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Ethics and Auditing Competence in Assurance of Risk of Frauds – An Interpretive Phenomenographic Analysis

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Abstract: This study maps the variation in conceptions of fraud and auditors' competencies to support auditing of financial statements. Broadly speaking, without understanding auditors' competencies of assurance of frauds and the empathy on the true ethics one may be led to infer that what apparently transpires among auditors is mere "cynicism" in cases of frauds. Thus, we argue for the understanding of auditing skills and knowledges which ought to be in place to address the risk of fraud in engagements. The data corpus is consisted of interview of 25 executive students of accounting and management control and narrative of 12 stakeholders among which were assurors, practitioners and scholars and a phenomenological analysis was performed with the assistance of *MAXQDA-2020*. The auditing competences aimed at assurance of risk of fraud are professional skepticism, professional technical skills, emotional intelligence of employees, business knowledge and analytical procedures. Others are multidisciplinary and forensic accounting, technology skills, critical thinking and test of trust. Overall, results revealed four central ways of addressing the conception of competencies of fraud between auditor and auditee, being behavioral motivators, rightful intervention, standardization and correct diffusion, which draws on engagement processes guided by norms and auditor judgement, governance mandate for compliance, roles and quality of disclosure and the rules of law. The methodologies of the engagement team hold for the majority of these conceptions which may have implication on the awareness cultivated among the stakeholders.

Key words: Ethics・Auditor・Competence・Fraud・Auditing・Risk

INTRODUCTION

In the recent decades, significant cases of fraud have surfaced in the social media involving organisations audited by highly placed and undoubtable audit firms, however, no clear accountability have been claimed because their responsibilities have been tied to normative conjectures. This is strange inasmuch as users question how this could have passed the eyes of the auditors. In other words, the auditor`s evidence gathering that mitigates inherent, internal control and detection risks should be able to track the frauds, be it in the planning stage, execution or reporting. In defense, auditors respond to these accusations by attributing them to expectation gap. But just that! to explain relevant errors that led to material misstatement which slipped away unperceived? EY failed for more than three years to request crucial account information from a Singapore bank where Wire card claimed it had up to _1 billion in cash - a routine audit procedure that could have uncovered the vast fraud at the German payments group [1]. In respect of this, auditing colleagues from competing firms were dump founded when the case came to limelight. A senior auditor at another firm said that obtaining independent confirmation of bank balances was "equivalent to day-one training at audit school" [1]. In the millennia case that ignited SOX 2002; the neglect of basic auditing procedures also drew stakeholder`s attention. WorldCom made a mistake in things that are taught in the first classes on financial reporting. These expenses must be recognised immediately in the elapsed period, in contrast to the expenses which can legitimately be capitalized as assets and depreciated during their useful life [19]. Mawutor (2014) [45] observed that apart from the numerous financial statement fraud cases committed by other stakeholders, 23 percent of auditors were involved

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in financial fraud cases, implying that some auditors are complicit in financial statement fraud. Thus, drawing on [1, 19] and 45 one is led to affirm that the auditors are leaving much to be desired concerning the use of audit approaches to mitigate risks of material misstatement. When we look at an audit, the rate of failure has been in a range of around 35 to 40%. [20]. Investor confidence is fragile but vital to healthy markets. So, when it comes to the issue of the quality of public company audits, we are troubled to see regulators make alarming assertions that are incomplete and potentially misleading [21]. Certainly, researchers have their reasons for questioning non exhaustibly investigated assertions.

This, therefore, challenges the ethical conduct of the auditor, questioning if the auditor`s reaction is cynicism, "*calling a spade a spade*". As narrated by Kosmala and Herrbach (2006) [52] experience accumulated by the auditor typically fosters "cynicism" and "ambivalence". In another word, under the normal circumstances one could even associate the auditor with aiding and abetting the fraud scheme while expecting that in disciplinary action the culprits be given exemplary punitive response by the regulating bodies; so, to understand this scenario additional investigation looks imperative.

Internal auditors' code of ethics is found to have a strong moral approach, contrasting to the more instrumental approach of certified professional accountants [14]. At first sight, since the financial auditors comply with the standards, maybe these standards might have been let loose to accommodate these excuses. Even, Tatum *et al*. [29] raised their concerns surrounding auditing standards to audit frauds, when the *IAASB* committee started to work on S*AS* No. 82 – Consideration of fraud in a Financial Statement audit. Or that auditor`s competencies have to be specifically adjusted in order to stress on this issue. This signals more food for thought at the crossroads, where the future and survival of the auditor are at stake.

So, the development of the auditor`s competencies having ethical respect in mind invariably would institute harmony in the business environment. It happens that various auditors' skill, knowledges or attitudes may be in use but are they focused on mitigation of frauds? Therefore, this poses ethical problem among the users of financial statement that tarnishes the image of the auditor.

Thus, these ethical problems seen as in the rise in the field of auditing reinforces the need for investigation to tackle what competencies are necessary by the auditors to mitigate the risk of fraud.

Prior research covered a broad range of aspect concerning risk of errors that lead to fraud, ethics and auditors' competencies to investigate risk of fraud. Danna, *et al.* (1991) observed that audit practice needs to enhance methods which can systematically and logically aggregate judgements and evidence despite a plethora of analytical techniques. While Calderon and Green, [32] and Green and Calderon, [33] on the measures of risk in relation to frauds and auditor`s capacity to detect managerial fraud. Felipe *et al*. [13] verified through the perception of independent auditors and audit educators in Brazilian universities, the main factors that affect the auditor's ethical responsibility, by verifying baseline of the national and international auditor professional codes of conduct/ethical guidelines, revealed that there are thirteen factors that could impact the auditor's ethical responsibility which converges to integrity, independence, technical competence, professional care and confidentiality. Martins, [15] stressed on what compliments integrity and objectivity as the first dimension and traditional role of auditing on the demand to assess integrity and ethical values of clients, being the second dimension. [16] explores the relationship between work context and professional ethics. And in the same line of thought Hazgui and Brivot, [17] working on qualitative field study based on interviews with 20 experienced audit partners in France and documents the dialogical dimension of ethical deliberation in auditing. However, the investigation of the conceptions of risk of fraud that defines the engines of the state of the art which in turn motivates the association of competencies towards its assessment is yet to be explored. This study, therefore, draws on this gap.

In effect, the research question that guides this study is what skills and knowledges of the auditors ought to be in place in different circumstances of financial statement audit to mitigate the risk of fraud? This study examines the ethical conductand competencies that move the auditor in assurance relationships in cases of fraud.

The remainder of the paper is organized as follows. Immediately after this introduction comes the background on which we draw upon auditing professional structure and ethical code of conduct, auditing judgement measurement of risk and materiality, tonic of corporate frauds and the relationship between ISA 240 and 315, auditor competencies and identification and mitigation of fraud cues, then follows the methodology. Thereafter, comes the analysis after which a general discussion is given. Finally, we present the conclusion of the study.

Below, we explain the theoretical background that sustains this study. At the end we bring to limelight what has been said about auditor competencies and the relationship to ethics up to date.

Auditing Professional Structure and Ethical Code of Conduct: The financial auditing professional structure entails a top-down involvement of auditors in compliance with the rules laid down by the capital market itself and the stakeholders in general. Similarly, the auditor's professional activity aims to boost the development of the capital market and contribute to the stability of the socioeconomic order of the planet [22].

In this regard, all acts that result in fraud that tends to generate a material misstatement and deceive the users are mitigated with the assurors practicing methods. These methods are generally monitored with the auditor's ethical code of conduct.

