



To what extent can we rely on auditors?

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ABSTRACT

The current business environment is highly competitive, and some businesses may grow but with fraudulent transactions in their financial statements. With regard to this, in-company audit committees and external audits have been developed to examine the truthfulness of the financial report. The external audit is mandated by law and typically applies to public companies and large-scale private companies. The main objective of this study is to research the nature of audit and the associated assurance that would be necessary for an auditor to express their opinion on the prepared financial statements of an organization in all material respects according to the applicable financial reporting framework. In addition, this study is also analysing the role of an auditor to increase the wealth of the investors. This analysis can be done through achieving different research objectives such as identifying the importance of auditing to determine the frauds and misstatements in financial transactions, statements and financial reporting. Moreover, this research has also had an important consideration on the evaluation of the role of an internal and external auditor to increase the wealth of shareholders as it is beneficial for the value or development of the business. Similarly, it is also identified that this research study also examined the changes needed in auditing to improve standards to prevent or identify scams in future because several scams have been found previously in different organizations related to financial reporting.

With regard to this research, it is found that the internal and external auditor each play a significant role to overcome the transactional and financial reporting issues in an organization. In addition to this, it is also determined from this research study that an organization should also follow a supportive audit reports format to overcome mistakes in the financial reports prepared by the organization. With reference to developing formats for audit reports, the audit committee and audit team are responsible for including material information, results of operation and cash flows and financial position in the format. It becomes easier for the auditor to identify the issues in a well-managed format where external auditor identifies the fraud related to asset misappropriation, corruptions, and financial statement fraud. While rotation of the external audit function has been stressed as a mechanism for imposing more forensic external oversight it is also critically important that training in fraud detection should be provided to the auditing staff.

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CHAPTER 1: INTRODUCTION

1.1 Research background

Auditing refers to the process of evaluation of the effectiveness of the internal control of the company in order to achieve the objectives of the business and attain reliable financial reporting on its operations in order to prevent misappropriation and fraud of its assets and minimise the cost of capital.

The internal and independent auditors play a different and important role in the audit system of a company. There is a need for internal control to facilitate supervision and monitoring, to measure ongoing performance, to detect irregular transactions and to maintain adequate business records to promote operational productivity. The design of the internal control functions is reviewed by the internal auditors who may propose improvements and document material irregularities with the aim of enabling further investigation by management where warranted.

In the financial reports of the company it is the duty of the auditors to assess the risk of material misstatement (Knechel and Salterio, 2016). If there is no presence of effective internal controls of the audit system then the company is not able to create reliable financial reports for external or internal purposes. In addition to this, the company also has inefficiencies in allocation of resources and the profitability of its segment or product line.

It is important for the company to have an effective auditing system because it helps in gaining information related to the status of the liabilities and assets which, in turn, results in consistent delivery of its services in a reliable manner. The audit also helps in prevention of the misstatements in the records and reports of the company. Maintenance of rigorous systems of internal control helps in prevention and detection of different types of fraud and other accounting irregularities (Malsch and Salterio, 2015). Auditors help in assisting in the modification and design of the internal control systems that are used for prevention of the fraud.

Effective audit systems also help in reducing different types of risks in an enterprise, such as information risk, risk of suboptimal management and risk of fraud and misappropriation of assets. It is also recognised that auditing standards should be more stringent for publicly listed firms as compared to private companies because private companies are required to disclose fewer

requirements and do not fall under the scrutiny of the SEC¹ or other relevant regulator. The higher standard applied to public companies is to protect their shareholders.

It is important to have independent external auditors as their opinion is not influenced by the relationship between the client, company and auditor. It is also expected that the auditor should give an unbiased and honest opinion on the financial statement to the shareholders. For this purpose, there is need to have appropriate corporate governance measures in place so that the firm of auditors may reach the audit opinions and judgements which are not influenced by maintenance of the good relationship with the client company (William Jr, Glover and Prawitt, 2016).

1.2 Aims and objectives

The core aim of this dissertation is to analyse the role of auditors in increasing the wealth of the investors. For accomplishing this aim, it is essential for the researcher to ascertain the following objectives.

1. Importance of auditing in identification of frauds and misstatements in financial reporting
2. To evaluate the role of an internal and external auditor in increasing the wealth of shareholders
3. To examine the changes that are needed to be introduced in auditing standards to reduce or prevent occurrence of further scams.

Research questions

1. How the role of an external auditor can help in better investment decisions for the investors?
2. What steps can be taken by the regulators of accountancy / audit practitioners in order to ensure that the services provided by the auditor are competent.²
3. Is there potential to increase the technical & forensic skills of Auditors?

¹ Securities and Exchange Commission

² In Ireland, the regulators of accounting / auditing practitioners are, in the main, the Irish Auditing and Accountancy Supervisory Authority (IAASA) and the Office of the Director of Corporate Enforcement. The accountancy professional bodies, e.g. Chartered Accountants Ireland (CAI) also have internal disciplinary tribunals for their own members.

1.3 Research significance

This research study can be significant for students as they can gain knowledge regarding the role of auditors in increasing the wealth of the investors which in turn can help them to gather knowledge regarding the current scenario of auditing profession. Apart from this, the study also facilitates them to gain knowledge regarding the recent developments occurring in the auditing system and encourages them to develop the required skills in an effective manner to pursue auditing as a profession. The study also facilitates them to gain knowledge regarding the duties and responsibilities of an auditor (Malsch, and Salterio, 2015). Besides this, students can also gain knowledge regarding frauds perpetrated in companies related to the misappropriation of assets which has forced the supervisory authorities to amend auditing standards to prevent such types of scams in future.

Along with this, this research study may also be beneficial for different businesses as it cites information related to the problems and actions occurring within a firm to pursue fraudulent activities and on the identification of the occurrence of fraud and misappropriation of assets in preparation of the financial statements of the company. The study also provides the information related to the activities carried out by the auditors to maintain the objectivity and reliability of the financial information communicated by the businesses to its stakeholders. This helps the investors to make appropriate decisions from the perspective of investment (Libby, Rennekamp and Seybert, 2015). In addition to this, it is also helpful for the future researcher as background information for research carried out in the future on topics similar to the current topic of study.

1.4 Research problem

The external audit team plays a vital role in protecting the interest of the investors with regard to financial reports by carrying out accurate and reliable audits. The audited financial reports are essential in building confidence among the investors which in turn helps in expansion of the company via the capital markets. There are several Acts which have been proposed and introduced by different jurisdictions to delineate and qualify the authority of companies regarding their role in hiring, compensating and firing the auditor. It is important for the firm to provide information about the audit to the external audit team in the form of the inspection report and via information on the strengths and weakness of the internal audit (Allegrini and Greco, 2013). Auditing takes place in companies to protect the interest of the investors as it provides a critical basis for gaining

efficient capital formation to fund entrepreneurial and innovation risk taking. Auditing helps in promotion of targeted investment which in turn helps in creation of the jobs and development of the business. The presence of independent audit helps to bridge the knowledge gap between entrepreneurs and investors. There have been evolutionary changes in the nature of market information provided by firms seeking to raise capital in order to maintain the relevance of the information to capital providers over the years.

The external audit report also helps in conveying the reliability of the firm's financial information to its the stakeholders. In addition to this, an important role had been played by short term investors in capital markets through the provision of liquidity and encouraging short term accountability. The occurrence of the financial crisis of 2008 onwards has contributed towards dampening of the enthusiasm for long term investment strategies and managers are under pressure to maximise short term results. The occurrence of cultural change in companies has triggered a profound shift in attitudes of the auditors towards their accountability (Khosa, 2017). This is because auditors inspect a large number of audits which results in fixing many problems, which in turn enhances the efficiency and execution of the auditors. It is also important for regulators to set the standard for and support the oversight of the individual audits carried out by audit committees which helps to improve the quality of the audit and supports auditor independence.

The transparency of the audit can be enhanced through disclosure of the information regarding the engagement partners and other firms who participated in an audit significantly. In principle, the audits of global companies are conducted by a collection of audit firms who identify poor business practices and take measures to improve these which in turn promotes the quality of the audits taking place (Libby, Rennekamp and Seybert, 2015).

1.5 Structure of the dissertation

The different chapters which are included in this research are outlined as follows:

Chapter 1: Introduction

This chapter sets out the information regarding the background of the research topic along with the aims and objectives, research questions and significance of the research.

Chapter 2: Literature review

This chapter of the research study reviews existing and available literature relevant to the research topic in order to create the background of the research. This section reviews the available literary sources related to different aspects of the research topic. This helps to underpin comprehensive and descriptive findings of the research.

Chapter 3: Research methodology

This chapter focuses on the different methods and techniques used to carry out this research study such as research design, research approach, paradigm, data collection techniques and data analysis technique. Along with this, it also provides the information related to the ethical considerations and limitations faced by the researcher in carrying out the research (Power and Gendron, 2015).

Chapter 4: Data analysis

This research study is wholly based on secondary sources of data collection due to which this chapter emphasizes analysis of the findings and results by the use of content analysis method which in turn helps in gaining detailed and comprehensive findings and results of the research study.

Chapter 5: Conclusion

This chapter provides the overall summary of the research and may facilitate the readers to take effective decisions.

