



MEDIATING ASSURANCE IN AUDITING STANDARDS: AUDITORS MITIGATION OF RISKS OF FRAUDS

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ABSTRACT

This study critically interrogates mediating assurance in auditing lived experiences of independent auditors. It is qualitative research based on constructivist perspective. A combination of participant observations and interviews were used to build data corpus. Data was analysed using thematic coding. Findings show that assurance is felt in the present auditing standards, corroborated by mediating assurance while drawing on the main objectives of auditing. Findings also show that ISA motivates the verification of accounting functions disrupting status quo for perpetuation of fraud outside the outreach of auditor. Therefore, the auditor tends to mold credibility with its works, towards reducing auditing expectation gap. As the auditor reports to the corporate governance, mainly the audit committee, certain cases may reveal barriers for additional audit jobs to elucidate cases of significant accounting errors that have the characteristics of accounting fraud. We conclude that, insofar as the ISA tries to favour a set of auditors who suppress compliance or auditor with a myopic approach, the main motivations of assurance would not have been met. As an implication, it constitutes an innovation in the fieldwork of the auditors to embrace the current responsibilities demanded by users of financial statements to mitigate the risk of fraud.

INTRODUCTION

Auditing is related to economic potential. Just like accounting, which is linked with an umbilical cord, auditing is sometimes involved in those processes that are economic engines. It is a social science per excellence that is also linked to sociological aspects. Thus, auditing standards emanate from social and economic stimuli. The International Standards for Auditing (ISA) per se produces rules and regulations for performing audits. These rules are norms translated into guidance documented in auditing methodologies by the audit firms, which are in turn detailed in procedures and auditing programs for easier implementation. By doing this the firms mitigate risks and the auditor's responsibilities regarding material misstatement by defining the general objective of the auditor's work, its attributions, the conduct and the duties in the development of the audit work. And in general terms, provide guidance to the auditor in searching for material misstatements caused by errors and fraud. ISA 240 through the judgement on the auditor's responsibilities relating to fraud in an audit of financial statements consolidates the guidelines, techniques, procedures, considerations and all other factors that the auditor must comply with to minimize the risk of frauds. It is in the same line of thought of the Consideration of Fraud in a Financial Statement Audit, commonly abbreviated as SAS 99, an auditing statement issued by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) in October 2002. Notwithstanding, based on the standard, readability, and the auditing expectation gap, it is not yet clear to the society what it entails as the responsibility of the independent audit in relations to fraud in contrast to guarantee the future viability of entity's business, the entity's value or any other performance of the entity in as much as the adoption of the standards create a rigidity of approach to be toed for assurance. This rigidity tends to drive a division of responsibilities between groups of assurors, affecting the quality and transparency of assurance reports produced by these groups (Imoniana et al., 2022). In this respect, it is also identified that it is not yet clear the role of the auditor in respect to fraud, to prepare and present the financial statements, but it is up to the auditors to issue an opinion on the adequacy of the financial statements in all material aspects in relation to the fundamental principles of accounting and applicable standards. Therefore, in this opinion issuance process, the audit maintains independence

from the audited entity, carrying out procedures to obtain evidence that supports its opinion.

Nevertheless, in each case of fraud, there is a preconception that auditor has lost its independence, the auditor has committed an error of judgement, the auditor has underestimated the internal control risk on reliance strategy, or that the audit committee has committed errors of monitoring function. Forgetting that it is not the primary function of the independent auditor to track and map fraud.

Noteworthy that to address the circumstances where a professional accountant in public practice or business shall, or has a right to, override the fundamental principle of confidentiality and disclose a suspected illegal act such as fraud to an appropriate external authority, the auditor may be exposed to additional risks. So, in such cases an auditor indictment through court order would spur the revelation of the client's information for the true and fair treatment of a particular litigation as the Judge may desire.