Auditor code of conduct otherwise known as codes of ethics guides the professional standing of the person of auditor with principles to conduct business honestly and maintain integrity. It establishes its functions, responsibilities and the societal redress in case of deviation of conduct. Ethical reasoning refers to an individual's decisions on whether a particular situation is ethical or unethical (Ponemon, 1990) [49]. In effect, it regulates the professional performance of the auditing firm in relation to its responsibilities in the environment in which it operates.

Traditionally, since the financial auditing function has been attributed to the accountant, auditing being their product has always been guided by their ethical code of conduct. These are such as those issued by the American Institutes of Public Accountants, Institute of Chartered Accountant of England and Wales, Institute of Public Accountants of Australia, Institute of Public Accountants of Nigeria, to mention but a few.

According to *Chartered Accountants-ie*, [34], Certified Public Accountants are required to observe high standards of conduct and play their part in re-enforcing public belief in their professional integrity. The Code of Ethics for Professional Accountants developed by the International Ethics Standards Board for Accountants (IESBA) is normally emulated by different bodies. In fact, there are similarities among the codes of ethics promulgated by professional societies in the United States such as The Institute of Internal Auditors (IIA), the American Institute of Certified Public Accountants (AICPA), the Institute of Management Accountants (IMA), Vanasco (1994) [35]. Itassists members by providing a framework within which they can make ethical decisions.

Ethics becomes a question not only of 'Are we acting as we should?' but also of 'Are we acting as we should and is anything going to come back later and bite us on the leg? (Doyle *et al*. 2009, pp: 180) [51]. Thus, accounting ethics is fundamentally relational [17].

Accounting ethics, therefore, concerns the way in which professionals who operate in accounting ought to behave vis-à-vis others in the society [17]. Defacto, what is expected of the professional accountant put to question considering the trust laid on it.

Auditor code of ethics have been widely researched and their main elements have been framed and reframed to highlight its real meaning to the stakeholders. The common aspects of codes of conduct of the auditor of the national and international bodies that have been considered are integrity, independence, technical competence and Professional care and confidentiality [22]

Auditor ethical practices have received innumerable questioning recently because of the upspring of cases of frauds, one of which resulting in the breakdown of Arthur Andersen. [13] toes the stand that the factors that contributed to the recent accounting scandals could be attributed to a slack in professional ethics.

Probably, the use of individual methodologies well-structured and documented could avoid the risk this posed. Eventually, the discourse on audit methodology change may not be farfetched. Khalifa, *et al*. [7] develop understanding of how the pursuit of practice change in auditing, especially in relation to audit methodologies, is conveyed, presented, reflected in and enabled (or hindered) through discursive, textual constructions by audit firms.

Notwithstanding the uproar of the stakeholders concerning the auditor ethical conduct, auditing practices have shown a careful stake of the procedures. Normally, firms in their approaches to auditing the blue ship clients, have involvement of lead client partners and additional partners to enhance decisions-making in terms of fraud risk. Audit partners do not deliberate alone [17].

Recently, auditors in their firm tend to share among themselves the decision-taking when confronted with cases of ethical conduct of their clients. Whom they consult depends on whether they wish to avoid or take measured ethical risks. Focusing on the questions that partners ask their colleagues when they are faced with an ethical dilemma at work [17].

Overall, based on the above literatures drawn upon, we infer that ethics has an umbilical relationship with the decision taken by the auditors.

Auditing Judgement Measurement of Risk and Materiality: The positioning of the auditor on evidence gathered is a judgement and the final opinion given on the material misstatement or not is also a judgement. This demands mostly certain level of trust on the dialogue with the management of the organisation. This level of trust between auditors and the directors may impact on the auditors' perceived level of misstatements that may exist in the financial statements Endrawes, [50]. Generally, established during the analytical procedures and the confidence drawn therein. The assessment of the extent to which the statements of directors can be trusted is formulated during the audit planning stage Shaub & Lawrence, [48]. It is nurtured by the professional skepticism of the auditor. Professional skepticism refers to a questioning mind and a critical assessment of audit evidence (ISA 240) [47]. The more in-depth the job of the auditor, the more certain the judgement would be and the contrary is also true.

In the same vein, the judgement ruled on the procedures being assessed concludes about the level of mitigation of risk. Being what triggers all the manifestations of auditors in view of comfort to the stakeholders. The ultimate output of an audit is an independent opinion (i.e., judgment) about whether the company's financial statements are "free of material misstatements" Libby, [38].

Auditing risk is the inability of the auditor to design the sufficient procedures that mitigates the misrepresentation of an account or group of accounts. Defacto, it is inversely proportional to the materiality.

In the same lens, calls for the analysis of the nature of the transactions, timing and the extension of tests on the basis of materiality. The measurement of materiality in auditing is the main yardstick for determining what is relevant to the eyes of the auditor after which the material misstatement may be at bay. The criteria for the definition of materiality could be a percentage of revenue, of total assets or of the gross profit and this may depend on the industry. For the most common criteria, that is the use of profit, which is well supported by the standards, the percentage could be 5%. So, if 5% of $100, the materiality will be $5. In effect, the tracking of material misstatement while keeping accusations for non-coverage of transactions prone to fraud may have been covered at this length.

The Tonic of Corporate Frauds a Relationship Between ISA 240 and ISA 315: Primarily, frauds relate to management wanting to paint the environment in his favour in view of certain gains and or compensations. In this vein, ISA 240 conceptualises fraud as being the intentional error with a material distortion in the financial statements.

In this tone, organisations that compensate its collaborators with measurement of EBITDA, sales volumes, etc. would normally induce management to intentional errors therefore, posing risks of frauds. For instance, frauds in stocks enhances increase in profit; wrong posting of expenses for assets increases profit and others such as "important reversals of reserve accounts" the famous *cookie-jar*, to mention just a few.

Frauds do arise from accounting maneuvers, intentional misappropriation of assets, manual or journal entries and corruptions through unlawful negotiations by contractors involving public servants. For instance, journal entries made on the weekends, journal entries ending with 999 or those ending with 000 may be suspected. All these may be notified by pressures, opportunity, rationale, greed and criminal mind [24-28].

Similarly, fraud cases are marked with internal control override. As the boss has the power and the accountability, normally has the responsibility and flexes the muscle to show the procedures that would be thrilled to man the process. In this process, when intentional, there is the likelihood of construction of the controls to suit personal interest.

But what is the responsibilities of the auditor? As frauds are strategically architected, the responsibilities of the auditor are the analysis of the representations of the management. The auditor should use all their mechanisms to detect the risk of fraud and mitigate it so that misstatement does not cause any harm to the users of financial statement.

The problem does become an aching one in our current society with streams of fraud scandals if the auditor fails to meet the users' needs and creates an expectation gap. Most especially when the auditor toes the defensive side and have their arguments rooted in the professional standards for the limits of responsibility.

Moreover, this becomes more complex if the auditor is found in the square hole and is charged to attest with pressures. In effect, when the partners buy the ideas normally, the subordinates are asked to attest underneath the working papers without thoroughly having the supporting evidence. Satava, *et al.* [53] illustrates "say you have a dog but you need to create a duck on the financial statement".

Auditor Educating Competencies: The ability to perform the task of a certain role; a competent person has the knowledge and the ability to apply the knowledge, has the skills, the right behaviour and the attitudes for the role [42]. Normally, establishing the scope of competence is important to ensure persons are tied to their area of accountability. Eventually, assuror may be held liable to the scope and roles made verbatim in the contracts.