CHAPTER 2: LITERATURE REVIEW

2.1 Role of an external auditor

According to Knechel, and Salterio (2016) audit refers to a systematic and independent examination of the statutory records, financial records, vouchers and documents of entity to ensure that the financial statements and disclosure of the non-financial information depicts the fair view of the firm. It also ensures that the recording and preparation of final accounts are prepared and maintained in a proper manner by the corporations as required by the law. An audit is considered as a safeguard measure from ancient times and provides third-party assurance to different stakeholders that there is no material misstatement in the subject matter. Audit facilitates the stakeholder in evaluating and improving the effectiveness of control and risk management over the subject matter. An audit has been derived from the Latin word named “Audire” which means “to hear”. In ancient times, auditors in the UK heard the accounts and checked that the personnel of the organization did not indulge in fraudulent activities. An audit is thus a long-standing form of regulation by disclosure. The auditors are required to identify fraud in the financial statements of the company.

Allegrini and Greco (2013) stated that an external audit is carried out by an independent accountant and intends to result in certifying the financial statements of an entity. The main rationale of an external audit is to record the accounting of the clients in an accurate and complete manner. The accounting record should be organized in accordance with the applicable accounting principles such as GAAP, which has been recommended and implemented by the firm which should present results and financial position of the company in a fair manner.

Internal audit is a self-governing assurance and consultation activity carried out to add value to and improve operations of a business. It also helps in accomplishing the objective of the organization by adopting an organized and closely controlled approach to appraise and improve the effectiveness of the risk management governance and control processes. It also ensures the provision of the insights and recommendations on the basis of the analysis and assessment criteria and business processes. The scope of an internal audit is broad with an emphasis on different topics such as risk management, governance, and administrative control over the effectiveness of operations, compliance with the laws and regulations, consistency of financial and executive reporting and so on.

Format of Audit reports

According to Soh, and Martinov-Bennie (2011) auditors appointed as internal checkers are liable to the management and external auditors are answerable to shareholders, although of course they are appointed by the firm and furnish their report to the firm. The findings attained by the internal auditors can be issued or submitted in report format with no specific requirements, but external auditors are required to report it in the form of audit opinion and management letters. Internal audits are carried out to offer recommendations and support to employees, external auditors are required to support the audit client in a close manner. Internal audits are carried out during the entire period of the year but external audits are carried out once a year, although they offer review services three times per year.

In the views of Sikka, (2009), the regulatory authority named “Auditing Practices Board of The Financial Reporting Council” in the UK are aimed at investigating audit projects to improve the reports of auditors. The actions taken by the standard setters in response to the problems and issues gained from financial statements are used to develop various reforms to the audit report in order to produce informative and valuable results for the people seeking in-depth details related to the financial statements of a corporation. For meeting the needs of the investor / user, standard-setters have changed the role and responsibilities of the auditor to increase the amount of information in audit reports. An audit report consists of four paragraphs in standardized format, depending on the country of production. The expanded audit reports help the auditor to address matters which are considered important by the users and not included in the standard reports.

Responsibility of the Audit committee and audit team

In the opinion of Khelil, et al., (2016) the audit committee, where present, is answerable for administration of financial reporting, related internal controls, ethics and compliance and risk. The audit committee also supervises the preparation of financial statements and upholds adequate internal control regarding monetary reporting and determining the effectiveness of inner command over reporting of financial matters and accounting. The independent auditor is also responsible for expressing an opinion regarding the truthfulness and fairness presented in the financial statements in relation to material information, results of operation and cash flows and financial position aligned with the Generally Accepted Accounting Principles (GAAP) to evaluate the effectiveness

of internal control over financial reporting (ICFR). It is essential that for the audit committee to become familiar with the processes and control established by the management to oversee ICFR in order to continue the effectiveness of the operations carried out by the company. It is thus required that the audit committee should cooperate with the management, external independent auditor, and internal auditor to attain the knowledge required to oversee this area.

In the views of Arnold, et al., (2012), it is essential for the audit committee to discuss certain areas with the management related to accounting policies, judgments, and estimates which helps in tailoring the analysis to project changes and include new items. Apart from this, there is also a requirement to review the analysis of the management by the external audit team regarding the significant issues in financial reporting and opinions presented at the time of recording transactions to form financial statements which include the effects of alternative Generally Accepted Accounting Principles method. The audit committee, along with the internal risk oversight function, also emphasizes the establishment of programs and policies to avoid and identify fraud. It is also essential to work with the management to oversee the establishment of appropriate anti-fraud controls and program to take essential steps at the time of detection of fraud. The findings of the external audit team are validated when the organization implements appropriate ethics and compliance program.

Areas of fraud risk needed to evaluated by the auditor

Kassem and Higson (2012) state that there are three main areas of fraud risk which are needed to be examined by the audit committee:

- Asset misappropriation
- Incidences of corruption
- Financial statement fraud

The financial statement frauds include an intentional misstatement and omissions in the financial statements. Corruption includes use of shell companies, kickbacks, bribes to manipulate the contracts. Financial statement fraud can be detected and prevented by monitoring the assessment of ICFR by the management which is being overseen by the external audit team. The audit committee reviews the earnings release, compliance with statutory filing obligations (e.g. Federal Election Commission filing in USA), and financial information provided by the analyst and rating

agencies which helps them to execute their responsibility to present the information in a fair and transparent manner. It also oversees the legal review, which has been completed to verify the completeness of disclosures that include obligations to report trends. The audit committee should focus on the different issues related to non-GAAP measures such as misleading variants which cannot be directly compared with the GAAP measure, the disclosure controls and procedures to address non-GAAP measures, overseeing of the use and preparation of non-GAAP measures and so on.

Case analysis of Anglo Irish Bank Scandal

This case concerns hidden loans and circular transactions between Anglo Irish Bank and Irish Life and Permanent with the objective of making the balance sheet look considerably healthier than it actually was.

Source: Questions for EY over its handling of Anglo Irish Bank's audits, Irish Times, 31 August 2018 <https://www.irishtimes.com/business/financial-services/questions-for-ey-over-its-handling-of-anglo-irish-bank-s-audits-1.3612912>

The occurrence of hidden loan controversy in Anglo Irish bank is also termed as circular transactions controversy. This controversy happened in 2008 in Dublin, where the chairman of the bank has admitted that there is a hidden loan of €87 million in loans that triggered a set of incidents which lead to the nationalization of Anglo in 2009. During this time, the chairman of the company has resigned from the position followed by a non-executive director and chief executive officer of the bank. This has lead to the quick appointment of the new chairman of Anglo encouraged by the Irish minister for finance. Investigations have been carried out to gain knowledge of the reasons behind the occurrence of the three consecutive resignations. The central bank of the country has carried out a review of the dealings of the banks (Garda, 2012).

In December 2008, after more than a year of firefighting on a number of fronts, Anglo Irish Bank's chairman, Sean FitzPatrick, and its chief executive, David Drumm, resigned from the bank, which was on the verge of collapse amid the worsening global financial crisis. The following month, the bank, once a darling of the stock market, was nationalized, a move that would ultimately cost taxpayers in Ireland about €29 billion.

A decade on, Chartered Accountants Ireland (CAI), one of the main professional bodies for accountants here, is considering resuming disciplinary proceedings around the conduct of Ernst & Young, now known simply as EY, as auditors of Anglo Irish Bank.

In 2009, CAI appointed former comptroller & Auditor general Joh Purcell to produce a report into EY's work as auditors (of Anglo Irish Bank). Purcell's report found there was a prima facie case that EY was liable to disciplinary action in connection with certain aspects of its Anglo Audits.

A stay was put on CAI disciplinary investigations to allow for criminal prosecutions against former Anglo Irish officers, including Fitzpatrick and Drumm, to take place. Those prosecutions ended in 2018, so the CIA disciplinary proceedings against EY have resumed.

The purpose of this scheme in September 2008, during a period of increasing turmoil across the banking sector, was to bump up customer deposits in Anglo. In what we dubbed the 'green jersey agenda', Anglo would transfer funds to Irish life & permanent, which would then reroute the same amount back to the bank through a unit called Irish life Assurance.

On September 29th, 2008, the day the government's bank guarantee was announced, at 10.31am Anglo made a payment of €1 billion to Irish Life & Permanent. By 12.42pm the bank received a corresponding deposit for the same amount. Four minutes later, Anglo made another €1 billion payment to Irish Life & Permanent, and over two days alone six payments of €1 billion were made by Anglo, and identical deposits were accounted for from Irish Life Assurance. Overall, €7.2 billion was routed into Anglo's deposit accounts shortly before the end of its annual financial reporting period. The loans then matured three days after the end of the financial year.

Several characteristics of the transactions should have raised red flags for auditors, such as the back-to-back and short-term nature of the payments, and their timing just days before the financial year-end, Purcell's report says.

In December 2008, FitzPatrick's resignation as chairman of Anglo, over his concealment of loans he had taken out from the bank, was one of the first loose threads in the unravelling of the boom-time lender. The practice was to reduce the reported amount FitzPatrick owed Anglo in the bank's end-of-year financial accounts, by taking out a new loan from Irish Nationwide Building Society

to cover his debts with Anglo for a number of days, before the accounting year-end It was dubbed “warehousing” as FitzPatrick’s loans were effectively taken off the books and put into storage for a number of days, hidden from the bank’s auditors. They would then be transferred back to Anglo.

Purcell concluded “it was likely any follow-up from the auditors of this inconsistency “would have brought the refinancing practices to light” and that EY’s work was “not sufficiently robust to detect” the practice.”

The third and final element on which the Purcell report recommended EY had seriously failed in its role as auditors to Anglo related to an €8.2 million loan granted to the bank’s finance director, William McAteer.

The favorable terms of the loan were not disclosed in Anglo’s financial statements. EY was aware of the loan when auditing the accounts, as it was selected at random to confirm it had been correctly authorized.