Thus, in the assurance process, the ISA establishes some elements that the auditor has to comply with in the audit work and that, considering the evidence and procedures performed in the audit, aiming to mitigate the risk and protect the auditor and the audit firm from their responsibility in cases of fraud. Even though auditors have strived to address some burning issues; individual factors, professional skepticism, auditors experience and contextual factors, work resources and time budget (Moura et al., 2022) sees few lines of compliance issues on the standards ought to be met in an engagement. Noteworthy to highlight is that whether the engagement has a scope of limited assurance or reasonable assurance, what speaks louder is the level of diligence the auditor has to perform in order to be at ease. Therefore, the materiality and its application being a basis for considering significant risks that materially alter the financial statements is one of these elements. Such as developing tests and assessments in the auditor based on facts and evidence that serve as supporting documentation for the assessments, it is also an element that aims to mitigate the risk and the auditor's responsibilities regarding fraud. Accordingly, in the end, the responsibility for fraud prevention rests with the company's management, and it is up to the auditor to assess their existence and the possible impact on the financial statements and on the audit examination. The fraud-related procedures carried out by the audit team, through inquiries and meetings with the entity, such

as the management representation letter attesting to the lack of knowledge of fraud, are important evidence for the audit regarding fraud. Therefore, owing to the aforementioned the study sort to answer the question: How do the ISA assurance mediate the risk of fraud in financial statement auditing?

This paper contributes to two main issues arising from the adoption of the majority of the ISA standards: the international standards for auditing and the relationships between risk of fraud in our day-to-day auditing environments. First, drawing on the ideology of numbers and how it suppresses specific aspects of an organizational sustenance, and. Secondly, drawing on ontology of the octagon of fraud. A limited assurance addresses the assurance risk to a minimum and an acceptable level in the circumstances surrounding the audit charter, whereas this may be greater in a reasonable assurance engagement in which it mediates assurance, ascertaining that ISA mitigates the risk of fraud. Reasonable assurance provides a high degree of safety and reliability and is obtained through the appropriate evidence that the auditor gathers deemed sufficient to support the opinion.

Prior studies are scanty. Colbert (2000) observe whether the auditor is utilizing the international or US guidance, comparable audit work in searching for misstatements arising from errors and fraud is being performed. ISA procedurally provide guidance to the auditor in searching for material misstatements caused by errors and fraud. Al-Dhubaibi and Sharaf-Addin (2022) investigate how external and internal auditors, respectively, assess the importance of and indicate the use of fraud risk factors (red flags) by adopting ISA 240 in their efforts to detect fraudulent financial statements and misappropriation of assets.

The remainder of the paper is organized as follows: second section, the presentation of the literature review followed by the third research methodology. In fourth section the data is analysed and the fifth section we proffer the discussion of findings. In the sixth and final section, we present the conclusions.

LITERATURE REVIEW

The Fraud octagon and theory of economics of crime

The goal of Fraud Octagon according to Imoniana and Murcia (2016) is to assist management in understanding fraud and providing the needs of mitigating controls in the business environment to put compliance practices in place and also make them as efficiently as possible. Mainly typifying that fraud may arise as a result of Pressure, Opportunity, Rationalization, Arrogance, Criminal mind, Human greed, Sycophancy, Lawbreaking as strategies that keep monitoring procedures and more general enterprise planning in synchronization. Dorminey, Fleming, Kranacher, and Riley, Jr. (2011) in their prior studies relate the factors to pressure, rationalization, criminal mind and arrogance. In the same vein Cressey (1953) in the triangle of fraud associates it with pressure, opportunity and rationalization.

Thus, drawing from the colloquial saying of “no pay no gain” when highlighting appropriate response and punishment for cases of fraud; some critics of the economic analysis of criminal law have so suggested that economic theory of crime can only impoverish rather than enrich (Barnes, 1998). Defacto, the stakeholders look up to the independent auditors to track the risks of material errors or fraud and judgement that it has not materially affected the financial statements.

Independent measures and sources for identifying fraud

There are innumerable independent measurements and sources for identifying and tracking cases of frauds ranging from government agencies, financial institutions, consumer complaint databases, corporate reports, accounting and audit firms, insurance organisations, NGOs and media reports. Others are academia research reports, whistleblowers, cybersecurity specialists, online forums and communities, Interpol and regulatory organisations to mention just a few. Details of the said independent measurements and sources are shown in Figure 1.