Skills and knowledge statements are embedded in the known competencies in the field of auditing, sometimes referred to as attitudes of the auditors in the process of auditing. It is the competence that underpins the performance of the auditors in their engagements. Defacto, some attitudes have their basis on conceptions. If competencies are properly harnessed in audit engagement, it would enable the auditors to perform their functions according to the auditing standards and exceed users' expectations. Some specialists cite Luis Inacio da Silvia (Lula) and Barack Obama as former presidents who played convening or connecting role; probably this could be seen as a competence in leadership ofa challenging environment.

Boyatzis, [31] generic model of competence in management has been widely used in UK and United States. Critique say it tends to produce too generic competences and it is abstract. It is based on the theory of effective job performance as espoused by this author.

In fact, using these studies managers should be able to identify what constitutes workers competences by classifying/reducing it to rules, laws and formulas. Since work-oriented approach has workers as a point of departure and multimethod-oriented approach constitutes a set of attributes that define a competence.

Thus, based on Brunstein, Heidrich and Amaro, [4], Alarcão, [43] and Libâneo, [44] webuilton Figure 1a series of competences that are considered essential to the experience of an assuror. The authors pinpoint attitudinal knowledge, action skills, methodological skills and communication skills while stressing on competences.

So, building up auditor competencies, traditionally, auditing is anchored on the fulfilment of ISA 200 that stresses the conceptual framework where training, supervision and continuous accumulation of knowledge is required in order to handle any auditing engagement. This enhance the experience being constructed right from inception in an audit firm as a trainee to follow the classical professional role model as individuals grow in the firm.

However, what could worry these individuals is how to develop attitude, action motivated and communicate. A look at different perspectives might generate various conclusions.

Until very recently, auditing engagement teams have had to develop knowledge statements considering industrial specialization. These industries or businesses are found in the banking and finance, energy and gas, building and construction, non-for-profit, government parastatal, cooperative and Agro industrial sectors, to mention just a few [39]

In fact, this is connected to the laps of time in role model building in auditing profession. So as time goes on, with additional trainings and promotions the auditor attains the topmost position as a partner. See Figure 2 for more details as derived from *International Assurance and Auditing Standard Board* - IAASB guidance.

a) attitudinal knowledge and skills	b) knowledge and action skills	c) methodological knowledge and skills	d) communication knowledge and skills
-creativity and availability for the new; -commitment and perseverance; - respect for the other's ideas; - self confidence; - ability to feel questioned; - sense of reality, social sensitivity; -spirit of lifelong learning; -integrate ethics into teaching practice.	- work as a team and cooperate with other professionals; - capacity for decision making; - assume the relational dimensions in teaching; - make use of new technologies to improve the teaching and learning process learning; - maintain a critical and autonomous posture in the face of knowledge; - reflect on practice, innovate and train yourself.	- a sense of observation and interpretation of reality; - sensitivity to problems emerging in practical situations, diagnosing them and facing them. - development, execution and evaluation of teaching and learning projects; - consideration and acceptance of diversity; - hypothesis survey; - formulation of research questions; - delimitation and focus of the questions to be researched; - analysis and criticism; - systematization; - establishment of thematic relationships; - monitoring.	- clarity and common sense; - dialogue (argumentative and interpretive); - highlight the aspects that contribute to the knowledge or resolution of the problems under study.

Fig. 1: High-level competences expected of an assuror

Positions	Backbone of auditing functions to mitigate risk of fraud	Traditional competencies
Partners	Counseling	Attitudinal, Judgemental, MethodologicalCommunication
Managers	Integration	Attitudinal, Judgemental, MethodologicalCommunication
Seniors	Focal	Technical, Judgemental, MethodologicalCommunication
Auditor	Foundation	Technical, Methodological, Communication
Assistants	Basic	Acumen, Critical thinking, Professional Skepticism, Ethics, Standards, Communication

Fig. 2: Auditing position and traditional competencies

Skill	Subskills
Interpretation	Categorisation, decoding significance, clarifying meaning
Analysis	Examining ideas, identifying arguments, analysing arguments
Evaluation	Assessing claims, assessing arguments
Interference	Querying evidence, conjecturing alternatives, drawing conclusions
Explanation	Stating results, justifying procedures, preventing arguments
Self-regulation	Self-examination, self-correction

Fig. 3: Consensus cognitive skill

In this regard, Rear, [18] draws on critical thinking by emphasizing on essential competencies for the Japanese university teaching students; in fact, the taxonomies of thinking skills drawn up by Ennis, [19] and Facione, [20].

The following consensus list Figure 3, of critical thinking cognitive skill [18] and sub-skills [20] throw more light into this explanation.

In the same vein, Popoola (2014) [9] auditors investigate fraud drawing on the capacity and competence requirements in the Nigerian public sector. Defacto, auditors need to increase their fraud investigating skills as compared to forensic accountants. Thus, based on this author, we argue on the expansion of the procedures mostly used by the auditors and/or forensic accountants to mitigate risks associated with fraud in the new technologies.

Also, Brown, [3] further stressed on using Non-Financial Measurements as Predictors of Fraud: A Multiple Regression Analysis as auditors have been criticized for failing to detect fraud. The changing business environment of the past decade with its growing emphasis on the importance of fraud discovery has required auditors to consider different types of evidence necessary to improve fraud.

Identification and Mitigation of Fraud Cues: Owing to various cases of fraud that befell our era, identification of the nature of transaction, timing and extension of tests becomes preponderant. This becomes viable with effective planning and supervision of engagement. In contrast with prior studies auditors fail to properly document their plans in order to address identified fraud cues because engagements are let loose in building competencies that mitigate the risk of frauds.

Thus, depending on the reasons behind auditor judgement, this could be a straw that broke the horses back because this is what sustains the audit. In another look, one would say that the reason is not farfetched. Auditors fail to apply this understanding because they use implemental mindsets when making decisions for themselves [23]. However, with the experience gathered over time always surrounded by judgment, auditors are more likely to use a deliberative mindset particularly during counseling. Advisor-condition auditors use more deliberative mindsets in the prompt and no prompt conditions, they identify plans that are strongly linked to their own fraud risk assessments and that better align with experts' recommended plan for effectively addressing the seeded fraud cues [23].

Overall, based on the presented background we question what constitutes a set of attributes that makeup auditors` competencies to mitigate the risk of fraud? In effect, they are the attribute-based of the phenomenon that hunts the millennial professional function of an auditor. Thus, drawing on phenomenological reduction, conception should be the core of analysis of competence of the auditor.

METHODOLOGY AND ANALYSIS

We carried out our interviews of data construction among the students of executive program in accounting and management control of university of São Paulo, during the period of 25/November 2020. The respondents were aged between 31 and 45 years, with ranges of 8 to 15 years working experience that enabled them to have clear conceptions of fraud and various measures auditors could use to mitigate this risk.

Additionally, we interviewed 10 partitioners and 2 scholars, see Figure 3, purposefully from around the world between November2020 and February 2021 to give their conceptions of fraud and also issue the competencies auditors should use to mitigate the risk of fraud. The respondents were allowed to talk freely in the moment of interview by citing an example deemed iconic case of fraud and mentioning the right competence to mitigate it. Generally, the interviews took approximately 40 minutes and with the assistance of *MAXQDA*-2020 software for qualitative analyses we drew out significances and symbols gathered from the data.

In general, the paper uses 37 respondents of interviews with audit practitioners, educators and regulators. Additionally, it adopted textual content analysis of audit methodological texts of the Big Four accounting firms. This is in line with [17] that performed a qualitative field study based on interviews with 20 experienced audit partners in France. Alexanderson, [5] observed that variation of a phenomenon reached saturation at around 20 participants.