Case analysis of PNB (Punjab National Bank) Fraud

This is one of the biggest banking scams to have occurred in India. The fraud was perpetrated at the Punjab National Bank (Hall 2015). The fraud took place in 2018, the fraud amount being Rs. 11,356.84 crore (US\$ 1.4 billion). Two businessmen, diamond merchant Nirav Modi and his uncle, Mehul Choksi, are being sought by the Indian authorities as alleged beneficiaries of the fraud.

Source: Financial Times, 22 February 2018 <https://www.ft.com/content/fb6a6954-16f4-11e8-9376-4a6390addb44>

The alleged fraud took place in the state-owned Punjab National Bank’s far-from-glamorous Brady House branch, located in a fusty colonial-era building in Mumbai’s historic business district.

There, Gokulnath Shetty, a deputy branch manager, and his subordinate, allegedly provided unapproved, “fraudulently issued” bank guarantees to Mr Modi’s firms, and Mr Choksi’s Gitanjali Gems, one of the India’s largest mass market jewellery retailers, according to a complaint by PNB to Central bureau of Investigation.

These fake guarantees enabled the jewellers to receive overseas cash advances – supposedly for trade finance – from other Indian lenders, all ostensibly backed by PNB. But India’s second largest state bank had no central record of the obligations mounting in its name – as rogue employees exploited the lenders’s outdated software to make international transactions without attracting headquarters’ attention, bank officials say.

Providing trade finance guarantees is big business for Indian lenders – a lucrative fee based service that does not require the lenders to provide cash upfront to their clients. But analysts say they have long feared the system is vulnerable to abuse.

According to the preliminary complaints filed to the CBI, and published on the CBI website, the fraudulent guarantees – called letters of credit or letters of undertaking – were issued for the jewellery companies “without following the prescribed procedures” such as obtaining import documents, or necessary approvals.

These guarantees were then sent via Swift messages to overseas branches of Indian lenders — including State Bank of India, Axis Bank, Allahabad Bank and Canara Bank — which then made local currency payments to designated bank accounts in Antwerp, Frankfurt, Hong Kong, Mauritius and Bahrain. However, PNB employees failed to record these guarantees in the lender’s central information system, thus “avoiding detection,” says one CBI complaint. In other cases, letters of credit to Gitanjali firms were entered into PNB’s core banking system — but only at a fraction of their face value, a second CBI complaint says. These omissions were enabled by PNB’s own failure to keep pace with fast-developing financial technology, a senior PNB official, who asked not to be identified due to the sensitivity of the matter, told the FT this week. PNB has relied on Finacle — developed by IT giant Infosys — as the key IT “backbone” of its operations since 2001. But PNB’s outdated version of the software was not integrated with Swift, the international financial messaging system. That meant Swift transactions had to be logged separately into PNB’s core banking system, the PNB official said.

While Infosys' 2008 version of Finacle integrated the two systems, PNB did not upgrade to the new software, allowing certain members of Brady House branch staff to continue sending Swift requests without detection. Infosys declined to comment on the alleged fraud. The PNB official told the FT that suspicious transactions began in 2011, although the bank has given no public account or details of these deals. During the first five months of 2017, PNB's Brady House branch provided Gitanjali group companies with guarantees for \$473m through 140 letters of understanding to seven different banks, according to the bank's complaint to the CBI.

It also issued another 200 foreign letters of credit worth \$359m in that period — all unrecorded, or under-recorded in its main system, the lender says. On May 31, Mr Shetty, the deputy branch manager who had facilitated the guarantees, retired from PNB, having worked at the Brady House branch for nearly seven years despite risk management procedure stating that staff should rotate regularly. PNB says it discovered the fraudulent guarantees — some apparently used to pay off older loans coming due — on January 16, when a representative of Mr Modi's firm sought a new letter of undertaking to support further overseas borrowing. "They wanted the process to continue," the PNB official told the FT. "But the old employees were not there, and the new ones said no to these practices."

Subsequently, Sunil Mehta, The CEO of PNB observed "External Auditors cannot be blamed as they inspect data only in Core Banking Software (CBS), where the entries for fake LoUs were never made."

He also noted, "bank officials who were involved in the fraud had issued Letters of Undertaking via the SWIFT system, while not making corresponding entries in the core banking systems(CBS)."

Following the controversy the Reserve Bank of India (RBI) [the Indian Central Bank] decided to integrate CBS and SWIFT and scrap LOUs and LOCs to avoid future misuse.

Source: Financial Express, 12 April 2018, <https://www.financialexpress.com/industry/banking-finance/pnb-ceo-exonerates-external-auditors-in-nirav-modi-scam-says-they-had-no-access-to-fraud-data/1130373/>

2.2 Reliance on external audit procedures, standards and procedures and its technical soundness to identify misstatement and frauds

According to Casabona and Grego, (2003), external audit procedures are significantly considered as the authentic approach towards assessment of the accounting practices and certification of the accounts. It is a common perception about the auditors that they are responsible for the detection of the frauds which have misled the evaluation by the auditors over a long period of time. It is necessary to understand that the auditor examines the financial statements and cross-checks the different pieces of evidence presented to them by the management. The external audit also takes into consideration various aspects of accounting and applies reasoning skills to identify the presence of any kind of misstatement or material issue. According to Auditing Standard 1001 which discusses the Responsibility and Functions of an Independent Auditor an assessor is required to prepare and conduct an audit to attain reasonable assurance regarding the freeness of the year ending statements from any kind of significant misstatement. An auditor is required to evaluate a large amount of financial and other pieces of evidence. The nature of the audit facts and the presence of fraud are difficult to identify. The majority of frauds are well planned and there are layers present in the process that makes it more difficult for the auditor to deal with the issues.

Auditing standards and procedures

In the views of Al-Jabali, Abdalmanam, and Ziadat, (2011), auditing standards ensure a high level of assurance as reasonable assurance which is necessary for auditors to obtain at the time of reviewing the financial statements. It is required by the auditors to verify most of the statements and obtain sufficient audit pieces of evidence in the form of audit evidence for the reduction of any kind of risk about the material misstatement of the financial statements. Contrary to this, Kassem and Higson, (2012) stated that some auditors maintain that there is no responsibility to detect fraud which is true, strictly speaking, as it is not their responsibility to detect all kind of fraud but under the criteria of the audit standards they are responsible for frauds associated with the misstatement of the financial statements and these must be material. It is further stated that the level of assurance and efforts included by an auditor are not possible to be measured and it is possible that an audit conducted with full efforts fails to detect a material misstatement. Although

it should be noted that USA auditing standards – PCAOB³ and AICPA⁴ indicate the importance of the auditor's fraud detection responsibility.

Those standards focus on the responsibility of an auditor for and the application of the various efforts for the detection of material, misstated or fraudulent financial statements. This indicates that the identification of material misstatement caused by fraud is the primary and essential element of the audit. In addition to this, AICPA's Board has stated that it is expected that independent auditor detect fraud and has the moral responsibility to do so.

Asare, Wright and Zimbelman, (2015) stated that auditors are considered as fraud examiners by the majority of the stakeholders. This perception has significantly affected the role of auditors. An auditor provides assurance and provides expressed judgment on the year ending accounts or related information. By contrast, a fraud examiner determines whether there is a presence of fraud or not and in case of detection of fraud further identifies the responsible parties. Research also shows that auditors at the time of commencing audits do not conduct these with a mindset that there is a suspicion of fraud. There is also a need by the audit team to identify how and wherever the accounts of firms are vulnerable and misstated materially with a possibility of fraud. An auditor is also directed to engage with a state of mind that there are chances of substantial misstatement, which is needed to be assured by cross-checking the different statements and related documents.

The role of the auditor is significantly important as he / she is provided with autonomous credibility regarding published financial statements which are being used by creditors, sponsor and other stakeholders taking decisions to invest in or exit from the capital investment choice. The auditors of listed companies are independent and it is necessary to encourage surroundings free of any influence, interest or association that affects the objectivity of the judgment given by the auditors. There is also the presence of various standards such as AS 1005, Independence; AS 1010, Training and proficiency of Independent Auditor; AS 1015, due professional care in the performance of work. These standards are applicable to financial reporting and internal control. The standards also indicate the need for technical training and proficiency of the auditor. These standards also discuss the importance of proficiency, independence, professional skepticism, and exercising due

³ Public Company Accounting Oversight Board

⁴ American Institute of Certified Public Accountants

professional care. These standards also have the provision of reporting and fieldwork standards applied to the audit of internal control over financial reporting. There is also a provision of planning of the audit and enough supervision of the engaged team members to assure the accomplishment of the audit goals.

In addition to this, Asare, van Buuren, and Majoor, (2018) with regard to AS 2301, that is auditors responses to the risk of material misstatement, discuss the requirements related to designing, implementation of suitable reactions to the risk of material misstatements. It is the primary responsibility of the auditor to address the hazards of material misstatement with the help of entire audit responses and audit procedures. This is the reason, AS 2110 discusses the design and implementation of audit responses for addressing the risks of material misstatement. Besides this, Taslima and Fengju, (2019) stated that there are several instances that reference negligence of the auditors in carrying audit with due diligence. It is analysed that in case of Alabama-based Colonial Bank collapse the auditor of the bank failed to design audit procedures for the detection of the frauds and the Bank appointed very junior level employees and interns to deal with significant evaluations such that that lead to such a gigantic consequences. There was an occurrence of fraud worth \$2.8 billion in this, the 25th largest bank of the USA, with more than \$26 billion assets and 340 branches.