Sources for Identifying Fraud	Independent Measurements
Audit and Accounting Firms	Audit firms may uncover fraud during financial audits of engagements.
Government Agencies	They report findings to regulatory bodies or law enforcement when necessary. Federal Bureau of Investigation (FBI): Tracks various types of fraud cases in the United States. Securities and Exchange Commission (SEC): Monitors securities fraud and related financial crimes. Internal Revenue Service (IRS): Investigates tax fraud and related financial crimes.
Financial Institutions	Central banks, Banks, credit card companies, and payment processors maintain records of patterns of fraudulent transactions and money laundering. Cooperative banks and Institutions maintain records of fraudulent partner transactions. Microcredit/microfinance institutions collaborate with fraud investigations from the suburbs.
Consumer Complaint Databases	Organizations like the Federal Trade Commission (FTC) in the U.S. collect and publish consumer complaints related to fraud. Similar agencies (police) in other countries.
Corporate Reports	Publicly traded companies are required to report cases of fraud and financial irregularities in their annual reports (e.g., 10-K filings in the U.S., Form-20 filings in Brazil).
Insurance Organisations	Insurance providers keep records of fraudulent claims and may report them to relevant authorities.
Non-Governmental Organizations (NGOs)	Organizations like Transparency International track corruption and fraud on a global scale.
Research Institutions and Universities	Academics and researchers may conduct studies on various types of fraud and publish their findings in academic journals.
Media Reports	News outlets often cover high-profile fraud cases, providing information on the nature and scale of the fraud.
Whistleblowers	Individuals with insider knowledge of fraudulent activities may report them to authorities or the media.
Cybersecurity Firms	Companies specializing in cybersecurity monitor and report on digital fraud, including online scams and cyberattacks.
Online Forums and Communities	Online platforms and forums where individuals share their experiences with fraud can provide anecdotal evidence and trends.
Regulatory Agencies	Regulatory bodies in various industries, such as the Food and Drug Administration (FDA) or the Environmental Protection Agency (EPA), may track fraud within their respective domains.
Interpol and International Law Enforcement Agencies	These organizations coordinate efforts to combat international fraud and cybercrime.
Fraud Detection Software	Many businesses use specialized software to detect and prevent fraud within their operations.
Artificial Intelligence	Artificial Intelligence has been used recently to detect fraud.

Figure 1. independent measurements and sources

ISA mitigating the risks of fraud

Henceforth, the study delves into how the international auditing standards (ISA) aim to mitigate the risks and the auditor's responsibility for tracking frauds. In general terms ISA maintains reliability and consistently enhance investor confidence by facilitating a comparability of approaches. This is always sorted out by a professional accountant in public practice providing services to an audit client, non-audit client and entirely in a business process audit.

International auditing standards can be understood as devices that help standardize good practices to be followed within the scope of auditing services. They aim to mitigate risks rather than just take for granted the absorption of the auditor's ethics in conducting the integrity verification process. In this context, it is worth mentioning the different ISAs (International Standards of Auditing) as a bulwark of the good conduct of information verification processes of an accountant.

ISA standards 250, 320, 450, 500, 600, 700 and 800 respectively serve as a preparedness of the conceptual framework embedded in 200 to proper understanding,

application of the aforementioned standards in view of mitigation of frauds. They address materiality in the planning and execution of integrity-seeking processes, assessments of possible misstatements identified, and audit evidence. The analysis of material that comes from the company responsible for preparing the financial statements; in terms of accountability, this translates into the absence of a fault character to be attached to the auditor in the event of failure to detect a material misstatement and not the least because fraud is usually carried out in such a way as to make it difficult for the auditor to identify.

In short, ISAs exist in order to provide guidelines for the execution of good audit processes. They guide the exercise of the auditor's function and protect the professional from absolute responsibilities when it comes to detecting misstatements in financial statements. They end up defining a good incentive by establishing that the issuers of the information are primarily responsible for ensuring their integrity in order words, disincentives the issuance of fraudulent financial statement, with materially misstating errors. The problem lies in the

vagueness of the standards that allow for too much judgement which means that there is potentially room for error of interpretation.

ISA 200 Objectives of the independent-auditor and the Conduct of an Audit in Accordance with International Standards on Auditing

The ISA 200 establishes the general objectives of the independent auditor as a professional assurance provider, who must be able to issue an opinion in accordance with what is inferred from the audit process. The auditor is responsible for obtaining assurance that the financial statements analyzed are free from errors (that are not convertible to fraud) and material misstatements. That is, they fairly and reliably represent the financial position of the audited entity. In cases where some misstatements are identified, the auditor should issue a qualified opinion; in situations where it is not possible to ensure reasonable assurance the professional must refrain from expressing an opinion.