Semi-structured interview was carried out. Because of the limitations imposed by the pandemic, first and foremost, we asked every respondent to give answers to the following questions. a) What is your conception of fraud? b) What is the skill and knowledges expected of the auditor to track fraud? c) Describe a fraud case that you term as iconic in your experience? c) What knowledge was *sine qua non* to map such a fraud? After receiving these answers, we organized a virtual meeting to discuss these positions of the respondents which approximately took forty minutes each.

Our methodology adopts an interpretive constructivist perspective which draws upon the process of interpretive phenomenographical analysis. Phenomenography focuses on understanding how the world is experienced Brunstein, *et al*. [4].

In a phenomenographic study, we are exploring the different ways in which we can be aware of a certain phenomenon or situation. We want to find out the differences in the structure of awareness and the corresponding meaning of the phenomenon or situation Marton, [8].

The interest is not limited to understanding what a person thinks, but rather, to what experiences are and have been for the subject in situations where it was necessary to deal with certain aspects of the world Sandberg, [10]. In effect, sense making from the narratives given by the interviewees who are in various cultural stands.

Thus, studying the relationship of emerging topic such as fraud and ethical stand through various perspectives extols the requirements to understand the dynamics of its conception. This naturally, has an effect on the doings of every person while measuring attitudes and or behaviours. Studying power from a narrative enables it to be understood as a dynamic Boje, 2001 [40].

Similarly, emergence enables the phenomenal study of organization as a social process to acknowledge intentionality and ethics [41].

Noteworthy, that there are various distinctive schools of phenomenological traditions, being: transcendental phenomenology - "all possible angels" (Husserl), existential phenomenology (Heidegger, 1889-1976), (Sartre, 1905-1980) and hermeneutical phenomenology (Gadamer, Ricoeur). Others are linguistic phenomenology (Blanchot, Derrida, Foucault), ethical phenomenology (Scheler, Levinas), cognitive phenomenology (Merleau-Ponty, 1908-1961) and social phenomenology (Schutz's, 1899-1959). This study draws on the pure phenomenographic approach which has the primary purpose of mapping variations in conception (Marton, 1994) as derived from Heidegger (1889-1976).

In effect, from empathically standpointwhere varied cultures come into harmony, innumerous perspectives of how phenomenon is lived could be conceptualized. The concept of empathy is introduced to assist in interpreting the interactions between persons in organisation and in different stakeholders' perspectives by emphasizing coexistence in the epic of societal maturity. Costa, *et al*. [5] draws on the phenomenological concepts of empathy and communal emotions to discuss the co-existence both of the legitimacy and accountability perspectives. The phenomenological concept of empathy and its understanding within institutions, allows us to interpret in multiple perspectives.

Eventually, fraud risk comes to the limelight of audit evidencing support for its mitigation when performing analytical procedures, but never at first sight of audit planning. So, to discuss what affects them, means discussing fraud in group interpretatively in order to get a collective answer to needed competencies.

Overall, interpretive phenomenological analysis is a method that enhance the analyses of experiences that make individuals what they are in their places of work. It was an effective method for exploring experience among information professionals: it was equally suitable for studying reference and information service work for academic library professionals and burnout experience Vanscoy and Evenstad, [12].

Fig. 4: Word Cloud of 100 most cited topics in our data corpore

Analysis: Observing how the respondents draw upon their conjuncturally specific concepts of signification of fraud, legitimation and domination and how it affects them internally and external in their organisations spurs the condition and their general dispositional framings. These framing, even though they are basically constructivist based, borrows a leaf from economical, philosophical, sociological and even political perspectives. Every moment of interpretation would tie one or the other so that the significances would be constructed.

For instance, the concepts of fraud given by the respondents who are from the Bigfour firms draw firmly on the auditing standard which is basically ISA 240. Probably these auditors are used to the challenges of compliance hence this connection with their knowledge statementin respect of fraud. The conception of fraud of non-big four auditors and that of the scholars are a bit broader.

Nonetheless, the analysis proffered at this juncture may not be limited to one just perspective. The different perspectives are suggested by Brennan & Merkl-Davies, [5].

In the same lens, while it would be unacceptable to underplay the harm accounting frauds have caused in our society, we would observe that *defacto*, the competencies auditors need in order to track them may not be afar. Auditors, therefore, have to harness all their resources in order to keep pace with the needs of the environments and industries they are auditing.

Thus, our analysis highlights that adopting the consistent auditor competencies mitigates the risk of frauds in the financial statement and minimizes the ethical challenges and exposure to auditing risks. The understanding of the auditing charter and the competencies strengthens the engagement exercise to address its lags. Coinciding the reflexive dialogue proposed Sandberg, [5].

This is what we document as we go on to unveil the aims of this study with preliminarily showing the word cloud and their relationships which emphasizes fraud, competencies, procedures, intentional and ethical conduct, from our constructed data in Figure 4.

Thus, in Figure 5, we utilise the first order code and the axial coding as suggested by Strauss and Corbin [30] to explain the positioning of the respondents on their conceptions of fraud.

At the end of the coding of the questions related to the conceptions of graduate students, 16 key empirical trends could be observed as surfacing from the experience of the respondents. These have been highlighted in the second axial codes at the right side of Figure 5.

Additionally, we organise the conceptions of fraud brought forward by the practitioners and scholars in Figure 6. In light of this, one is able to observe the variations of conceptions however, aligned with the diversities of functional activities.

In effect, fraud is an intentional error, perpetrated in order to obtain undue gains and it does generate material misstatement and it is only accidentally detected when something goes wrong in the control procedure. It is a purposeful error inasmuch as third-parties in the scheme are lured to participate in its illegal benefit.

Thus, in Figure 7, we present our coding analysis on the competencies reported by the respondents.

Consequently, it addresses our research question: what skills ought to be in place in order to mitigate the risk of fraud in the auditing of financial statement?

1st Order Code	Analyses	Axial or 2nd order Code	Respondents
Premeditated error	Accounting fraud occurs when there is an error in the accounting records that intentionally committed.	Intentionally provoked	MAC (E1) MPN (E8)
Strategies of intentional manipulation	All strategies for intentionally manipulating an entity's accounting and financial reporting. Inflate results, omit information to reduce tax burden or even to interfere in a company's rating or valuation analysis.	Strategic	MRF (E2), MGC (E19)
Disclosing more revenue and less expenses	Strategies adopted by managers in order to manipulate the organization's records by disclosing greater revenues and less expenses than those actually incurred	Compensation strategy	FKM (E3)
Misstatement owing to pressure	Misstatement in the financial statements caused by someone intent on obtaining illicit benefits. Fraud involves the incentive or pressure to commit it, a perceived opportunity and the reasonableness of something false.	Status Quo	GSB (E4)
Perpetrated by employees	Perpetrated by the entity's management, employees and governance agents intentionally for the purpose of obtaining unlawful gains	Top management.	TTQ (E5)
Hidden document and trace of transaction	Hide or manipulate data, documents related to an organization's accounting.	Hide errors	FOP (E6), SRN E(23)
Usurper	Usurping the properties of organizations.	Legitimised unlawful gain	LUM (E7)
Manual modifications in financial statements	Manual modifications caused intentionally to benefit the individual.	Journal entries	KSM (9)
Illicit gains through better figures	Any strategy of intentionally manipulating an organization's financial statements, whether to influence illicit gains and report “better” figures.	Insinuate wrong compensation	VLL (E10)
Distortions in financial statements	These are distortions in the financial statements caused intentionally and to benefit the individual.	Purported deviations.	CSR (E11), IGG (E12), YLL (E14), CCG(E15), INN (E16)
Intentionally Reduce tax burden	Inflating earnings for investors, omitting information to reduce the tax burden or benefiting third parties.	Influenced accounting choice	MFR (E13), MGC (E19)
Create confusing records	A deliberate action to improperly misrepresent or modifying the accounting records so that they no longer reflect reality.	Wrong bookkeeping	HHM (E17)
Modification of AIS	Intentional manipulation of accounting information by the company in order to carry out some illegal activity, thus having a dissonance in the information.	Technology corruption	(E18)
Accounting procedure change	It is an action that is intended to be done to change the accounting procedures, which can be for the benefit of those who change or not.	Policy for control override	JMC(E20)
Fraudster scheme	Accounting fraud is a deliberate distortion scheme caused in the financial statements in order to bring benefits to fraudsters.	Mafia	FSS (E21)
Omission in bad faith	Accounting fraud is when there is intentional manipulation or omission of accounting information, that is, by bad faith.	Incomplete transaction	JSS (E22)
Boost unlawful increase of compensations	A distortion in accounting practice in relation to the law or rule that governs it made on purpose, aiming at benefits, such as reduced tax burden and increase compensations.	Breach of integrity	IKS (E24)
Compromise reliability	Changes records in order to mask reality, compromising the reliability of the information	Breach of information security	TKR (E25)