In this case, PwC, the auditor, signed off the books over several years and failed to identify the loans provided by the banks that were against fictitious mortgages. The gap between the expectations and actual audit conducted is termed as the audit expectation gap (AEG). It is further analyzed that the majority of auditors fail to consider the technical aspects of the audit and this has lead to issues related to the reasonableness and performance gap. This gives rise to issues for the external auditors in terms of dealing with the staff and the fairness of the audit and ultimately leads to loss for the auditors. In addition to this, it is also identified that there is lack of sufficient training and audit procedures being practiced by subordinates that leads to the occurrence of some of the issues although there are constraints regarding the burden and possibility of fraud, but auditors are required to ensure that they are able to identify material misstatements.

Technical soundness to identify misstatement or fraud

Kassem and Higson, (2012) also state that the analysis of the auditor's professional skepticism and due professional care shows that auditors and related parties fail to consider these approaches that lead to audit failures in the majority of fraud cases. It is further stated that audit seniors at the time of responding to the fraud risk factors and providing evidence in relation to their efficiency and effectiveness reveal that the auditors fail to respond effectively and appropriately and that heightens the risk of fraud. ISA⁵ 520 relates to analytical procedures, and SAS⁶ 56 in AICPA discuss the importance of referring non-financial measures at the time of auditing. The analysis of the approach indicates that the majority of external auditors rely on the historical financial information of the previous years and evaluate the financial statements with reasonable assurance but the mainstream of them neglect to consider non-financial measures at the time of developing expectations regarding their consistency or inconsistency with financial data.

In the views of Mancino, (1997), there is still a need for appropriate training for auditors and audit staff in fraud detection. The comparison of the pre- and post-assessment of SAS no. 82 related to planning judgments indicates that auditors fail to adapt and amend the character of their audit plans towards more effective planning procedures to detect fraud in relation to fraud risk required under SAS no. 82. It is also analyzed that there is a decline in skepticism as the experience of the auditor increases which leads to the need for ongoing training for the audit staff to maintain professional skepticism as covered under SAS no. 99. On the other hand, CEOs of international audit firms state that global financial reporting and audit procedure for the audit of public companies requires significant changes as they are inappropriate for detecting current frauds in an adequate manner. It is also stated that there is a presence of an expectation gap with regard to detecting material frauds and the ability of auditors to uncover these. There is a need to implement additional ideas to enhance fraud detection as the majority of auditors do not modify the blueprint of audit procedures even after high fraud risk and are unsure of the need for efforts to be made for the detection of the fraud. It is further stated that occupational frauds are of three types namely:

⁵ International Standards on Auditing

⁶ Statement on Auditing Standards

- Fraudulent financial reporting
- Incidences of corruption
- Misappropriation of assets

Where auditors detect financial fraud under the first of these headings but not under the other two headings that leads to failure to deal with a significant amount of fraud.

2.3 Appropriate changes in Auditing standards to prevent further scams

According to Cameran, Negri and Pettinicchio, (2015) auditors have to go through a wide range of activities and detection of fraud is not an easy job for an auditor, especially in the case of well-hidden frauds that are not possible to detect in a small window of opportunity. The limitations of the auditors are the limitation of time, the complexity of the system that makes it extremely difficult to identify the fraud, and where there is the presence of a large amount of fraud schemes that makes it even more challenging for the auditors to consider every single possibility. The role of the auditor becomes significant at the time of auditing the firms as they ensure no presence of material misstatement. It is requisite that the auditors understand the importance of their role and it is necessary that they act professionally to check almost every department which comes under the audit scope. There is also a requirement to understand the possibility of frauds and it is also necessary to understand the importance of walkthroughs and not only believe in the audit of the balance sheet but instead are required to cross-check the other evidence such as various registers and documents and other reports prepared by the management and cross-check these with the available evidence, bank statements and so on.

Mandatory rotation rule

In the words of Daugherty, et al., (2012) the increased number of international accounting scandals has led to a decision from the EU's Internal Market and Services Commissioners to introduce the requirement for a mandatory rotation rule. The focus of the rule is to impose periodical breaks to audit engagements. The intention is to avoid the relationships built during an extended tenure among the auditors and the client that leads to an increased possibility of planned frauds arising in some companies. It is also analyzed that long tenure has led to influence the quality of the audit. It is further analyzed that this relationship has led to creating the conditions for increased frauds

and misstatements in the statements in various companies. This is the main cause behind the idea of mandatory rotations where the auditor is altered after a certain number of years. At the same time, the main challenge behind the implementation and worldwide acceptance of long tenure is the increased cost of changing the auditor, organizational disruptions, loss of confidential information of the client, and the ability for negotiation on audit fees. Nonetheless vested means there is resistance to the application of the mandatory rotation rule consistently across the world.

Fraud detection and intensive training for following audit procedures

In the views of Bragg, (2011), there is a difference between auditors and fraud examiners. He states that detection of fraud is not a professional service provided by auditors, as their main focus is to examine material misstatements in the accounts and follow the accounting and recording regulations. Although, it is expected from auditors that they cross-examine the various pieces of evidence and find out significant frauds which is not an easy task for an auditor in a short span of time and in cases where the statement of accounts does not have any kind of material fluctuations. This suggests the case for inclusion of fraud examiners in the audit team who will support the auditors in detecting the possibility of any kind of fraud. They could be involved in examining and reviewing audit working papers, might conduct vigorous checking of the sensitive areas of the business, and even provide important insights into the reasons behind the failure of auditors to notice fraud.

In addition to this, Asare, Wright and Zimbelman, (2015) state that there are several reasons that lead to increased chances of auditors not detecting frauds due to lack of knowledge of fraud schemes, auditor training and undue trust in management. It is further stated that GAAS⁷ audits do not place sufficient focus on detecting fraud when compared to a primary institutional inhibitor or fraud detection. This is the reason there is a need for re-examination and re-engineering of the audit by the inclusion of more forensic activity through the involvement of a forensic auditor on each engagement. It is also necessary that audit investigation and practices focus on the development of interventions emphasizing enhanced auditor training, collaboration with fraud examiners, significant changes in audit standards, new decision aids, and changes in audit firms.

⁷ Generally Accepted Auditing Standards

Need for professional skepticism

Gissel and Johnstone, (2016) state that there is a need to exercise professional skepticism that emphasizes questioning the authenticity with an attitude open to the possibility of material misstatement or fraud risks. It is necessary that auditors' accounting standards include a discussion on professional skepticism and that auditors practice this so that they are able to recognize the possibility of any kind of material misstatement or fraud in the organization. It is also stated that while practicing skepticism in evaluating and gathering shreds of evidence the auditor should not blindly believe management is honest in case of less-than-persuasive evidence. In addition to this, Ramos, (2003) suggests the need for brainstorming in the concept of auditing where firms are needed to make the decision for the required procedure and due care. The main objective of brainstorming is to engage the team with a good understanding of the information regarding the possibility of perpetrated fraud or its concealment. It is also necessary to prepare the audit team with a mindset of questioning to attempt to model the proper degree of professional skepticism.

Kassem and Higson, (2012) state that while the external auditors are critical they have a secondary role in the discovery of fraud. The primary responsibility for fraud detection still rests with the management and auditors only assure that statements of accounts are free from substantial misstatements. It is also analyzed that in assessing the efforts of the external auditor, changes in audit standards do not enhance the audit quality automatically. Rather, it depends on the external auditors that they exert enough efforts to detect fraud. There are many auditors that are not following audit standards which lead to increased risk of fraud risk assessment. It is also stated that where auditors increase their audit efforts in relation to fraud risk modification in auditing standards or regulatory changes this has not lead to enhancement in the ability of auditors to detect fraud. This has also not improved audit effectiveness in the discovery of fraud. This indicates that changes in the audit standards help the auditors to improve the quality of the audit but it is necessary that the auditor follow them strictly and apply adequate skepticism and brainstorming skills to help them identify the possibility of fraud or misstatement. On the other hand, there are some frauds that do not impact the financial statements directly which leads to constraining auditors from detecting such frauds. There are a number of frauds that might have been detected by the auditors if vigorous checking had been done and auditors do not overly rely on the information provided by the management.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This section of the research is considered vital because it entails the information regarding the different methods tools techniques required to carry out the research in an effective manner. It emphasizes the research design approach strategy, philosophy, data collection methods, and data analysis methods. Besides this, it also emphasizes the ethical consideration and limitations faced by the researcher while carrying out the research. Apart from this, it also includes information regarding the type of research and the reasons behind the suitability of the selected methods to carry out the research on the proposed topic of the research.

3.2 Research philosophy

Research philosophy is a belief regarding the way in which the data has been gathered analyzed and used. There are various philosophies of research approach such as interpretivism, positivism, and realism. The positivism philosophy is also termed as scientific method because it only considers the elements of the research to attain the goal of the research. It helps in gaining the objective view without interference from the researcher in the form of their opinion and views. This helps in gaining valid and reliable results of the research study (Taylor, Bogdan, and DeVault, 2015). In this philosophy, predictions are made on the basis of previously observed and explained realities and their interrelationships. Besides this, interpretivism philosophy takes into consideration the views and opinions of the researcher along with the elements of the research in order to attain the results of the research study in an effective manner. The interpretivism philosophy is subjective in nature because it describes the results of the research in a detailed manner. Apart from this, realism philosophy is founded on an assumption of a scientific approach to developing knowledge and relies on the idea of independence of reality from the human mind (Walliman, 2017). In the context of this research study, interpretivism philosophy is suitable because this research study is subjective in nature and makes the use of literary sources to collect the data relevant to the research topic in order to attain results in a detailed and comprehensive manner.