ISA 200 mitigates the risk of fraud right from the outset of the auditing. In the normal circumstances, during the high-level overview of the analysis while gaining understanding of the business environment and the initial conclusion for the preliminary planning, the auditor is able to conclude in respect to inherent risks and the detection risks particularly analysing the red-flags. This will assist the auditor in the detailed planning process and the initial decision on the confidence level of the internal control risk.

ISA 210 terms of audit engagements and fraud

This standard assist auditor in stating concordance with the terms of an audit. Even though the corporate governance is vivid in this moment to cushion pressures auditor and auditee relationships are streamlined in this moment. The contracts are clarified, and the engagement charter properly signed. The Agency theory and the Resource Dependence Theory tries to conflict in this moment as a result of difference in focus. This ISA stipulates the individual responsibilities that shows that the auditing is limited to assessment of financial statements and that it is not materially misstated as a result of errors. Defacto, no mention of fraud is made considering the objective of financial audit, as it is entirely the activity of Forensic Accounting to investigate fraud.

Auditing proposals are tied to hours of the engagement team. Therefore, any signs of intentional errors that result to confirmation of fraud related assertion need to be discussed with the management

and even the corporate governance. In effect, assuring that the financial statement is free from significant errors that result to any misstatement.

ISA 220 Audit Quality Management and risk of fraud

Quality management is inherent in the process of auditing and designs the planning, review and checkout processes of financial report as free from any traces of significant errors and fraud. The mere choosing of the engagement partner as the one responsible for the financial auditing, in itself, establishes a hierarchy that demands a respect by adhering to standards of review of auditing processes and its accountability. Also, interalia, the interfirm quality review would assure the quality cultivated by the organisation and it recognizes the level of job such firm offers.

ISA 220 mitigates the risk of fraud when the involved partners assures that accountability is supported with compliance with due professional care. In otherwards, applied the necessary auditing procedures when the likelihood of fraud is perceived.

So, in the realm of assurance of risk of fraud, this is implicit in the process which is trailed by the engagement to minimize such risk of fraud, being consistently assessed. PCAOB, the Public Company Accounting Oversight Board inspection process, enhances Audit Quality (AQ) Lamoreauz (2016) and Raigopel et al (2021). In the same vein, Firm Level and Engagement Review also enhance the quality of auditing meant to reduce the risk of errors.

The recent update in ISA 220 captions the standard as ISQM/ISA-200 to make the process a bit broader to embrace all aspects that would instill confidence and trust in users by guaranteeing quality. PDCA acronym of plan, do, check and act brought to light will ensure a continuous monitoring process that would meet stakeholders' expectation.

ISA 240 The Auditor's Responsibility Relating to Fraud and Managerial functions

ISA 240 is one of the basic standards that guides the auditor's responsibilities when it comes to fraud. Basically, Auditors are not meant to investigate fraud.

However, it is the responsibility of the auditor to perform all the required procedures to certify that the financial statement is free from significant errors that characterized fraud. The professional auditor must carry out analysis in accordance with current regulations to be able to see possible distortions in the reported information. The omission of or detection of

inaccuracies can culminate in legal process (although the responsibility for mitigating errors and preventing fraud is that of the management), in the first place, the plans of the management should externalize valuable information to keep stakeholders abreast of the business operation free of material misstatement. In the course of auditor's performance of analytical procedure at the beginning of the audit the comparison of financial statements is done to weigh the evolution of significant figures within accounting periods. For instance, Red-flags can be identified with verification of variations between the horizontal and vertical analysis of financial statements thereby calling attention for possible errors and probable frauds.