Fig. 5: Code of Conceptions of Fraud

Conceptions of Fraud	Key Code	*Interviewee*
Fraud occurs only through deliberate and pre-meditated action by the human being.	Pre-meditated action	*R1-BDF*
Fraud is any intentional act to obtain privileges or payments 1) not previously agreed as part of the employees’ compensation or 2) through manipulation of information and/or documents (e.g. overstating revenues may generate larger bonuses, fake receipts, etc.	Unagreed upon privilege	R2-MAB
Fraud is an act of bad faith intentionally caused by a person or a group of people, which directly affects the internal controls of organizations, causing primarily financial losses.	Bad faith	*R3-WLS*
Similar to the conception of fraud used in the audit standards: a fraud is the cause of a misstatement as a result of actions of the management. The intention plays an important role to differentiate fraud from an error. That being said, the fraud has always a purpose or intention behind it to deviate from what isexpected in terms of standards, regulations and rules.	Intentional Misstatement	*R4-DOR*
I refer to ISA 240 to the concept of fraud, being the intentional error with a material distortion in the financial statements, although this pure definition may coincide with some stake holder’s expectations.	Intentional error	*R5-STA*
Is an action perpetrated by a person/company to obtain undue personal gains.	Perpetrated Unduegains	*R6-REA*
Fraud is typically difficulty to find and it always come to light when something wrong appears in the new, when authorities start an operation and we are caught in surprise. This is when we as auditors start addressing the implications arisen from the event.	Detection when something goes wrong	*R7-DAL*
Fraud occurs when the transaction causes an intentional error to the company or to society (i.e. the capital market). Is a transaction that does not exist or at least does not exist in the way it was recorded, but was recorded to mask or hide something, for personal gain or even to create a second reality about financial statements. Moreover, failing to record something that should be registered can also be a fraud, for example: an entity contracts a loan for working capital, but decides not to record the liability as it would “inflate” the balance sheet.	Intentional error	*R8-ALV*
Fraud is the intentional act of one or more individuals in top management, those responsible for governance, employees or third parties, involving intent to obtain unfair or illegal advantage.	Unfair advantage by in-charge of governance	*R9-JFI*
Fraud is the intentional act done by someone responsible for governance, employees or third parties, involving intent to obtain unfair or illegal advantage.	Third-parties lured	*R10-JFG*
Fraud can be conceptualised as an intentional action in a business environment aiming at obtaining unfair and illegal benefits.	Illegal benefit	*R11-BBS*
Fraud is everything that someone makes on purpose in order to obtain advantage inside companies.	Purposeful error	*R12-LCS*

Fig. 6: Conceptions of fraud

1st Order Code Origin of fraud	Analyses	Axial or 2nd order Code Suggested Competencies	Respondents
Intentionally provoked	Professional skepticism, Objectivity, Accounting knowledge and Knowledge of auditing standards, apart from experience.	Professional scepticism	MAC (E1)
Strategies of intentional manipulation	Analytical skills to analyze events, technology skills, keep informed and skepticism regardless of who is auditing.	Technology Skills	MRF (E2), MGC (E19)
Disclosing more revenue and less expenses	Knowledge of the sector in which the audited company is located, the accounting standards applicable to this sector.	Business Knowledge	FKM (E3)
Red flags	Analytical procedure can ascertain whether the statements present distortions, whether intentional or not, in order that the auditor issue their opinion.	Analytical procedures	GSB (E4)
Perpetrated by employees	The ethical stance in the first place by roles. Also always adopt a position of skepticism. Perform physical inspections, obtain additional supporting information from third parties and carefully observe transactions with a high degree of complexity.	Monitoring rules.	TTQ (E5)
Hidden document and trace of transaction	Diligence, interpersonal communication, conflict management, emotional and stress control techniques.	Interpersonal cognition	FOP (E6),
Breach of trust	Objectivity and conciseness in the analysis according to accounting principles.	Technical	LUM (E7)
Intentionally provoked	Be impartial, be technical to always understand the statements well, have no ties to anyone in the company	Professional scepticism	MPN (E8)
Manual modifications in financial statements	Professional skepticism, judgment, analytical skills and professional experience.	Journal entries	KSM (9)
Red flags	Analytical procedures could have been carried out, such as analysis of red flags of the amounts on financial statements	Analytical procedures	VLL (E10)
Distortions in financial statements	Professional skepticism, judgment, analytical skills and professional experience.	Accounting Choice	CSR (E11),
Misappropriation of assets	Accounting knowledge, general understanding of business finance; knowledge of audit standards and regulatory bodies; knowledge of law and the legislation.	Principle-based Knowledge as a determinant of competence	IGG (E12)
Intentionally provoked	Ethics not to be influenced; - Competence; - Measurement of Materiality in relation to risk.	Professional scepticism	MFR (E13)
Intentionally provoked	Professional skepticism, judgment, analytical skills and professional experience.	Professional scepticism	YLL (E14) CCG (E15) INN (E16)
Technology manouver	Analytical skill was needed, in addition, the soft skills of resilience would also be important because the company would undoubtedly seek to dissuade the investigation.	Information technology	HHM (E17)
Breach of trust	Ethics could have been useful in the case of Odebrecht. Being very ethical and being very moral in acting.	Interpersonal cognition	ERF (E18) SRN E(23)
Intentionally Reduce tax burden	Integrity on the part of the auditors so that they do not violate the rules.	Technical	MGC (E19)
Accounting procedure change	Skepticism and high ethics. Additionally, have better technical knowledge, critical thinking and independent relationships	Accounting choice and critical thinking	JMC(E20)
Fraudster scheme	The auditor should exercise professional skepticism and good practices that would guarantee the reliability.	Professional scepticism and good practise standard	FSS (E21)
Omission in bad faith	The auditor could adopt more professional skepticism a more acute critical thinking, he might have noticed the fraud.	Critical thinking	JSS (E22)
Boost unlawful increase of compensations by misappropriation	Basic attributes such as ethics and morals to perform their function, as well as attributes such as independence, a critical thinking, technical knowledge of accounting standards and practices and legal legislation are fundamental to mitigate risks.	Journal entries	IKS (E24)
Compromise reliability	Skepticism and do not blindly agree to the information presented. Test on trust.	Professional scpticism	TKR (E25)

Fig. 7: Codes of Competencies

Thus, in addition to this analysis, we show in the Figure 8 from the narratives of the practitioners and the scholars the iconic frauds noted by them and the competencies raised by them in order to mitigate the risk of frauds. The patterns of similarity of these frauds directs toward misappropriation and usurping main owners of assets [26].

