

## **Risk Management in Audits**

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### **Summary**

The objective of this paper is to show how risk management is used in some financial institutions when an audit is intended. With the formalization of risk management from the emergence of standards in recent decades and with the emergence of internal control as a management tool, audit processes in financial institutions have developed methodologies where audit risks (inherent, detection and control) are calculated in order to increase the quality of the process by promoting recommendations based on the incidence of the risks detected. This action is not characteristic in most of the different types of audits that exist. For this research, the analysis of descriptive studies based on information from government entities from different countries was used and an illuminating document of audit practices throughout the history of humanity was shown. The results reveal the need to consider the risks in cases that merit it in favor of quality in the audit.

**Keywords:** Audit; Forensic Audits; Risks; Finance

### **Abstract**

The objective of this work is to show how risk management is used in some financial entities when an audit is intended to be carried out. With the formalization of risk management from the emergence of standards in recent decades and with the emergence of internal control as a management tool, audit processes in financial institutions have developed methodologies

where audit risks are calculated (inherent, detection and control) in order to increase the quality of the process by promoting recommendations based on the incidence of the risks detected. This action is not characteristic in most of the different types of audits that exist. For this research, the analysis of descriptive studies was used based on information from government entities of different countries and an illuminating document of auditing practices throughout the history of humanity is shown. The results reveal the need to consider the risks in the cases that they merit it in favor of the quality in the audit. Keywords: Audit; Forensic Audits; Risks; Finance.

## Introduction

Audits are processes that are carried out to maintain reasonable control over business management in general. Although financial audits are recurrent, there are different types of audits applied to different segments of business management that have their particularities such as internal control audits, quality audits, environmental audits, industrial sector, commercial services, financial sector among others. Some authors cite this process: "auditing is the field that has advanced the most in accounting science: it returned its leading role to the public accountant in modern organizations freeing him from financial and accounting pigeonholing, where society places him professionally, to extend his field of action to the knowledge of the social purpose of organizations" (Montilla Galvis & Herrera Marchena, 2006). Auditing has become one of the most important and used techniques in organizations.

Thanks to its implementation and development, senior management has a control mechanism that allows knowing the current status of its processes and access to truthful information, to determine the effectiveness and efficiency of operations and thus be able to adopt, in the required time, the necessary actions for the correct fulfillment of the objectives and goals (Pizarro Anchundia et al., 2018).

Audits have different nuances and can be classified as internal or external and first party (internal entity of the organization itself), second party (audit developed by an external organization) and third party (they are external audits to certify activities). Generally, audits are carried out by government and private organizations, highlighting in this area the companies Deloitte, Ernst & Young and KPMG to name some of the best known private companies that execute these actions. The professionals who participate in the audits generally have specific certifications that are recognized by the states and can be from different professions such as accountants, economists, lawyers, engineers, doctors and other professions. In recent decades, quality management has been developed under the standards of the ISO 9000 family, which has generated the training of auditors in this branch of science, industry and services under ISO 19011 standards that are specific to quality management. Usually the best known audits are those of an accounting nature (because they are the first executed by different organizations throughout the history of humanity) but there are other types of audits are those of processes, quality and internal control. It is noteworthy that from the mid-90s to the twentieth century, internal control audits, according to the COSO report, have become indispensable tools in public and private companies because it has a wide spectrum that allows reasonable management control. The work presented has the objective of abounding on the audit process and clarifying different aspects that<sup>1</sup> will pay tribute to the intellect of professionals linked to control work. It is clear that as the development of society increases, the wealth of peoples increases and therefore the need to monitor resources and implementation processes in order to guarantee the efficiency and effectiveness of operations

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<sup>1</sup> GIZMO: (Committee of Sponsoring Organizations of the Treadway) is a voluntary commission made up of representatives of five private sector organizations in the United States.

increases. Similarly, the current development of human activities are including risk management and its application in many activities and audits are no exception.

## Materials and methods

To carry out this research, a bibliographic study of audit techniques was carried out from different publications indexed in the Scielo and Scopus databases, where the history of audit processes, the types of audits that exist, the declared materiality, the risks of audits are addressed, and finally emphasis is placed on the so-called forensic audit and a correlation of variables is carried out From methods of analysis and synthesis, induction deduction and descriptive and correlational studies.