3.3 Research approach

The research approach is a procedure that contains the steps of broad assumptions to detailed method analysis, interpretation, and data collection. The approach adopted by the researcher for

carrying out the research is based on the nature of the research problem that is being addressed. The selection of the research approach has relied on the data collection and data analysis approach being used in the research. In the context of this research study, it is qualitative in nature because there is a use of desk research methods to collect the data and content analysis method analyze the collected data in order to attain valid and reliable results of the research study (Williamson and Johanson, 2017). The two types of research approaches which are commonly used by the researcher include inductive and deductive approach. Deductive research approach refers to the approach in which the deductions are made in the collected data to reach a specific research result. The deductive approach moves from a generalized view towards the specific view. In a similar manner, the inductive approach refers to the approach which moves from the specific view towards the generalized view. The inductive approach is being used where there is a need to generate generalized results or theory from the analysis of the specific information (Sreejesh, Mohapatra, and Anusree, 2013). In relation to this research study, the inductive approach is being used because it moves from the specific view regarding the role of internal and external auditors in the banking industry towards the role of auditors in all the industries. In this manner, the results obtained from the analysis of the role of the auditor in the banking industry are applicable in a general manner to almost all the industries. Apart from this, the inductive approach is being applied to this research study because it is qualitative in nature which in turn helps in attaining comprehensive and detailed results of the research (Smith, 2015).

3.4 Type of research

Research design provides the blueprint of the research on the basis of which the whole research study is being carried out. There is mainly two types of research which are commonly used by the researcher to carry out the research such as exploratory and descriptive research design (Pernecky, 2016). Exploratory research design facilitates in exploring the different dimensions of the research topic and gain insights related to different aspects associated with the research topic. In a similar manner, a descriptive research design is also known as conclusive because it provides detailed and comprehensive results of the research study. This research study is descriptive in nature because it contains qualitative information regarding the role of auditors in better investment decisions for investors with special emphasis on banking scandals (Novikov and Novikov, 2013). This is because there is a use of secondary research method to collect the information relevant to the

research topic by the use of a literature review strategy. In addition to this, the collected data is being analysed by the use of content analysis.

3.5 Research methods

There are mainly two types of methods which are being used by the researcher to carry out the research such as a qualitative and quantitative method. This research study is descriptive in nature due to which qualitative research method is suitable to carry out this research. The quantitative research method refers to the method in which the collected data is in the form of numbers (Smith, 2015). Besides this, there can be a use of mix strategy to collect and analyze the quantitative data such as primary and secondary data collection method. Along with this, qualitative research method emphasizes on the large quantity of information due to which the research is considered as informative in nature (Terrell, 2012). In this research study, a large amount of qualitative data is being collected in order to attain comprehensive and detailed information and results of the research study.

3.6 Research strategy

Research strategy provides information regarding the directions to be followed to carry out the research. It is important to make a decision regarding the strategy to be used to carry out the research in order to attain valid and reliable results. There are mainly three types of research strategies which are being used by the researcher to carry out the research, such as mixed strategy, qualitative and quantitative strategy. The qualitative research strategy includes different types of methods which are being used by the researcher to carry out the research, such as literature review, case study, and desk research method (Lorraine and Peter, 2016). Apart from this, quantitative research makes the use of both primary and secondary data collection methods such as survey through questionnaire method, observation method, and secondary data collection methods such as literature review and case study method. In addition to this, the mixed research strategy refers to the strategy which is the combination of qualitative and quantitative research (Killam, 2013). In context to this, research study, qualitative research strategy is being used to carry out the research, especially the literature review method in which the researcher is required to review the different literary sources which contain the relevant information related to the research topic in order to attain detailed and comprehensive results of the research study. There is a use of literature review strategy for carrying out this research study because it is difficult to collect first-hand data by the

use of primary data collection methods from the auditors of different companies this is the reason that literature review method is appropriate for this research study (Flick, 2015).

3.7 Data collection method

It is a crucial element of the research study as it helps in creating the background of the research by collecting the data relevant to the research study from different sources. The data have been collected relevant to the research topic because it helps in gaining valid and reliable results of the research study. There are broadly two types of data collection methods such as primary and secondary data collection. The primary data collection method helps in collecting data in the first hand. The different sources of primary data collection method include interview method, survey through questionnaire method, focus groups, observation and so on (Mackey and Gass, 2015). In addition to this, the secondary data collection method refers to the collection of the information from the available published sources such as books scholarly articles online articles and so on. In context to this, research study, secondary data collection method is being used to gather data related to the research topic from the available published sources. The different methods by which secondary information can be collected include literature review method, desk research method, case study method and so on. Desk research method refers to the method in which the researcher collects the data relevant to the research topic by the use of the literary sources available to them (Silverman, 2016). In this research study, the literature review method is being used to collect data as it helps in collecting a large amount of information related to different aspects of the research topic. It also facilitates in gaining descriptive and comprehensive results for the research study.

The literature review method refers to the method in which the researcher has to review the available literary sources such as scholarly articles, online articles, books, official documents, and so on to collect the data related to the research topic in an effective manner. This method is appropriate for this research study as it is difficult to approach the auditors to collect the information regarding their role in making investment decisions. This approach also helps in collecting qualitative information related to the research topic by the researcher which can be analyzed appropriately to attain the objective, valid and reliable results (Savin-Baden and Major, 2013).

3.8 Data analysis

After the collection of the relevant information related to the research topic by the use of secondary research method, it is essential to analyze the collected data to interpret valid results of the research study. There are several methods which are being used by the researcher in a common manner to analyze the results of the research study, which are broadly divided into two categories namely qualitative and quantitative methods. Quantitative method is being used by the researchers to analyze the results from the quantitative information collected from different sources (Ritchie, et al., 2013). The different quantitative analysis method includes SPSS, Correlation, regression, graphical methods, and other statistical techniques. The graphical method refers to the method in which the collected data is being presented in the form of tables, graph, and picture in order to help the researchers to make effective decisions. Qualitative methods are being used to analyze the results of the research which contains qualitative information collected usually by the use of secondary data collection method (Tracy, 2019). Qualitative methods are divided into different categories, namely thematic analysis, content analysis, and descriptive analysis. The descriptive analysis method refers to the method in which the results of the research study are presented in a detailed and comprehensive form. There are no themes identified while analyzing the results. Besides this, in the thematic analysis, themes are derived from the collected data and then the collected information is being analyzed under different themes in order to provide a clear picture to the readers related to the research topic.

Content analysis is a technique in which valid inferences are made by coding or interpreting the textual material collected by the use of secondary data collection method. This also facilitates converting the qualitative data into quantitative data. It is the method used to analyze the qualitative data which is being present in different formats such as interview transcripts, audio recordings, and film. Along with this, there is also a use of coding units, while carrying out the content analysis (Major, Savin-Baden and Savin-Baden, 2013). In the context of this research study, the content analysis method is being used to analyze the collected information because the collected data are qualitative in nature and it is appropriate to make the use of content analysis through coding units to analyze the results of the research study.

3.9 Ethical consideration

It is important for the researcher to consider ethics while carrying out the research in order to maintain the reliability of the results of the research study. It is essential for the researcher to provide proper credit to the authors whose views and opinions are being considered in carrying out the research. Apart from this, it is also required to attain the permission of the authorized persons to access the documents that contain the relevant information related to the research study (Miller, et al., 2012). The researcher is also required to give emphasis on the year of publishing of the literary sources in order to evaluate their relevance in the current scenario. The researcher is required to provide original information and avoid plagiarism because it is considered as a criminal offense while carrying out the research.

3.10 Research limitation and summary

The primary limitation, if the research is that there is a use of only secondary data collection method to collect the data relevant to the research study which is mainly qualitative in nature (Flick, 2015).

It can be summarized that there is a use of interpretivism philosophy and inductive approach. Besides this, it is descriptive research because the qualitative method and the literature review strategy is being used to carry out the research. Apart from this, the secondary data collection method and content analysis method are used to attain valid and reliable results of the research study.

CHAPTER 4: RESEARCH FINDINGS AND RESULTS

Some of the findings from the scandals discussed above (Anglo Irish Bank Scandal Case Study as per page 13-15):

According to Purcell, Comptroller and Audit general; “there was lack of both Proper examination and Auditor Skepticism in relation to transactions between Anglo Irish Bank & Irish Life & permanent (ILP) in 2008.” He also Concluded that “Failure to establish the full facts relating to the september 2008 transactions with ILP prior to the sign off on the 2008 Audit report could represent a serious deficiency in EY’s performance.”

In his Opinion, these failures represent professional incompetency on the part of Ernst & Young and these deficiencies in audit and its disclosures are to be taken as serious.

Purcell identified several pieces of information the auditors had come across “which might reasonably be expected to have led to an identification of Mr. Fitzpatrick’s ‘warehousing’ practices in respect of his Anglo Loans.” Inconsistencies that should have led auditors to uncover the warehousing practice, which Fitzpatrick carried out over eight years, were present as early as 2006.

“Had EY reviewed a list of transactions between Anglo and its directors, in accordance with its own planned procedures, assuming an accurate list was supplied by Anglo, Mr FitzPatrick’s periodic refinancing at the year-end would have been apparent,” the FTI report said.