Thus, in order to further stimulate the reflexivity where theories could emanate, we draw on the competencies mostly mentioned by the respondents documented with MAXQD-2020 shown in Figure 9.

Profession Skepticism: The professional skepticism as an auditor competence could be seen as a thoughtful enquiry aiming at obtaining substantial and supportive evidence for the treatment of accounting transaction. It needs a maturity level of an inquirer above the beginning level of the auditing profession.

So, a professional auditor skepticism is an attitude covered by a thoughtfully oriented decision which always ask and does evaluation skeptically toward the evidence of an audit. The skeptical auditor won`t just accept the statement of the client Arumega *et al*. [37].

In the same vein, professional skepticism may make auditors either confront the directors or perform additional tests (Shaub & Lawrence, 1996) [48].

Profession skepticism is a complex topic to draw on in auditing, it is not as simple as it looks because it is an inquisitive mind into auditing activities.

Fraud cases	Competence	*Interviewee*
Theft of chemicals. The tanker truck that removed the product passed through the weighing control at the entrance and exit. It happens that the truck entered with the tank full of water and discharged on the way to the place where it would be loaded with the product. When passing through the scale at the exit, the weight difference was smaller and the billing was not issued. The sales invoice was issued at the product's exit based on the weighing of the truck.	Complainant Channel and Physical monitoring rules	*R1-BDF*
In an organisation where I worked, a sales representative was using his ability to obtain free samples of product without limits to resell to existing and new customers at a discounted price. It is a basic weakness if internal control, however it went on for several months, until the fraudster got busy with a new girlfriend and lost track of his scheme.	Internal Control	*R2-MAB*
A manager, responsible for deciding emergency contracts of facilities, bribed suppliers, with the aim of hiring them in exchange for personal financial benefit. This resulted in a periodic kickback to the manager`s personal bank account and made him accumulate unlawful wealth before the auditors detected the fraud.	Emotional intelligence of employees	*R3-WLS*
There was a finance director who tried to cover up some inventory losses identified in the cycle count procedures. I was responsible for testing the effectiveness of the controls over cycle count and I found out that there was a gap in the procedures which let space for this guy to hide the problems from the parent company. Then, at the end, the director was fired because his actions were linked to its variable compensation and the company reviewed their cycle count policy.	Critical thinking and knowledge of SMEs	*R4-DOR*
As a partner I am not authorized to discuss specific client issues, but I can comment on Brazilian entities facing Car Wash federal investigation. Several entities used to make payments for public entities in order to win public bids. In some cases, those payments were included in the cost of the project and billed by offshores, with no clear tracking in Brazil. In most cases, auditors had to get cooperation of management in order to have access to the illegal records, emails and backup documentation.	Multidisciplinary team, including forensic specialists	*R5-STA*
One iconic, very simple and strange example of fraud was one where a General Manager, to increase results, decided to book fake sales, generating accounts receivable that was never received. The due date of the accounts receivable was postponed many times and it was found 1 year later.	Accounting and Business knowledge	*R6-REA*
The fraud I personally dealt with arose because of federal/state authorities started an operation that came public or because negative information came to the news and for the one that arose based only on negative news later on turned to be more complex and the initial response given by the company in response to the auditor complaints tended to me very limited, but later on, as mentioned, it turned to be more complex because authorities went deeper and deeper.	Skepticism and investigate what looks abnormal	*R7-DAL*
I caught through an expense testing a client who paid a R$ 70 thousand clock gifts to a third party that was involved in a public scandal involving the entity. Also, in another client management was suspicious about one sales employee that, suddenly, bought a car and started to acquire expensive personal items, but with the same salary. Investigating this clue, auditors managed to identify a "ghost professional" in the client's payments, that was created by the employee and his friend that worked on payroll. They created a fake professional and his salary was split between the sales employee and the payroll employee every month.	Skepticism on what could go wrong & Analytical procedures	*R8-ALV*
As auditor I have seen various cases of frauds, but the following is worth mentioning. The shareholderofa financial institution needed to with draw US$10million of the owners' equity of a bank for personal purposes. One of the relatives was amanager of the financial institution. The top management of the institution accused this manager of diverting part of the said value through a fictitious client savings to a personal current account. This manager was arrested for a month and laterreleased, and the Judge winding up the petition because no clue for implication was found in the lawsuit. However, the money was effectively with drawn from the accounts. The aud it clarified the fraud when a for ensicexpertw how as assisting the in dependentaud it reviewed the case.	Forensic accounting skill	*R9-JFI*
The majority share holder of a public lytraded company was in negotiation to sell the controlling share. The company had not made investments in improving product quality in recent years, a fact that resulted in significant productive inefficiency with losses in the production process, i.e., every 10 product sprepared, 4 were disapproved by quality control. The fraud consisted of turning these losses into fictitioussales and sub sequently returned to stock, raising the value of the same.The aud it identifiedt his fraud by matching the stocks thatwere in the ware house with the one in the system, through the performance of CAAT, for which the rewereno physical stocks when the physical inventory count was made. The discovery of the fraud result edina 30% reduction in the organization's net worth.	Skepticism and Specialist skills	*R10-JFG*
During era of high inflation in Brazil, a finance manager of an organisationin which I worked periodically issued sales invoices without making deliveries. These invoices representing bordereau were negotiated with a bank in order to receive cash in advance so as to finance cash flow. This actually involves a voluminous amount of money shared among the management and the cronies that include the bank manager. At the due date of the invoice, this finance manager goes to the bank and offsets the advance and withdraws the invoice. Because of the inflation the cronies invested these monies for better spread in personal accounts. Auditor reconciliation/confirmation tracked the schema.	Accounting techniques and nature of transactions	*R11-BBS*
I have always learnt that fraud may be huge, however, small frauds are more common and could be more dangerous to all companies. The small fraud may happen for years and deviate millions until the fraudster gets caught. One case that I have experienced is a secretary that put $10.00 more in each account payable and the owner would find it our20 years after she started. And he just caught this fraud because the Secretary bought a new and expensive car.	Accounting techniques and nature of transactions	*R12-LCS*

Fig. 8: Narratives of iconic cases of fraud

List of Codes	Notes	Frequency
List of Codes as per MAXQD-2020		33
Identification and mitigation of fraud cues		1
Auditor educating competencies		1
The tonic of corporate frauds, relationship between ISA 240/315		1
Auditing judgement measurement of risk and materiality		1
Auditing professional structure and ethical code of conduct		1
Complainant channel and physical monitoring rules	Anciliary skills	0
Accounting choices	Knowledge of accounting choices that could lead to fraud	0
Journal Entries	Rules and processes of journal entries and transactions	0
Monitoring rules	Management monitoring functions	0
Principle-based accounting		1
Multidisciplinary and forensic		1
Critical thinking		2
Technical skills		2
Interpersonal cognition		2
Emotional intelligence of employees		3
Analytical procedures		2
Business Knowledge		4
Information technology skills and internal controls		4
Professional Skepticism		7

Fig. 9: Codes of Competencies

> *All my career, I did not receive any training about how to develop my professional skepticism* [R4-DOR].

In other words, the auditor needs to build along the career, the act of being skeptical. So, the more senior the auditor is, the more precise would be the professional skepticism.

Information Technological Skills and Internal Controls: With the rise in the use of information technology, frauds have also been perpetrated in this means in a geometrical pace. Therefore, auditors have grown in their development of competencies to mitigate all the risks arising from the use of information technology and the internal controls environments.