Do we continue to anchor on auditing expectation gap. Is the auditor appointed just to make professional opinions (Ogoun & Odogu, 2020). The society at large is glamouring efficiency in the responsibility of the auditor to investigate the act of fraud during auditing. Dyck, Morse and Zingales (2008) agree external auditors have a significant role to play in the detection and prevention of fraud. Auditors are transferring responsibilities to the forensic accountant who may be instigated or not by the corporate governance. Peter, Jerry and Danjuma (2012) note that the role of auditors in modern times has gone beyond the mere examination and certification of financial statements in respect to their truth and fairness. Hooks (1992) marked that the auditing profession has over the years refused to assume responsibility to investigate, detect and prevent fraud, and this is responsible for the expectation gap.

The bone of contention when discussing fraud as the responsibility of the auditor calls for a new look. Noteworthy that, whereas financial statement audit has a budget for its review, fraud investigation is not readily budgeted for. You have the idea about the beginning of fraud, but you do not know the extension and how it ends. Therefore, calls for the clues that would allow the corporate governance, defacto the audit committee to authorize additional investigation for the fieldwork for fraud investigation in order to conclude a financial audit.

In another perspective, the managerial functions could assist in tracking errors and frauds. The fraud monitoring procedures through compliance may be the cornerstone of management safeguard of assets. As monitoring controls are the watchdogs of the adherence to internal control practices, this role may not be indispensable to keep ISAs on track of their mitigation of risk of frauds.

ISA 250 Illegal acts and risk of fraud

ISA 250 is the second basic standard that nurtures the verification of procedures that guarantees that the financial statement is free from significant errors and frauds arising from illegal acts. Illegal acts are acts of omission or commission, intentional or unintentional, committed by a client, or by those charged with governance, management or employees of a client which are contrary to the prevailing laws or regulations.

Generally known as NOCLAR (Responding to Non-Compliance with Laws and Regulations) is the name coined to depict how to approach accounting error that is done whether purposely or by pressure by the accountant that requires the auditor to perform additional reviews. These reviews whether by the auditor or the forensic accountant, intends to perform specific procedures in order to guide auditor judgement.

Since these standard calls for the compliance of the higher echelon with regards to adherence to monitoring procedures or overriding of control procedures, the auditors need to verify such procedures. This is generally done by exercising corroboratory inquiry and interviews with the top management with the participation of senior member of the audit team.

ISA 320 Materiality in Planning and performing an audit

Materiality places a guidance on selection of test for a monetary precision by stipulating a range of concern. What is material to the preparer and significant in the eyes of the auditors, this is normally sorted out with many problems between auditor and the auditee.

ISA 320 mitigates the risk of fraud when the dispute on whether materiality should be made known to the client or not is tabled. In that the perpetrator could conceal the fraud below the materiality threshold. Materiality as we know is the yardstick of the extension of tests so, if the intension is to make it unknown to the client, it is wise to keep the threshold only known to the audit team as one does not know where the fraud will emanate.

ISA 450 Evaluation of Misstatement identified during the audit

The evaluation of the misstatement at the end of audit is important in order to weigh the impact of errors or even frauds, the facto their significance on the financial statement. Generally, through the end-of-audit analytical procedures, the auditor ascertains and correlates in order to give opinion. This is a tense

moment of the audit. The auditor does not want to skip any material misstatement as a result of error and neither the top management would like to have a significant adjustment as a result of material error. "How would you explain to the stakeholders who have followed the cleared periodic reports and now at the end of the fiscal period be served with significant adjustment". The creative accounting becomes a nightmare to the auditors in this moment of the audit of evaluating the misstatement that could lead to significant error or fraud. "Every set of published accounts is based on books which have been gently cooked or completely roasted. The figures which are fed twice a year to the investing public have all been changed in order to protect the guilty" (Griffiths, 1986).

ISA 500 Audit evidence and risk of fraud in estimates and related disclosures

With the growing application of accounting estimates in this era of technology and environmental sustainability unethical accounting estimate with fraudulent intentions may be in the cooking.

Smieliauskas et al. (2016) observe that estimates sticking to ethical blindness can have an escalating effect that corrupts not only an individual or organization but also the accounting profession and the public interest it serves.

The management may attempt to overstate or understate any potential fraud areas best known to them. A clarification of such risk may depend on the expert because of differences in the interpretation of accounting standards and the management may intend to explore this avenue.

ISA 620 – Using internal auditors and the use of the work of experts.