The “substantive” audit work in relation to directors’ borrowings was carried out by an “audit junior”, who was “not given specific direction” on how the work should be carried out, the Purcell report found.

“Despite the size and timing of the payments and the beneficiary being the group finance director [McAteer] . . . the payment was not highlighted for further examination,” Purcell’s report stated. Purcell said “there is no doubt in my mind that this was a very unusual transaction and as such merited close scrutiny by the auditors . . . Ernst & Young’s failure to ensure that the statutory and/or accounting disclosure requirements were met must therefore be regarded as serious.”

In Punjab National Bank case study too (in pages 15-17) , we have observed some findings;

Source: Reuters 5 March 2018, <https://de.reuters.com/article/us-punjab-natl-bank-fraud-rbi-insight/missed-warnings-how-watchdogs-failed-to-spot-2-billion-indian-bank-fraud-idUSKBN1GH1PQ>

-The Reserve Bank of India takes a hands-off approach: Its inspections concentrate on whether the broader systems are sound, not the details of what's happening in a banking operation.

- External auditors approved by the RBI, known as statutory auditors, in many cases only do top line reviews, not in-depth inspections. In Punjab National Bank's case they have been changed regularly - 18 different firms used over seven years. Though the auditors swapped hand-off notes, no one auditor was able to delve into the bank's operations for any extended period.

- Those external auditors met with Shetty, but their audits of Punjab National published in the bank's annual reports from 2011 to 2017 did not raise alarms.

- The RBI knew by 2016 there was a laundry list of problems at Indian banks that the central bank said "exposed the bank to heightened risk of fraudulent activities".

- The central bank did not compel state banks to link their banking software with the SWIFT global interbank messaging network, a key vulnerability in the Punjab National fraud.

-The framework for auditing India's banks is set up to provide three levels of scrutiny: continuous monitoring by internal auditors, quarterly inspection by statutory auditors and an annual inspection by the RBI, according to interviews with officials at the central bank.

-The bank's cornerstone internal, or concurrent auditors, are expected to run daily checks on all SWIFT transactions, according to RBI officials.

-But a former senior RBI official with direct knowledge of the central bank's oversight of foreign exchange transactions said they often do not provide much of a backstop.

“Sometimes the concurrent auditor just blindly signs whatever is given to him without verifying what is going on,” the official said.

4.1 Research Results

My Introduction:

I have three years’ experience as an Internal and an External Auditor, while working under my senior accountant at my last job. I really got to learn about the auditing process both internal and external.

I have also gained higher level of auditing knowledge and experience while working as an External Auditor. As an accountant, I played the role of the external auditor in both Public and Private sectors. This has developed my knowledge and experience considerably.

For the purposes of analyzing and considerations, the data gathered for dissertation. I have grouped the issues considered in the form of a set of hypothesis.

Q.1- What are the major roles of an external auditor in the auditing process?

Answer 1: I believe that an external auditor plays an important role in the auditing process by examining the financial records, statutory records, vouchers and documents of the entity. The external auditor ensures a fair view of the financial statements and disclosure of non-financial information about the firm. Moreover, I want to tell you that the external auditor also ensures that the preparation of final accounts and recording are maintained in a systematic manner required by the law. In addition to this, the external auditors also play a significant role to identify fraud in the financial statements of the company.

Answer 2: As a professional, I think it is important for the external auditor to carry out accounting documents of the company and certifying the financial statements after ensuring the truthfulness of financial data. Additionally, it is also ensured by external auditors that provisions are insight with providing recommendations on the basis of the analysis and assessment criteria and business processes. On the other hand, internal audit also plays an important role which emphasizes on several topics like governance, administration control over the effectiveness of operations, risk

management, compliance with the laws and regulations, consistency of financial and executive reporting, etc.

Answer 3: The essential role of the external auditor is ensuring that the company has fair financial statements as well as a fair view of the disclosure of non-financial information. In addition to this, the external auditor also examines financial and statutory records of the company by examining the entries of vouchers and documents. It is recognized that external auditors identify fraud in the financial statements by relating it to the requirements of the financial standard and support the company to prepare final accounts and records.

Q.2- What is the main reason behind adopting an audit report format?

Answer 1: There are no specific requirements to issue or submit the report in a specific format, but external auditors require this report in the form of audit opinion and management letters. I have identified that the audit report includes four essential paragraphs in the standardized format that depends on the country of production. Moreover, it is also seen that the expanded audit reports are also supportive of the auditor to address matters that are important for users as well as it is not considered in the standard reports.

Answer 2: An organization adopts an audit report format to make the report understandable by stakeholders. In concern to this, some specific standard is followed by organizations to solve issues and problems occur in the financial statements. In order to produce informative and valuable results, users develop various reforms to the audit report for the people seeking in-depth details related to the financial statements of a corporation.

Answer 3: The financial department of an organization follows the appropriate audit report format that systematically manages the financial information in the report. The audit report includes four paragraphs in a standardized format based on the production country. In order to meet the needs of the user, standard setters change the role and responsibilities of the auditor for increasing the amount of information in audit reports.

Q.3- What are the key responsibilities of the Audit Committee in the audit procedure?

Answer 1: During the audit procedure, the key responsibilities of the audit committee are to manage tasks related to financial reporting, ethics and compliance, financial reporting related to internal controls and risk. It is because the supervision is responsible for financial statement preparation and upholding the adequate internal control on the monetary reporting as well as determining the inner command effectiveness over the reporting of financial and accounting. It is essential for the audit committee to communicate with the management about the certain areas related to judgments, estimates and accounting policies. It is supportive to tailor the investigation of project changes and inculcation of new items. Moreover, the audit committee also responsible to review the management analysis about essential issues in financial reporting. It also presents an opinion during recording the transactions of the financial statements that include the effectiveness of alternative GAAP method.

Answer 2: The Audit Committee plays an essential role in the audit procedure for managing the tasks concerned with financial reporting, ethics and compliance, internal controls and risk, etc. The Audit Committee is considered as key supervision that is responsible for preparation of the financial statements as well as upholding the adequate internal control on the monetary reporting. The committee is also responsible to determine the inner command for effectiveness over the reporting of financial and accounting. The audit committee communicates with management in order to certain the areas related to estimates, accounting policies and judgments as well as it is also supportive in the investigation tailor on project changes and for the inculcation of new items. In addition to this, it is also identified that the audit committee is also responsible for reviewing the management analysis regarding different essential issues in financial reporting. However, it can be said that the audit committee presents an opinion during recording the transactions of the financial statements.

Answer 3: The main responsibilities of the audit committee in the audit procedure are to manage financial reporting tasks, ethics and compliance tasks, task-related to internal controls and risk. The committee is responsible for preparing the financial statements and upholding adequate internal control through monetary reporting. It determines the effectiveness of inner command over the reporting of financial and accounting that is essential for communicating with organizational management regarding certain accounting policy areas. This committee is

supportive to tailor the investigation of project changes and review the management analysis of essential issues in financial reporting. The audit committee is responsible for overcoming the risk with effective risk management emphasizing on the establishment of programs and policies for avoiding or identifying the fraud. It is also essential for the audit committee to work on the management for overseeing the establishment of suitable anti-fraud control programs and take essential decisions to detect the fraud. When an organization implements suitable ethics and compliance program, then the Audit committee gains satisfaction.

Q.4- Which areas of fraud risk are evaluated by the auditor in the audit procedure and what are issues related to the non-GAAP measures?

Answer 1: It is identified that there are three main areas of fraud risk that should be aware by the audit committee include asset misappropriation, corruptions, and financial statement fraud. In addition to this, the audit committee should focus on the different issues related to non GAAP measures like misleading or prohibition of the measure can be compared directly with GAAP measure, appropriately defined as the non GAAP measure, the disclosure controls and procedures to address non GAAP measures, overseeing of the use and preparation of non GAAP measures, etc.

Answer 2: The asset misappropriation, corruptions, and financial statement fraud are considered as essential areas of fraud risk that can an auditor evaluate in the audit procedure. The non-GAAP measures include several issues related to misleading or prohibition of the measure that is directly compared with GAAP measure, overseeing the use and preparation of non-GAAP measures and the disclosure controls and procedures for addressing non GAAP measures.

Answer 3: I think financial statement fraud, asset misappropriation, and corruptions are key areas of fraud risk evaluated by an auditor in the audit procedure. Additionally, misleading or prohibition of the measures can be defined as the non GAAP measure due to compared directly with GAAP measure, overseeing of the use and preparation of non GAAP measures and the disclosure controls and procedures to address non GAAP measures can be considered as a key issue related to the non-GAAP measures.

Q.5- Tell me about the reliance on external audit procedures and what technical soundness is important to identify misstatement and frauds?

Answer 1: The external audit procedure is considered as an authentic approach to the assessment of accounting practices and certification of the accounts. However, it can be said that it is a common perception of auditors that they are responsible for the detection of the frauds that misleads the evaluation of the auditors over a long period of time. On the other hand, it is identified that the comparison of pre and post-assessment of SAS no. 82 related to planning judgments indicates that the auditors' fails to adapt and amend the character of their audit plans regarding more effective planning procedures to detect fraud in relation to fraud risk required under SAS no. 82. The decline in the skepticism as to the experience of the auditor's increases that lead to a need for ongoing training for the audit staff to maintain professional skepticism as covered under SAS no. 99.

Answer 2: The external audit procedure is an authentic approach to assess the accounting practices and accounts certification. In addition, auditors are responsible to detect the fraud that misleads the evaluation of auditors in long-run. In order to identify the misstatement and frauds, the technical soundness is needed for an organization related to planning judgments by comparing the pre and post-assessment of SAS no. 82. In addition to this, the auditor's experience increases with declining in the skepticism that leads to ongoing training needs of the audit staff for maintaining professional skepticism that is covered under SAS no. 99.