The audit is a process of analytical review that can be total or partial of an organization and has the objective of evaluating the level of performance in certain fields of science such as finance, computer science, quality, management and other business aspects. "The Audit dates back to 3,300 BC, in the civilization of the Sumerian people, in ancient Mesopotamia, the current state of Iraq; place where great temples were built, which used them as places of collection of tributes (Taxes) and centers for the administration". <sup>2</sup>The audit has a long history that is in accordance with the development of humanity and four historical periods are known called empirical (from antiquity to 1202), period of genesis and appearance of the double item (1202-1494), period of expansion and consolidation of the double item (1494-1840), and the scientific period (1840 to the present day). <sup>3</sup>"It is known that the first audit service was offered by the accountant George Watson in 1645, who performed this function from the experience gained in his roles as treasurer, teller and accountant of the Bank of Scotland. The economic and financial convulsions in England, Germany and France following the eighteenth century (Industrial Revolution) and until the nineteenth caused the development of public accounting, while in Great Britain it was recognized by the Law of Companies in 1862 "(Zambrano, María Inés Zambrano; Armada Tabas, 2018, p.19)

In Ecuador, the Organic Law of the Comptroller General of the State (2002) defines the audit as: "The audit action aimed at examining the administrative process, support activities, operational financial, evaluating internal control and management, with multidisciplinary teams, to measure an accounting entity, or the execution of programs and projects, in order to determine if such performance or execution is being carried out or has been carried out according to principles and criteria of economy, effectiveness and efficiency" by (Zambrano, María Inés; Armada Tabas, 2018, p.20).

"Before 1900 the audit was developed intensively in Europe mainly in England, France and Italy. It is data that during the Middle Ages appeared the first professional associations that were responsible for executing audit functions, highlighting the London Councils in England in the years of 1310 and the College of Accountants of Venice and Italy, in the years of 1580. After 1900 the audit was taken to the United States of America to provide advice to British shareholders, and it is in this nation where the audit has acquired the greatest advances until the present time" (Montilla Galvis & Herrera Marchena, 2006, p.91). Obviously, the development of audit techniques and the way they are applied have been a function of contemporary business development. To the extent that improvements appear in business management, the ways to audit it efficiently appear. It would be unthinkable to assume that quality audits would be carried out in the first half of the twentieth century, since there was not

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<sup>2</sup> Quoted on the website <https://diferenciaentreuncontadroyaditor.blogspot.com/2019/02/historia-de-la-auditoria-mundial.html>

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yet a standard standardizing the tasks of this discipline. In the same way, with the business development, the technical and management procedures and their respective records emerged, which allowed to improve business events also serving to investigate system failures. It is considered that an audit is a verification process that complies with the procedures embodied in an official standard or resolution of an official body of a country.

As a result of the First and Second Industrial Revolution, companies formally emerge, which leads to formalizing management processes that cover technical, commercial and financial aspects. "In 1910 scientific management emerges formally, with the work of Frederick Winslow Taylor, who proposes the scientific method to analyze work and raise the efficiency of production tasks in his work <sup>4</sup>The Principles of Scientific Management. This school strengthened its foundations with the works of Henry L. Gantt in 1901, and Harrington Emerson in 1910. The first, for defining a task and bonus system and for its control charts, topics that he disclosed in his book Industrial Leadership. The second, for its efficiency engineering based on principles, disseminated through its articles "Efficiency as a Basis for Operation and Wages" (Franklin F, 2007, p.5). All these business trends promote business development and regulations arise that encourage audits such as the ASME Code. "The ASME code is one of the reflections of the Scientific School of Administration that enhanced quality control based on instructions to guarantee the skills of operators and thus provide quality products" (González, Dailit; Soler, Rafael; Navarro, 2021, p.446). This code arose from the need to formalize the construction and operation of steam boilers that among its problematic things was the number of deaths it had produced during the nineteenth century. This code can be a base material for a technical audit in different fields of science.

Currently, auditing is not only part of the financial companies, they are also used for the health area, so that in Italy since 2014 stillbirth audit programs have been used. The global number of stillbirths is estimated at 2.6 million per year. Stillbirth rates have declined more slowly since 2000 than maternal mortality or infant mortality under 5. This perinatal death audit identifies the cause of death and analyzes the quality of care (Po' et al., 2021).