The use of experts service and also the internal audit reports certainly reduce the job load of the independent auditor. In this cause of the use of these services in which financial auditor does not have full competence, auditing is relieved of risks. Defacto, verify consistencies in the approach followed when an auditor places reliance on the work of another auditor or an auditor's expert.

In respect of ISA 620, auditors have been challenged as having a myopic approach in areas they do not dominate. Therefore, ISA 620 reduces the risk of perpetrators exploring this vacuum of auditing knowledge.

ISA 700/800 Forming an Opinion and Reporting and

risk of fraud

In representing that the financial statements are presented fairly in conformity with GAAP, management implicitly or explicitly makes assertions regarding the recognition, measurement, presentation, and disclosure of the various elements of financial statements and related disclosures including significant errors that characterizes fraud. Thus, in the course of this the final analytical procedures and risk assessments are presented, obtaining a representation ("management rep") letter, final evaluation of audit differences, evaluation of representation and disclosure assertions, final working paper and independent review and the evaluation of the entity as a going concern.

So, upon completion of the assurance (Audit) negotiations do arise before any adjustments could be made considering the relevance (material misstatement) of differences that are evaluated in the phase of whether the differences where intentional (is fraud present); what are the related implications (RMM); and is the difference an error or a judgmental difference? In otherwards, upon negotiating on the materiality of adjustments, the auditor is already observing the origins of the errors, intentions and the possibilities of fraudulent misstatements.

On how to report irregularities requires the auditor to explain to what extent the auditing was performed considering capable of detecting irregularities, including fraud.

RESEARCH METHODS

This study is qualitative, drawing on attribution theory and critical perspectives; the study of lived experiences (Imoniana, Brunstein and Nova, 2022; Gephart, 2004). Comprehending the socially constructed experience by the organization's actors mainly from their own perspectives, as observed by Burrell and Morgan (1979). It is designed to understand how audit policies are motivated by assertions drawn upon standards, regulations, theories and philosophy that assist in tracking risks of fraud. Defacto, critical perspective drawn upon here serves to emphasis on historical realism: material/symbolic reality shaped by values and crystallizes over time, reveal hidden interests and contradictions; criticize, transform, emancipate; develop structural or historical ideas that reveal contradictions and allow for emancipation, spaces for silenced voices contradictions, critical incidents, signs and symbol and understand the evolution of meanings,

practices, materials, contradictions and inequities.

Within these understandings is also to be considered the gap between real and perceived performances that may influence the attitude of auditors and their approach to the problem (Bianchi & Imoniana, 2017). In fact, the attribution theory that emerges from psychology matches with the auditing, since outside the realms of auditor's evidence, takes a decision and concludes on say a level of misstatement considering all material aspects. But has the confusion not already been caused in the past with the use of attribution and responsibilities of the auditor? An Attribution Analysis of Responsibility Assessment for Audit Performance (Arrington, Bailey & Hopwood, 1985). Kaplan (1988)

mentions the complications of societal impact drawing on the Foucault's position of liberal assumptions of attribution and responsibility, until we as society understand the arbitrary in our attribution of criminal fault.

We adopted an analysis based on "thematic coding" (Imoniana, Brunstein & Nova, 2022). This is also in line with (Saldana, 2009) as an analytical strategy, by adopting content analysis with three coding cycles. In other words, considering the hierarchy of grandfather, father and son categorizations of meanings derived from data corpus.

In Figure 2 we present the summarised profile of the already interviewed respondents:

Respondent	Organization	Gender	Age	Experience	Profile Summary
Luciano (LUCI)	KPMG	M	38	15 yrs	An Audit Manager who began his career working in the area of Insurance and later moved into Real Estate auditing.
Vivien (VVB)	BDO	F	45	23 yrs	A partner in auditing, specializing in Real Estate and Sustainability . Transitioned from a Big Four firm to BDO nearly 20 years ago. Describes BDO as one of the leading non-Big Four firms where she has established herself as a partner.
Sandra (SANF)	KPMG	F	47	19 yrs	A partner who serves as a technical provider in a Big Four firm. Previously involved in various auditing engagements across several organizations.
Carol (CALD)	Deloitte	F	42	18 yrs	Currently a Partner in a Big Four firm handling Global Sustainability Services . Also part of the Technical Support group , assisting with ISA interpretation and training auditors within the firm.
Silvio (SILV)	EY	M	50	24 yrs	Partner in a Big Four firm, leading training programs for audit methodology. Played a key role in the implementation of IFRS adoption , with the Technical Support group assisting in ISA interpretation and auditor training.
Costa (COST)	PwC	M	45	16 yrs	Recently promoted Partner in a Big Four firm. Specializes in ISA 620, financial services , and Central Bank regulations , as well as internal auditor training.
Grace	Deloitte	F	40	15 yrs	Partner focusing on the industrial sector , with prior experience in the fields of energy and agrobusiness .
LRAY	ORGI	M	61	40 yrs	Founder of a medium-sized company that produces street lighting apparatus . Witnessed the company's growth from a small to a medium-sized organization within the Emilia region.