Answer 3: The reliance on external audit procedures is identified thorough assessment of the accounting practices and certification of the accounts. The auditor examines the financial statements and crosschecks the different pieces of evidence presented to them by the management. In order to identify misstatement or fraud, it is necessary for the auditor to have sound technical knowledge and organization should provide appropriate training to auditors and audit staff. It is necessary to implement additional ideas to enhance fraud detection as the majority of the auditors do not modify the blueprint of audit procedures, even after high fraud risk and it is are not sure towards the need of the efforts to be made for the detection of the fraud.

Q.6- Why it is necessary for an organization to follow auditing standards and procedures and what are the essential auditing standards and procedures that must be followed by an organization.

Answer 1: It is necessary for an organization to follow auditing standards and procedures as it ensures a high level of assurance as reasonable assurance that is necessary for auditors to be obtained during reviewing the financial statements. The essential auditing standards and procedures are the US – PCAOB, AICPA, AS 1005, AS 1010, AS 1015, training and proficiency of Independent Auditor, etc. that must be followed by an organization.

Answer 2: As per my opinion, an organization should follow auditing standards and procedures for ensures a high level of assurance during reviewing the financial statements by auditors. An organization must follow some essential auditing standards and procedures related to financial reporting and internal control such as AS 1005, AS 1010, AS 1015, training and proficiency of the Independent Auditor, etc.

Answer 3: In order to ensure a high level of assurance, an organization should follow auditing standards and procedures as reasonable assurance during reviewing the financial statements. Moreover, AS 1005, AS 1010, AS 1015, training and proficiency of the Independent Auditor, etc. are some essential auditing standards and procedures regarding financial reporting and internal control that must be followed by an organization.

Q.7- How technical soundness is supportive of an organization to identify misstatement or fraud?

Answer 1: The technical soundness is supportive of an organization to identify misstatement or fraud because it indicates that the majority of the external auditors relies on the historical financial information of the previous years. In addition to this, it also evaluates the financial statements with reasonable assurance, but the mainstream of them neglects for considering non-financial measures during the development of the expectations regarding the consistency or inconsistency of them with financial data.

Answer 2: As per my opinion, an organization can identify misstatement or fraud through technical soundness. It is because the technical soundness increases the capabilities of the organizations in

order to lead heighten of the risk of fraud. During the auditing, ISA 520 is considered as effective an analytical procedure that discusses the importance of referring to non-financial measures. This analysis approach indicates that the majority of the external auditors relies on the historical financial information of the previous years and evaluates the financial statements with reasonable assurance.

Answer 3: During my professional job as an accountant, it is identified that technical soundness is supportive for an organization to increase the capabilities as heighten of the risk of fraud. One of the most supportive examples of this is that the ISA 520 is a highly effective analytical procedure during the auditing as it discusses the significances of referring non-financial measures. As per this approach, the majority of the external auditors are based on the historical financial information of the previous years for evaluating the financial statements with reasonable assurance.

Q.8- What are appropriate changes in auditing standards that can be followed by organizations to prevent further scams?

Answer 1: An organization can follow some appropriate changes in auditing standards in order to prevent further scams such as mandatory rotation rule, fraud detection and intensive training for following audit procedures, and need of professional skepticism.

Answer 2: Mandatory rotation rule, fraud detection and intensive training for following audit procedures, and need of professional skepticism are considered as appropriate changes in auditing standards that can be followed by organizations to prevent further scams.

Answer 3: In the auditing process, an organization should focus on the different appropriate changes in auditing standards for preventing further scams. In concern to this, mandatory rotation rule, fraud detection and intensive training for following audit procedures, and need of professional skepticism are considered as appropriate changes.

Q.9- How mandatory rotation rule is beneficial to impose periodical breaks to audit engagements?

Answer 1: Mandatory rotation rule imposes periodical breaks to audit engagements because it avoids the building relationships during an extended tenure among the auditors and clients leads to an increased possibility of the planned frauds raised in selected companies. Moreover, this leads

to influence the quality of the audit as the main cause behind the idea of mandatory rotations where the auditor is being altered after a certain year. If the cost of changing the auditor increased then the challenge related to implementation and worldwide acceptance of auditing procedure will be impacted. However, it can be said that the quality of the service may be declined that can lead to failure of the application of the rule consistently across the world.

Answer 2: The increased number of international accounting scandals is leading to decisions of mandatory rotation rule in the EU's internal market and service commissioners. This role imposes periodical breaks to audit engagements for avoiding relationships extended tenure between auditors and client. It is because to lead to an increased possibility of the planned frauds and to influence the quality of the audit. On the other hand, it can also be said that mandatory rotations are also supported when the auditor is being altered after some years.

Answer 3: It is identified that the mandatory rotation rule is beneficial to impose periodical breaks to audit engagements because it will support to reduce the increasing number of scandals and frauds. In concern to this, the rule will focus on enforcement of periodical breaks to audit engagements. In addition, the committee also avoids the extended tenure relationships among auditors and client for addressing the possibility of the planned frauds.

Q.10- In order to follow audit procedures, how training for fraud detection and intensive is support for an organization?

Answer 1: Fraud detection and intensive training are supportive of an organization in audit procedures. In concern to this, the auditors cross-examine the kinds of evidence as well as find out the significant frauds that impact on the business. It is not an easy task for the auditors in case the statement of accounts does not have any kind of material fluctuations. Through this, the fraud examiners in the audit team can detect the possibility of any kind of fraud. In addition, training also includes examining and reviewing audit working papers that may support to conduct vigorous checking of the sensitive areas of the business. Moreover, it provides significant insights into the reasons being the failure of auditors to notice fraud.

Answer 2: In order to follow audit procedures, fraud detection, and intensive training support by increasing the chances of detecting frauds. It is because it removes the issues that arose due to lack of knowledge of fraud schemes, auditor training and undue trust in management. There is a need

for re-examination and re-engineering of the audit when an organization does not follow an effective training program. Training helps a firm by the inclusion of more forensic activity through the involvement of the forensic auditor on each engagement. However, it is necessary for an organization that audit investigation and practice focus on the development of the interventions emphasizing on collaboration with fraud examiners, enhanced auditor training, and significant changes in audit standards, audit firms, and new decision aids.

Answer 3: It is identified that the fraud detection and intensive training supports the organization to increase the chances of detecting frauds. In case the statement of accounts, it is not a simple task for auditors to have any kind of material fluctuations. These kinds of training programs remove the issues that arose due to lack of knowledge of fraud schemes, auditors training and undue trust in management.

Q.11- Do you think, there is a need for professional skepticism in auditing procedure to prevent further scams?

Answer 1: Yes, I think professional skepticism is needed in the auditing procedure in order to prevent further scams. It because emphasizes questioning provides high authenticity with an attitude of the possibility of material misstatement or fraud risks.

Answer 2: Yes, it is needed that the auditors accounting standards have a discussion of the professional skepticism and auditors practice this so that they are able to recognize the possibility of any kind of material misstatement or fraud in the organization.

Answer 3: Yes, it is necessary to prevent further scams that an organization should follow professional skepticism in auditing procedure. The changes in the audit standards help the auditors to improve the quality of audit and follow them strictly by applying adequate skepticism and brainstorming skills to identify the possibility of fraud or misstatement.

4.2 Proposals for change arising from the Research findings:

Role of an external auditor

Based on the above research, it is identified that the external auditor plays an important role in the auditing process by examining the accounting documents of the firm and certifying the financial statements after ensuring the truthfulness of financial data. In support of this Knechel, and Salterio

(2016) stated that the external auditors also ensure that provisions are consistent with providing recommendations on the basis of the analysis and assessment criteria and business processes. On the other hand, it is also identified that the internal audit also has a significant impact on several topics such as governance, emphasize on administrative control over the effectiveness of operations, compliance with the laws and regulations, risk management, and consistency of financial and executive reporting.

Similarly, this study has also found that an organization adopts an operational audit report format for making the report understandable by stakeholders. The main reason behind adopting an audit report format is that an effective audit report format provides a systematic view of information in an understandable manner. With regard to this, this study has discussed the need for some specific standard to be followed by organizations for overcoming issues and problems that can occur in the financial statements. In addition to this, the analysis of Soh, and Martinov-Bennie (2011) has also discussed how users should develop various reforms to produce informative and valuable results for the people seeking in-depth details related to the financial statements of an organization.

At the same time, this research study has also focused on the key responsibilities of the Audit Committee in the audit procedure. With regard to this, it is identified that the Audit Committee plays an essential role in managing the tasks related to financial reporting, internal controls, and risk, ethics and compliance, etc. Moreover, Khelil, et al., (2016) has also discussed that the Audit Committee is considered as a key supervisory function that is responsible for preparation of the financial statements as well as upholding the adequate internal control of the monetary reporting. The other responsibility of the committee is to determine the effectiveness of inner command over the reporting of the financial and accounting data of the firm. In support of this Arnold, et al., (2012) explained that the audit committee communicates with management in order to ascertain the areas related to estimates, accounting policies and judgments as well as in the investigation of projected changes and for the inclusion of new items. In addition to this, it is also identified that the audit committee is also responsible for reviewing the management analysis regarding different essential issues in financial reporting. The audit committee presents its opinion during recording the transactions of the financial statements.

