

# THE ROLE OF AUDITING IN PREVENTING AND DETECTING FRAUD IN FINANCIAL MANAGEMENT

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## ABSTRACT

This study explores the critical role that auditing plays in fraud prevention and detection, with a focus on auditing operations in Oman. This study uses a detailed examination of auditing procedures to present fraud risk mitigation techniques in the Omani context. Through a review of relevant literature and industry practices, this study makes clear how important effective auditing procedures are to maintaining financial honesty and investor confidence. It contributes to the discussion on the role of auditing in detecting fraud by examining the specific procedures and systems that auditing firms put in place to prevent fraud using a case study methodology. The questionnaire used to collect the data needed for this report is distributed to the auditing company staff. HCI aspects play a major role in designing the financial dashboards for a faster decision-making process. The results of this study clearly indicate the need for auditing to prevent and detect fraud in financial operations.

## Introduction

The project highlights the Role of Auditing in Preventing and Detecting Fraud: case of Auditing company in Oman. The topic for this project is the process of auditing in Omani company. It is all about how auditing plays an important role in detecting and preventing fraud. According to Allaa (2020), with an emphasis on auditing operations in Oman, the study examines the effectiveness of auditing in reducing fraud. It looks at how in the Omani context auditing procedures support fraud detection and prevention. The research attempts to clarify the function of auditing in protecting against fraud in the area by examining the auditing company tactics and results. This project aims to determine how effectively auditing detects and prevents fraud in Omani companies. The reason behind choosing this topic is to comprehend the unique obstacles and efficiency of auditors in Oman when it comes to preventing and detecting fraud. Fraud is defined as "any planned act of criminal deception or falsification involving an individual or group of individuals to manipulate facts to gain an unfair financial advantage." The objectives of this project is to provide an overview of the extent of auditing in the detection and prevention of fraud conducted by the auditing company, to analyze the auditing policies and procedures employed

by auditing company to detect and prevent fraud, to evaluate the challenges and benefits of auditing in detecting and preventing fraud in auditing company and to provide recommendations on auditing efficiency for detecting and preventing fraud in auditing company.

### Statement of the research problem

The project's main concern is how fraud will result from a company's lack of auditing, which will have a detrimental effect on the organization. Additionally, to understand the potential consequences due to less auditing in the companies. According to Abdulshakour (2020), the performance and profitability of an organization may suffer from inadequate or nonexistent auditing. Inadequate financial management and errors could go unnoticed without comprehensive auditing, leading to false financial statements. This might affect investor confidence, resulting in less money being invested and even legal issues. Without adequate examination, inefficient operational procedures and poor risk management can continue, impeding output and putting the business at needless risk. Furthermore, in the absence of auditing, regulatory compliance may be threatened, incurring penalties and fines. In the end, a lack of auditing compromises accountability and transparency inside the company, making it more challenging to make wise decisions and maintain long-term profitability as well as expansion (Abdulshakour, 2020).

### Methodology

The project's research methodology, or the overall strategy or plan that researchers use to conduct research, is the main topic of this chapter. The research methodology provides the guidelines to collect data, analyze data and for presenting the outcomes for the specific research depending on the goals and objectives. It includes the overall structure, methods for gathering and analyzing data, the design of the study, and theoretical and philosophical foundations. A research technique can also be defined as the method used to carry out a specific research project (Von Peter, 2024). It describes the procedures or methods used to find and assess data relevant to a particular area of study. On the other hand, the quality and issue of the research should be linked to the technique used, so the researcher needs to pay close attention to this when selecting the methodology since a bad method leads to inaccurate results.

The pictorial representation of methodology used in this research is provided below:



Figure 1 Methodology used in this study (VDC Research, 2024)

Qualitative data which are non-numerical data of information are used in this research project which includes questionnaire. A comprehensive investigation of the role of auditing in detecting and preventing fraud was carried out, taking into consideration the strengths of each of the methods used.