Figure 2. Summarised profile respondents

RESULTS AND DISCUSSION

In this study, there are basically two main issues of discourse arising from the adoption of ISA standards: the international standards for auditing and the relationships between risk of fraud in its usage. First, drawing on the ideology of numbers of Chelli and Gendron (2013) the paper examines how ISA reporting guidelines upholds or suppresses specific aspects of due professional care. Secondly, drawing on ontology of the octagon of fraud

Imoniana and Murcia (2016) asserting on how in ISA, the IESBA view is critically driven.

Another perspective is related to the diffusion of multi, poly, cross and trans disciplinary approaches in the assurance processes. A trend defined as eclecticism, which concerns the inclusion of different methodologies coming from the management engineering, the information technology and, in recent times, the artificial intelligence (Bianchi, 2024). The relevance of this approach to the evolution of audit is connected

to the risk of unrealistic interpretation of data and to the hypothetical inadequacy of assets that affects the new rules concerning professional audits and the performance of chartered accountants.

Unless it is deemed to be contrary, what the auditors discover in the cause of audit are accounting errors. Great dissimilarities between intentional errors and unintentional ones, which are purposely mapped out in a cunning manner, are fertile ground for perpetration (Nagnonhou et al., 2023). No audit engagement begins with the presumption of fraud, as management—responsible for certifying the financial statements—is expected to ensure the accuracy and integrity of the information provided.

Auditors do plan to encounter errors in the cause of audit of the financial statement but never plausible for the auditor to classify transactions as fraudulent at the outset.

"I have worked for 15 years in auditing and the only thing we meet is inability to conclude an opinion as a result of client not accepting adjustments as a result of accounting error and auditor unable to perform" (LUCI).

"Employees may be fired as a result of accounting errors but not immediately as a fraud" (LUCI).

In fact, investigation of cases of fraud needs a clear proof before it is ruled as impactful on the financial statement. Defacto, after exhaustibly applying all the auditing investigative competencies so as to conclude on the issue.

The analytical reviews kickstart the assessment of reliance or not on the controls the management have in place to safeguard assets. At this stage, the red-flags could be critique and the extension of evidence gathering would be alerted.

"If in the first contact to understand the business in a high-level overview in order to define the charter, we observe that we cannot believe in the words of the management, we place the business risk in a very high level and the auditing risk will be insurmountable; thus, in such cases it is recommended to decline the proposal" (CALD).

"If a trace of fraud is observed we negotiate with the governance for the cause of the audit. Alternatively, we maintain our independence by asking that

certain investigative approaches be performed by the forensic team" (GRACE).

"Even though it robs almost 75% of the engagement budget in some cases to adhere to ISA 620, it would demand some sacrifices to address the risk it may pose, this seems to be the trend" (ViVB).

In fact, if the auditor decides to perform the work in place of the specialist, particularly auditing estimations, it will certainly be superficial and be consequential. Inasmuch as the coverage could be questionable and probably the certification required for the job would be inexistence to be documented in the working papers.

If the professional accountant in public practice is performing a non-audit service for an audit client of the firm, or a network firm, the accountant shall consult with the engagement partner for the audit (IESBA, 2012).

At the other side the approach of the auditor, as recommended in some countries by the Register of Auditors (Bianchi, Imoniana & Tampieri, 2013) is focused on the adequacy of assets and to this purpose to achieve an eclectic approach including methodologies on which he has no knowledge and control.