> *The main skills are skepticism, technical knowledge on accounting and internal control environment and proficiency in the use of digital tools [R5-STA].*

In the same line of thought,

> *To identify fraud, auditors need to be skeptical professionally and with high level of curiosity also, the auditor needs to understand the auditee's business control environment and risks [R2-MAB].*

Business Knowledge and Emotional Intelligence of Employees: Knowing the business and the environment are skills that are *sine qua non* for the effectiveness of the auditing in fraud prone environment. The culture of the society may impact on the output of the audit.

Ali *et al*. [36] observe that competencies for *Shariah* auditor means achieving a specific level of the master to conduct *Shari'ah* auditing to meet the level of expectation of various IFIs' stakeholders. They further concluded that Knowledge in *Shariah*, Islamic Banking and *FiqhMuamalat* are required competencies for *Shariah* auditing.

Also, knowledge of emotional intelligence applied to business, used to get closer to people around and find out about possible signs of human behavior related to fraud, such as external signs of wealth could be imperative.

> *Gains not compatible with salary, managers in positions of financial approvals generally resistant to enjoying vacations, managers or employees in general centralizing, resistant to delegation of activities, job rotation resistant buyers, etc. [R3]*.

Analytical Procedures: Analytical procedure as a competence is a long-time method used by the auditors to map red flags that assist in detection of fraud. Calderon and Green, [32] emphasized the effectiveness of simple analytical procedures in signaling financial statement fraud.

It is termed simple because it is mere gathering of impressions from the horse's mouth that could assist in mapping an indication of fraud. Those at the higher echelon of the organisation expressing or contradicting themselves symbolizes something to the eyes of the auditor in analysing the qualitative and quantitative data put to perusal.

Similarly, that proficiency coupled with their understanding of indicators of fraud, enables them to access an organisations fraud risk and advise management of the necessary steps to take when indicators are present (IIA, 2007) [46].

Senior accountants do not feel comfortable asking a Finance Director in an analytical review if the individual has received a pressure to manipulate accounting data [R4-DOR].

A client may feel being confronted or threatened by his auditor and can ask the engagement leader to exclude such Accountant from the team. Normally, the audit partner works on such situations if a case of fraud is perceived.

Technical Skills, Accounting Techniques and Nature of Transactions: Principle-based accounting IFRS for instance that exposes accounting transactions to choices of bookkeeping could lead to using techniques prone to fraud. Depending on the nature of some transactions, timing and extension test auditor would have to be vigilant that material misstatement is not caused with the accounting choices purposefully chosen.

Theoretical and practical knowledge of audit concepts and techniques, such as accounting and financial auditing, internal controls audit and systems audit would be appropriate to track fraud [R3-WLS].

In the same line of thinking:

Themaincompetencethatresultedinthediscoveryoffr audwas the simple accounting techniques and nature of transactions of reconciliation associated with corroboratory inquiry[R11-BBS].

Multidisciplinary & Forensic Accounting: It is very much advisable to explore fraud cue in and outside the accounting techniques.

Generally, after exhaustibly exploring the risk analysis, auditors develop their reliance and there are situations w hen individuals create overreliance. When there is underreliance, one is sure to device additional strategies to mitigate risks so, there is no dispute on that.

The wish if the auditor would be perfect after deciding for reliance on internal controls and frustration comes when you begin to perform substantive test and find out that all that glisters is not gold[R4-DOR].

The auditor then has a problem to justify the reliance judgement inasmuch as, it is not easy to convince the supervisor that you need more time to investigate the trace of fraud that might have originated from internal control suppression or override.

The manager would say, do not waste my precious time in something that will not lead to nothing, you are overreacting to your perceptions of fraud [R4-DOR].

In effect, another problem arises when the fraudster is aware of all the accounting techniques and neutralizes the detection risk. Therefore, this shows that the technical competency is not only gateway to success in the auditing of fraud prone environment.

This is confirmed by assessment of Knowledge of emotional intelligence of employees [R3-WLS], using experts' Multidisciplinary team, including forensic specialists [R5-STA] and Forensic accounting skills[R9-JFI].

Interpersonal Cognition & Emotional Intelligence: It is not uncommon for the auditor to adopt some psychological look at the control environment in order to track any risk of fraud. As it is known that any employee leaving above earnings could pursue unusual sources of additional benefits that could be difficult to account for.

Knowledge of emotional intelligence applied to business, used to get closer to people around and find out about possible signs of human behavior related to fraud, such as external signs of wealth not compatible with salary, [R3-WLS].

So, through observation, the auditor will have to perceive from the standards of leaving of any fraud suspects if it does confirm. Moreover, the attitude of the auditee, maybe looking uncomfortable with the auditing visit could bring about a suspicion.

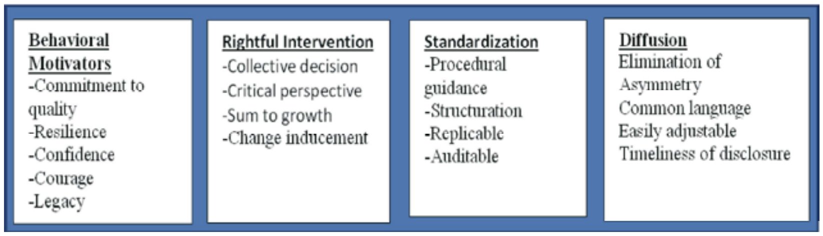

Fig. 10: Underpinning of emerging competence

> *Managers in positions of financial approvals generally resistant to enjoying vacations, managers or employees in general centralizing, resistant to delegation of activities, job rotation resistant buyers [R3-WLS]*

Critical Thinking: The critical thinking developed alongside the auditing career is a competence that allows the auditor to assess the risk of fraud. Naturally, with the exception of entry level of the auditing profession, from other engagement membership till the partner auditor gains the tick skin style of acumen that foments the identification of fraud risk environment.

> *I believe that the critical thinking combined with my previous experience in management functions, in small and large companies, contributed to my knowledge which was required to detect the fraud. I remember that I have studied executive compensation in Human Resources. But only this previous study was not enough. I had to combine the reading of several fraud cases discovered in the past to develop this critical thinking. That's why I believe the fraud training should be based on the development of critical thinking [R4-DOR].*

Horizon of Auditing Competencies: The competencies established around sustainable development goals (SDGs) will be in direction of the social outcry. Assurors must have competencies in sustainable technologies to address key barriers in social, economic, environment and technological change Imoniana, *et al*. [39]. In fact, these same competencies drawn on their new technologies are the cornerstone of the effectiveness of the circular economy models imbued in societal peace. 6G environment creates room for integration of comfort between humans and machines, with tightened security to ensure trusted communication and pronounced intelligence which are artefacts that converge to circular economy models [39].

Thus, we perceive four central ways of addressing the conception of competencies of fraud between auditor and auditee, as in Figure 10, being behavioral motivators, rightful intervention, standardization and correct diffusion.

Overall, one would infer that this model draws on engagement process grounded in the standardswhich is norm-favourising thinking styles as associated with professional skepticism [55]), governance mandate for compliance, roles and regulated disclosure quality and the rules of law. In other words, the effect on how individuals act in the environment in which they live is not in isolation so the competencies would be. The process of learning and developing skills through the experiences of individuals in carrying out an activity [54].

DISCUSSION

This study differs from prior studies both in terms of its methodology and findings. This difference also covered a broader look when we mingle an ethical perspective with the risk of fraud in the auditing of the financial statements.