In the same way, modernity has brought benefits to humanity, but it also brings the scourges of corruption, which favors the strengthening of controls over financial resources and in a general sense what induces the recurrent use of the so-called financial audits. "According to the survey applied by the German organization Transparency International (2018) to assess the perception of corruption, through a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean, Latin America presents indicators that indicate it as highly corrupt (Venezuela 18, Paraguay and Mexico 29, Ecuador 32, Bolivia 33, Colombia, Brazil and Peru 37)" (Velandia Pacheco & Escobar Castillo, 2019, p.281). Similarly, a management audit and/or can generate an investigation into possible fraud that should generate a forensic audit. "The forensic audit is an alternative to combat corruption, because it allows experts to issue before judges concepts and opinions of technical value, which allow justice to act with greater certainty" (Rozas Flores, 2009, p.68). "The Forensic Audit has its indications in the Roman Empire, in which everything that had to do with commerce, financial transactions, and trials, were executed in the public or main square, through a forum" (Toro Álava, Wilson Javier ; Suárez Mena, Karla; Mosquera Soriano, 2021, p.267). With regard to its etymology, it follows from the word forensic that it comes from the "Latin forensis, understood as public and manifest or belonging or related to the forum, derived in turn from the French forum, that is, forum, public square, outdoor place, as well as concerning trial and legal evidence". <sup>5</sup>The forensic audit is an audit specialized in gathering specialized accounting expert evidence before the

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<sup>4</sup> Frederick Winslow Taylor was a promoter of the [Scientific organization of work](#) and is considered the father of Scientific Administration

<sup>5</sup> - Rivers, O. (2014) [http://www.revistasbolivianas.org.bo/pdf/rvc/v1n7/v1n7\\_a08.pdf](http://www.revistasbolivianas.org.bo/pdf/rvc/v1n7/v1n7_a08.pdf)

judicial courts (Ramírez, Maricela; Bohórquez, 2013, p.194). It is necessary to clarify that the so-called risk of fraud is called "corruption" when rape occurs in the public sector and fraud when it occurs in the private sector, however the two concepts are aimed at mishandling money or falsification of documents that may generate a monetary benefit. With this background, the forensic audit is suggested to the investigation of fraud and corruption with the aim of demonstrating objective evidence to present it to justice. As can be seen, the powers to carry out a forensic audit are related to compliance with laws that can lead to judicial sanctions.

## **Audits in the financial system**

Financial institutions are institutions whose main activity is to provide financial services to the different economic agents of a company. That is, it offers people and institutions the possibility of acquiring a monetary resource through financial products and providing the services of intermediaries with other more common financial entities among other activities. All these financial institutions are exposed to different inconsistencies that can be taxed to the so-called "risk of fraud" that leads to the loss of money and that can be linked to crimes punishable by the law of all nations. For this reason, the financial audits of these institutions take forecasts that differentiate them from other types of audits such as risk management. "The purpose of audit risk management is to identify the inherent risks, control and detection, to reduce as much as possible the audit risk through the design and execution of procedures" (Comptroller General of the Republic of Cuba, 2021, p.15). This results in strict measures being taken on your staff and processes that include so-called audit risks (RAs) as a factor to consider. These considerations are not recurrent in other types of audits and generate a model for determining audit risks. "The risk of expressing an inappropriate opinion when the financial statements contain a material misstatement, is nominee's audit risk" (Aguilar Jara et al., 2019). The audit risk model is an abstract model designed to improve auditors' attention in gathering audit evidence (Quintanar Romero, 1985). A financial audit is an independent activity that is carried out within an entity (financial or non-financial) and consists of the review of its operations to verify that they comply with the applicable procedures and regulations. There are different conditionals that can contribute to audit risk, Mesen Figueroa (2009) states: "when an independent auditor issues an opinion about the reasonableness of an entity's financial statements, he will always face the possibility that his opinion is inappropriate. This probability of error is known as "audit risk" (p.9). The audit risk is based on inherent risks (IR), control risks (CR), detection risks (RD) and responds to the formula:  $RA = RI \times RC \times RD$  (1). The inclusion of audit risk analysis is not fortuitous due to the formalization of risk management which is one of the last aspects that have influenced business management since the emergence of the COSO Report in 1994. This does not mean that the concept of risk was not studied in previous decades and centuries, and although different companies with high risks in their work have since their inception the conception of risk is not until the last decade of the twentieth century that risk management is generalized and the first risk standards emerge as is the case of the Australian New Zealand standard AS /NZS 4360 of 1999 and the Canadian standard CAN/CSA Q850-97. (1997). In 2010, the International Standards Association (ISO) issued the ISO 31000 and ISO 31010 Risk Management standards. That is, from this time the concepts of risks and their regulations have impacted all sectors of society and established the perception of risk as part of the business philosophy. Risk management can be applied to the business objectives, activities and processes of the company (Soler González et al., 2020). This study focuses on audit risks (RA) to financial institutions and presents an execution that differs from other types of audits. After this introduction to risk management is particularized in the types of risks previously declared. The definitions of these risks are set out below (RD, CR and DR):