"If the engagement discovers that there is a trace of illegal acts whether by commission or omission generally, we refer it to our sector of forensic accounting for investigation" (SANF).

But in what measure the perceived performance of auditors can be founded on concrete parameters (the real performance) if the eclectic approach weakens these arguments

There seems to be a negation of any artifices of schema of frauds and corruptions in the organizations which the control procedures should track. And additionally, that the assurance should mediate through review of standards.

"To my knowledge, there is no trace of frauds and corruptions in our operations in that our business is solid and we do not permit this act in my region" (LRV).

Discussion

The context of the mediating assurance in auditing standards by the audit teams to mitigate the risk of

significant errors and frauds lie within the audit charter, in order words, the scope of reasonable assurance. Therefore, the discourse would be different if the characteristics of significant errors portrays the picture of fraud, in this manner, being outside the scope, could refer the examination to the forensic accountants.

In this tone, there exist a political and or societal discourse on the mediating assurance in mitigation of risk of fraud and compliance with ISA 240. The dispute of ego and power relations could be exacerbated in the case of miscompliance with the standards by the auditing team. However, as shown in the interviews, the auditing procedures have alignment with audit plans.

On ISA scope discourse

In light of the content analysis, we now assess how the ISA guidelines has been framed towards the ideology of numbers; “leaving at bay the aspects of fraud” defacto, “the Achille heels of societal risk of misappropriation of assets not protected”. Thus, borrowing a leaf from Statements of Auditing Standards 99 analyzed jointly with ISA 240, we are forced to agree that the standards do provide for the mediation of assurance in auditing standards through mitigation of risk of frauds within the scope of work of auditing teams.

Auditor is sure to abridge the expectation gap

The auditor is sure to maintain the expectation of the stakeholder or the shareholders. In view of this, the auditor tends to create credibility with its works, it is always in oscillation towards encroachment of auditing expectation gap. For instance, the Brazilian Institute of Independent Auditors (IBRACON) has publicized a guidance “Mind the Gap” in view of attaining this objective of mitigation of risks of fraud.

Insofar as the ISA tries to favour a set of firms (organisations) who suppress fraud actions in the business operations or auditor for a miniature approach, the main motivations of assurance would not have been met. The ISA standard would therefore be creating a limited scope of fraud coverage. Journeault et al (2021) in sustainability reporting by showing how GRI guidelines, legitimized and reinforced through their institutionalization, tend to create a limited scope and incomplete picture of the organisation's sustainability performance reporting.

Corporate governance barrier to fraud investigation

As the auditor reports to the corporate governance, when cases of errors which could be interpreted as fraud

surfaces, in certain circumstances the CG may create barriers for additional audit jobs to elucidate significant accounting errors. The principal reason for this would be the corporate governance conceptual frameworks' ineffectiveness (Yatim et al., 2006).

In another perspective, a trap could be set for the assurance team unbeknownst to the auditor if the management has a fraudulent intention. However, if the auditor is knowledgeable enough to use all the risk assessment rules of thumb as proposed by ISA there could be a plot twist. The question, therefore, emanates if the management has an influence in the corporate governance.

CONCLUSION

ISA rules explicitly make it clear that the lineage of the auditor's responsibility has always generated the auditor expectation gap (AEG). What makes it so complex is the type of society we live and the eclecticism that is diffusing in the professional practice and orders recommendations. There are innumerable aspects of the said society that inhibit auditor's acceptance of full responsibility of assurance. The corruption in our societies, leading to money laundering to normalize money stolen from either, politics, drug trafficking or terrorism.

Together with this evident structure of interpretation there is also the implicit one that, connected with the efforts to make the audit more incident on the management of economic structure, tends to reinforce the eclecticism together with the unrealistic interpretation of facts. In this way to distinguish eclecticism and skepticism is quite narrow and difficult to interpret in the right way.

In conclusion therefore, borrowing a standpoint from the analysis, in relations to the users, it is rare to believe that the corporate governance is not aware of any misstatement inasmuch as their periodic oversight on the financial statement guides them with the clues.

Overall, toeing the dignity of the auditor in answer to the responsibility of mitigating the risk of fraud, the ISA that supports auditing and considering professional skepticism, will continue to carry out a proportional analysis paying attention at what fits within reasonable or limited assurance.

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