complicated transactions, which made it difficult and too costly to conduct the same detailed audit work as before.

Fraud comes under many different aliases such as 'white collar crime', 'defalcation', 'irregularities', 'embezzlement' and 'criminal breach of trust'.

Fraud can be divided into 2 categories:

- i ) Management Fraud
- ii) Employee Fraud