In relation to audit procedure, this study has discussed that the asset misappropriation, financial statement fraud, and corruption are considered as significant fraud risk areas. These should be

evaluated by an auditor through focus on the non-GAAP measures. In support of this, Kassem and Higson (2012) explained that issues related to non-GAAP measures should be compared directly with relevant GAAP measures, setting out disclosure controls and procedures for addressing non-GAAP measures and overseeing the use and preparation of non-GAAP measures.

Reliability on external audit procedures, standards and procedures and its technical soundness to identify misstatement and frauds

On assessment of the above study, it is also found that the external audit procedure is a realistic approach for accounting practices as well as accounts certification. In addition to this, it is also supported by Casabona and Grego, (2003) that the auditors should be responsible for detecting fraud which if not detected, could aggregate the distortion in company accounts in long term. With regard to this, technical soundness is needed to identify misstatements and frauds related to planning judgments through comparing pre- and post-assessment of SAS no. 82. At the same time, this research also found that with increasing experience the auditor also evinces a decline in skepticism. There is thus a need for ongoing training that for audit staff in order to maintain professional skepticism, as covered under SAS no. 99.

In order to ensure a high level of assurance, Al-Jabali, Abdalmanam, and Ziadat, (2011) also support the fact that an organization should follow auditing standards and procedures through reviewing the financial statements necessary for reasonable assurance. Moreover, it is also identified from the discussion that some essential auditing standards and procedures regarding financial reporting and internal control are AS 1005, AS 1010, AS 1015, training and proficiency of the independent auditor, etc. that an organization must follow. In support of this, Mancino, (1997) has discussed that an organization should identify the misstatement or fraud via technical soundness because such technical soundness increases the capabilities of the organizations to identify fraud risk. In the auditing, ISA 520 is an effective analytical procedure that is supportive of discussing the importance of referring to non-financial measures. However, it can be said that this analysis approach is supportive of the current auditor being able to provide reasonable assurance on the basis of previous audited financial statements.

Appropriate changes in Auditing standards to prevent further instances of fraud

This study proposes that an organization should focus on the different appropriate changes in auditing standards in the auditing process to prevent potential scams. With regard to this, Cameran, Negri and Pettinicchio, (2015) found that fraud detection and intensive training for following audit procedures, mandatory rotation rule, and the need for professional skepticism are appropriate changes to prevent further scams. With regard to mandatory rotation rule, Daugherty et al., (2012) have defined that an increasing number of international accounting scandals lead to the EU commission adopting the requirement for mandatory rotation. This role imposes periodical breaks to audit engagements to avoid relationships extended tenure between auditors and client. On the other hand, this study also explained that mandatory rotations should make the auditing market more competitive.

An emphasis on fraud detection along with intensive training to follow audit procedures increases the chances of detecting frauds as these changes removes the issues occurred due to lack of knowledge of fraud schemes, providing training to auditors. In support of this, Bragg, (2011) has explained that reexamination and re-engineering of the audit are needed during the organization does not follow an effective training program. Training helps a firm to include a more forensic activity for each engagement through the involvement of forensic auditors, i.e. an organization should focus on auditing investigation and practice to develop the interventions emphasizing on collaboration through the use of enhanced auditor training, fraud examiners, and significant changes in new decision aids, audit standards, and audit firms. In addition to this, it is also proposed that auditor and accounting standards should review the professional skepticism and auditors' practice. In regards to this, Gissel and Johnstone, (2016) found that such changes in standards would increase the possibility of finding material misstatements or frauds in the organization.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Conclusions

Based on the above study, it is concluded that audit and assurance play a major role in improving the quality and transparency of financial information. In the auditing process, an external auditor examines the statutory records and financial records. In addition, an external auditor also examines the vouchers and documents of entity for ensuring the fair view of the financial statements as well as non-financial information disclosure provided by the firm. Moreover, this study also concluded that the external auditor has the responsibility to identify fraud in the company's financial statements. The external auditor has a significant role in ensuring the final accounts preparation and maintenance of recorded information in a systematic manner that is required by laws. In a like manner, it is also summarized that an organization should follow the appropriate audit report format that provides a systematic view of the company's financial and statutory records for stakeholders. In the standardized format of the audit report, typically four paragraphs are included to meet the needs of the user based on standard setters change. At the same time, this study also focused on the internal audit that is important for risk management, administration control, and governance over the effectiveness of operations and compliance with consistency of financial and executive reporting, laws, and regulations.

Furthermore, this study also concluded that the Audit Committee has several key responsibilities in the audit procedure. In relation to this, the management of the financial reporting tasks, ethics & compliance in financial information related task, and internal controls & risk. Moreover, this study has also identified that the Audit Committee is responsible for providing adequate training to employees so that they can prepare financial statements and uphold the adequate internal control on the monetary reporting. Similarly, the Audit Committee determines the inner command effectiveness over financial and accounting reporting. Besides this, the study has also found that the audit committee is responsible for communicating with the management regarding different areas related to accounting policies, judgments, and financial estimates or budgeting. Finally, the audit committee provides reviews of essential issues in financial reporting as their responsibility. When recording the transactions of the financial statements, the audit committee presents their opinion for improving the effectiveness of the financial information through an equivalent GAAP method.

On the other hand, this study also concluded three main areas of fraud risk like asset misappropriation, corruptions, and financial statement fraud. Moreover, this research has explained that the different issues should be identified by the audit committee related to non GAAP measures such as prohibition or misleading of the measure as it can be compared directly with the GAAP measure as well as it can appropriately define as a non GAAP measure. Additionally, the disclosure controls and procedures to address non-GAAP measures, overseeing the use and preparation of non GAAP measures are also considered a significant issue. Based on the above study, it is also concluded that the external audit procedure is an authentic approach to assess the accountability of accounting practices and certification of the accounts. In this, the external auditors are responsible to detect frauds in the accounting and financial statements that mislead the evaluation in long period of time. Furthermore, this study has also discussed the comparison of pre and post-assessment of SAS no. 82 that are related to planning judgments. It indicates that an auditor can fail to adapt and amend the character of their audit plans in regard to more effective planning procedures for detecting fraud in relation to fraud risk. This study also identified in the skepticism, where declining skepticism as increasing experience of the auditors increases. However, Ongoing training is needed for the audit staff for maintaining the professional skepticism that is covered under SAS no. 99.

In like a manner, this study determined that an organization should follow auditing standards and procedures to ensure a high level of reasonable assurance. As well, it is necessary for auditors to apply auditing standards and procedures while reviewing the financial statements that are, AICPA, AS 1005, AS 1010, AS 1015, US – PCAOB, training, and proficiency of Independent Auditor, etc. As per the findings of this research study, it is identified that an organization should focus on the technical soundness for identifying the misstatement or fraud. This is because it would enhance relying on external auditors on the historical financial information that is based on the previous year's financial data. Moreover, it also evaluated for this study that the financial statements must have reasonable assurance, Most Auditors neglect to consider the non-financial measures at the time of developing the expectations about consistency or inconsistency of financial data.

From the above study, it is identified that an organization should follow appropriate changes in auditing standards for preventing further scams related to fraud detection and intensive training to follow audit procedures, mandatory rotation rule, and the need for professional skepticism. With

regard to the mandatory rotation rule, this study has discussed that the mandatory rotation rule imposes periodic breaks for audit engagements. This is because it avoids the building of relationships among the auditors and clients during an extended tenure that leads to an increased possibility related to the planned frauds raised. In addition to this, it also increases the influence on the quality of audit because the auditor is being altered after a certain year in the idea of mandatory rotations. It is because the auditing procedure will be impacted if the cost of changing the auditor is high then implementation and worldwide acceptance challenge. Additionally, it can also be said that if the service quality is reduced that can be a reason for the failure of the application of the rule consistently applied across the world.

Similarly, it is also concluded that fraud detection and intensive training in audit procedures is also supportive of the firm. Through this, the auditors examine various pieces of cross evidence and discover major frauds that can impact on the business organization. It is also identified that this is not simple for the auditors because the accounting statement does not have any kind of material fluctuations. Any kind of financial risk can be reduced by the audit team to detect the possibility of any kind of fraud. However, it can be said that audit training is supportive for the firm to examine and review the audit working papers for conducting various checking of sensitive business areas. Moreover, it is also found that this study has provided important insight into the reasons behind the failure of the auditors to notice frauds in financial transactions. The focus of this study on professional skepticism is also supportive of the firm to prevent further scams in the auditing procedure that was defined previously like Anglo Irish Bank Scam and PNB Scam by Nirav Modi.

5.2 Recommendations

Based on the above analysis, it is identified that this study includes some certain limitations that occurred during conducting the research. In this, the key limitation of this study was related to the cost and time as the completion of each chapter consumed much time and cost. For further research, the researcher can develop an effective timeline and budget to complete the research in an estimated time period and budget. Moreover, this study has identified the role and importance of auditing in an organization, but it considered specifically the banking sector. Regarding this, it is recommended that any further study will cover several sectors to provide the effective outcomes of the research. In addition to this, it is also identified that the external auditor found the fraud activities in the financial transactions and statements. Due to this, it is recommended that an organization should conduct an internal audit for solving these kinds of issues in the organization.

It is also recommended that a researcher should use innovative and technological ideas to collect data and information to save time and cost. Moreover, it is recommended that the researcher should use the survey method for collecting primary data as it is a quantitative method. Finally, it is recommended that more participants should be selected by the principal investigator in a potential study to increase in the scale and data set of a future project in large database for study.

CHAPTER 6: REFERENCES

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