

FRAUD AND ERROR. AUDITORS' RESPONSIBILITY LEVELS

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ABSTRACT: Are auditors responsible for detecting fraud in the companies they inspect? Most of the public thinks they are. Auditors often demur. The auditors' duties for the prevention, detection and reporting of fraud, other illegal acts and errors is one of the most controversial issues in auditing. This paper reports the findings of a survey that explores the financial report users' perceptions on the extent of fraud in Romania and their perceptions of auditors' responsibilities in detecting fraud and the related audit procedures. This study also finds that there is a widely held misperception of the objective of an audit. This is because, among respondents, a much higher expectation has been placed on the auditors' duties in detecting and reporting fraud than statute or audit standards require. The results of the study show unquestionably the existence, with respect to detection of fraud, of a gap between the perception of the respondents and the present statutory requirements of auditors.

Key words: fraud; auditors' responsibilities; audit expectation gap

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