### Data Analysis

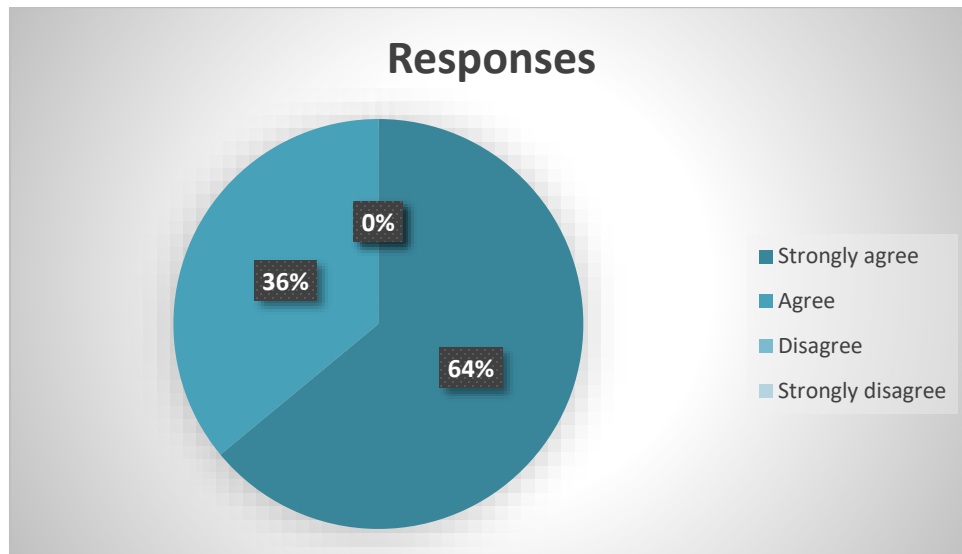


Figure 2, prioritize fraud detection and prevention in its auditing services

Figure 1 shows that, with 64% strongly agreeing and 36% agreeing, there is broad consensus regarding auditing company's emphasis on fraud detection and prevention in its auditing services. Not a single respondent disagreed or disagreed strongly. This agreement probably results from auditing company strong processes, cutting-edge technology, and extensive training initiatives aimed at preventing fraud. Respondents' faith in auditing companies' dedication to these goals may be further strengthened by the company's stellar reputation and strict auditing standards (Deen, 2021).

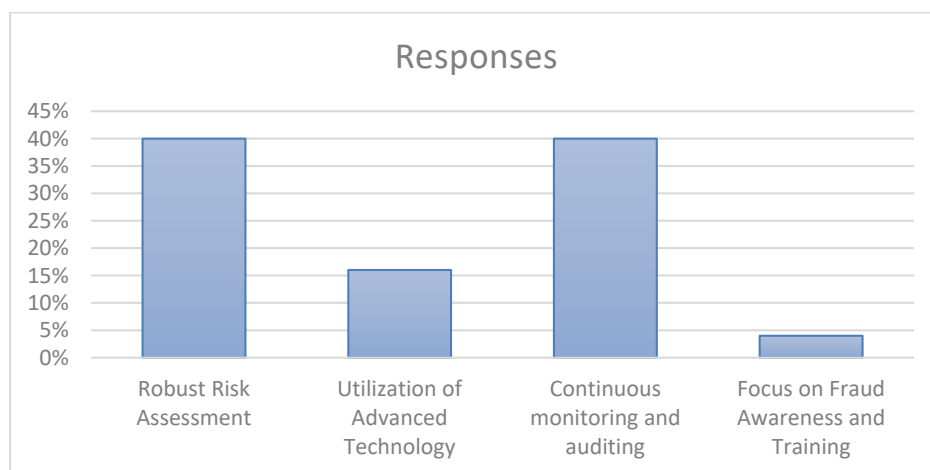


Figure 3, auditing policies and procedures followed by auditing companies

Auditing policies and procedures are shown in figure 2, where 40% of the emphasis is on thorough risk assessment and the remaining 40% is on ongoing monitoring and auditing. Furthermore, 16% emphasize the use of cutting-edge technology, whereas only 4% give fraud awareness and training top priority. Technology adoption promotes efficiency and effectiveness, this distribution may reflect auditing company's emphasis on risk assessment and ongoing monitoring, which may be a result of legal requirements and the complexity of contemporary business environments (Buttigieg, 2021).

### **Other considerations**

The user interface must follow the principles of Human Computer Interaction (HCI), which is the bare minimum requirement for almost every user interface these days. HCI considerations are important for e-learning solution developers (Al Mahdi et. al., 2019). Even in auditing when it comes to user interface design, it must be considered with respect to the usability aspects (Naidu et.al., 2023). Better and enhanced dashboards in business intelligence implementations could help in better decision-making processes in accounting and also it becomes easier to trace the issues for financial frauds.

Artificial intelligence (AI)-driven decision-making is a method that assists in making precise forecasts and choices. It utilizes a platform to handle massive amounts of data, either entirely or partially, without the need for human involvement. Organizations turn to AI-driven decision-making to address a variety of issues, including handling large amounts of data, deciphering complex information, and reaching precise conclusions (Khalil, K, et.al, 2023).

Information security risk assessment and management is a critical process used by enterprises to protect their electronic assets from various threats and vulnerabilities. This study aims to provide a thorough method for information security risk assessment and management, in addition to accounting for all possible security threats (Mulla, R. M., et. al, 2023).

### **Conclusion**

Auditing promotes transparency, accountability, and the early detection of fraudulent activities by looking through financial records, spotting discrepancies, and making sure rules are followed. This helps to detect and prevent fraud. The term "auditing" is essential to accounting and describes the process of examining and verifying a company's financial records. Ensuring the accuracy and impartial representation of financial data is the goal of auditing (Shukla, 2018). The study examines the vital role that auditing plays in the detection and prevention of fraud, with a particular emphasis on auditing operations in Oman. An impartial evaluation of financial statements is provided by auditing, which is a crucial component of corporate governance and guarantees accuracy and regulatory compliance.

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