Thus, we are not surprised to learn from the respondents that mentioned professional skepticism and professional practical experience as the main competences to address the risk of fraud. This shows that the current scenario of auditing havetoed the standards in order to mitigate the fraud risks.

Defacto, the results suggest that auditing firms adhere firmly to the most cited competences as a means of reducing the risk of fraud in the financial statement attested by them. Needing therefore, to look at the growth of technologies in the business environments and downstream problems that require innovative competences.

While auditors, accounting, investigators, forensic accountants and the like fields may find this study useful, we urge a critical analysis in evaluating competences that fit every situation in the organizations' assurance. Therefore, in order to drive home all the aforementioned, we discuss below additional aching points in relation to ethics and fraud risk under the following cagtegories:

Intertwin of Conception and Competence to Track Risk of Fraud: The conceptions and competencies are intertwined inasmuch as the former orientates the basis of ethical conduct and the latter gives the guidance towards the procedural aspects. So, we can say that the concept people have makes them take the steps they take in their functions, so it is in the auditing.

This notwithstanding, the professional judgement is always put to test by answering the question if the accounting transaction under assessment has gained the rightful understanding of the conception and that the correct competence has been harnessed in order to mitigate the risk of fraud. The performance of auditing has this answer continuously inasmuch as a supervisory level of prepared-by and rereviewed-by resolves this question for quality review purposes.

Ethics and Courage a Twin-competence Pulled from Moral Stand: An emanating code of courage that supports an unnegotiable ethical stand is very quintessential for the auditor. This is likened to auditor action based on professional skepticism when taking post. In fact, this is attitudinal since it enables individual to exercise the sense of judgement tied to personal autonomy accrued to the post of attester. This is one of the rear competences which could mitigate risk of fraud. Courage allied with wiliness enables the auditor to be steadfast in implementing the procedures deemed appropriate by the regulating bodies when something seemed to be wrong or phishing that could result in fraud.

In more extreme look, this seems to be a strength that goes in the Jesuits direction to work against the perpetrators of fraud taking a moral standpoint. Afterall, there are innumerous persons being affected with the undue diversion of allocations by fraud.

Certainly, moral stands may have a link with individual characteristics which may explain the differences in auditors understanding of the responsibilities of fraud; being the relationships between the severity of ethical stand and attitudes towards mitigating procedures.

Defacto, what is ethically responsible is to abide by the rules and adopting valid competencies in view of mitigating the emerging risks of fraud in order to narrow the auditing expectation gap.

Limitations of Interpretation of Standards and Professional Guidance: Normally the professional bodies that work the ways and monitors the ethical conduct are handicapped. These associations are ill-equipped to deal with cases of fraud perpetrated by their members if to say that an exemplary response could discourage future frauds.

Trainings are normally spread and even held to their CPEs, as our environment innovates by frauds perpetrators particularly with the use of IT, the practitioners are not able to follow how the audit could track them, this therefore, leaves a food for thought.

Auditor Bias Impedes Professional Skepticism: Unconscious auditor biases may impede the exercise of professional skepticism. In effect, complicit auditor in financial statement fraud may unconsciously rule on the over reliance of internal control procedures and therefore, conclude for acceptance of lower risks.

Whereas the auditor is expected to exercise professional judgment in all the procedures particularly while determining materiality, assessing risk in accounts and groups of account level, pondering on the nature, timing and extension of procedures to be adopted and weighing the measurement criteria and management estimates, professional skepticism as the major competence will always be the auditor allied. Thus, instead of leaving these tasks to the junior auditor who is yet immature, the management and mostly the partner should participate intensely to address the judgement. Moreover, while technology would not replace human beings, the problem would be if the system is erroneously programmed to benchmark some data for fraudulent decisions and auditors unconsciously or consciously assume the inherent appropriateness of automated tools and techniques.

Building Collective Competencies: As this phenomenon of fraud and its auditing risk going out of hand, one would say, it would be interesting for professional bodies, standard setters such as *IASB, IAASB, AICPA* to join hands to rethink fraud control and assurance framework such as that of *COSO*, to assist in mitigation of fraud risk in organisations. Probably, one can think of I*AASB* fraud avoidance work group inasmuch as it is an aching issue.

There is also the need to extrapolate in the competencies holding to the interdisciplinarity of the subject. In this regard, the forensic accounting skills would be an added value to assist the auditors in efficiently investigating the risk of fraud.

The enforcement of collective competencies would be a legacy that society needs to build a culture of minimal fraud. This in itself needs fortifying the institutions that back implementation of internal controls and monitoring procedures.

Thus, we are aware, fraud is as old as human race and cannot be totally eradicated. Where fraud and corruption reign, perpetrators flank at internal control enforcement efforts to mitigate them as they convincingly trust their cronies.

Overall, what we add, however, is that audit partners and the entire engagement team ought to gauge the competencies they are adopting for their appropriateness in the auditing of financial statement in order to minimize risk of fraud. This is quintessential inasmuch as this phenomenon tarnishes the image of this profession and impact the capital market and the society at large.

In other words, the academia is fore warned about the variabilities of competencies discussed herein to mitigate the risk of fraud and the investigation has just begun particularly to address the innovative technologies. In fact, the coexistence of these competencies is likely going to be the form of creating an effective application in the auditing engagement.

We add to the literature on ethics, fraud risk and auditing in several ways. Describing the concepts of ethics, the conception of fraud and the variabilities of competencies and the positioning of various stakeholders.

Lastly, our study lends a hear on the issue of fraud concerning the responsibilities of the auditors as the watch dog of the capital market, knowing full well that ethics in this sphere is unnegotiable.

CONCLUSION

This study maps the variations in conceptions of fraud and auditors' competencies to support auditing of financial statements. Also, maps the ethical stand, variations inconceptions of auditor responsibility of frauds between auditors and the auditees.

The auditing competences in assurance of risk of fraud are professional skepticism, professional technical skills, emotional intelligence of employees, business knowledge and analytical procedures. Others are engagement of multidisciplinary team and forensic accounting, technology skills, critical thinking and test of trust.

Thus, revealing four central ways of addressing the conception of competencies of fraud between auditor and auditee, being behavioral motivators, rightful intervention, standardization and correct diffusion, which draws on engagement processes guided by norms and auditor judgement, governance mandate for compliance, roles and quality of disclosure and the rules of law. We, therefore, conclude that although professional skepticism guides audit performance, ethical auditor and auditee relationship could be foiled with cynicism holding to it being embedded in the act of complying with standards. Defacto, different conceptions coexisting among the stakeholders will always exist.

Noteworthy that ethical actions suggesting to mudslide the image and reputation of the auditors through wrong mitigation of fraud risk are not only denigrating but tended towards creating bad precedence for the profession known as the watch dog of the capital market.

Our findings also show that, although auditor competencies draw explicitly on the concepts presented by standards, lived experiences offer a more complex image (imaginary), showing elements associated with traditional conceptions of attitudes, knowledges and skill that have influence on the competencies that mitigate risk of fraud. Thus, in today`s environment, the methodologies of the engagement team hold for the majority of these conceptions which may have implication on the awareness cultivated among the stakeholders.

Overall, our theoretical contributions consist of drawing on the interrelations among the ethical conduct of the auditor, fraud risk, competencies derived from that and the auditing process. In regard of this, from our respondent's perspectives, phenomenologically, the narrowed conception of fraud held by the auditors makes them operationalise their competencies in view of mitigating their risk of fraud and the non-auditors` conceptions enable them to describe fraud in a broader perspective the way they lived it.

Finally, additional research may prove fruitful, among which we suggest the investigation of the characteristics of whistle blowing toeing a cross-cultural approach which recently has taken another turn in mapping frauds.

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