Inherent Risk (IR) is "the susceptibility of an account balance or class of transactions to an erroneous representation that could be of relative importance, individually or in the aggregate when



accumulated with erroneous representations in other balances or classes, assuming that there was no related internal control" (Mesén Figueroa, 2009, p.10). The inherent risk is the susceptibility that a statement, on a type of transaction, balance sheet or other disclosure of information, contains errors and is material, either individually or in aggregate with other inaccuracies, before taking into account the possible corresponding controls. Inherent business and fraud risks are identified and documented prior to any internal control considerations that could mitigate such risks. <sup>6</sup>Control Risk (CR): is "the risk that an erroneous representation could occur in an assertion and that could be of relative importance, either individually or when accumulated with erroneous representations in other balances or classes, is not prevented or detected and corrected in a timely manner by the internal control of the entity" Mesén Figueroa, 2009, p.10)

Detection Risk (RD): "it is the risk that an auditor does not detect an erroneous representation that exists in an assertion and that could be of relative importance, either individually or when it accumulates with other erroneous representations" (Mesén Figueroa, 2009, p.11)

The risk of detection is defined in correspondence with the identification of 10 aspects that allow to assess it, proceeding to the assignment of 10% to each one that represents 100%, later some of these aspects are described and others can be declared according to the need for the required evaluation, cannot exceed 10 aspects. For the role associated with the audit, the following are considered: the auditor, group leader, supervisor and head of organizational unit (Comptroller of the Republic of Cuba, 2021, p.1)

The RD is accompanied by a guide that allows assessing the existing risk based on the competence of the auditor. "There are several factors that affect the risk of detection that are: the cultural environment of the audit organizational unit, the training of the auditor, experience, training schemes and supervision" (Comptroller of Cuba, 2021, p.9). A list of problems associated with the detection risk is shown below in Table 1:

**Table 1.** Roles identified to determine detection risk.

Aspects that check	Percent 10%	Detection risk assessment			Result
		1Low	2Medium	3 High	
Experticia.	10%			0,3	0,3
Clarity in objectives and scope.	10%			0,3	0,3
Aptitude and attitude of the audit team.	10%		0,2		0,2
Planning and administration of resources.	10%		0,2		0,2
Prior knowledge of the audited entity.	10%	0,1			0,1
Audit tools and techniques.	10%		0,2		0,2
Understanding of the entity's Procedures Manual.	10%		0,2		0,2
Knowledge of Cuban Auditing Standards.	10%		0,2		0,2
Timely supervision of the auditor's work.	10%		0,2		0,2
Communication channel within the audit team.	10%	0,1			0,1
	<b>100%</b>				<b>2.0</b>

**Source:** (Comptroller General of the Republic of Cuba, 2021)

<sup>6</sup> Taken from <https://www.auditool.org/blog/auditoria-externa/5415-como-identificar-los-factores-de-riesgo-inherente-en-una-auditoria-de-estados-financieros>

"Normally audit risk (RA) is estimated at 5 percent for audits that provide reasonable assurance; it is obtained by multiplying the inherent risk by the control risk, by the detection risk; then one hundred this result is deducted, and the level of confidence or degree of assurance is obtained, that is, 95 percent" (Comptroller of the Republic of Cuba, 2021, p.3)

The risk of detection is largely avoidable as it depends on the competencies of the members of the audit team. The calculation of the audit risk is used to determine which measure the audit action will be more or less specific in the aspects evaluated (Comptroller General of the Republic of Cuba, 2021)

The equation  $RA = RI \times RC \times RD$  (1) "must always be in balance, that is, for a given level of audit risk, the acceptable level of detection risk entails an inverse relationship with the inherent risk assessment and control, in the same way the amount of audit satisfaction necessary depends on the level of inherent risk and the level of control risk the quality of it" (General Control of the Republic of Cuba, 2021, p.3).

Then  $RD = RA / (RI \times RC)$  The audit risk assessment is directly related to the nature, scope and timeliness of the audit procedures to be applied. Once the inherent risks, control and detection have been evaluated, and the audit risk is known, the auditor must evaluate several combinations of procedures and see which is the most efficient set that satisfies the objectives for each of the assertions (Comptroller General of the Republic of Cuba, 2021, p.3)

The combination of all these variables will imply the different procedures to be executed in the audit. Table 2 shows the procedures to be executed based on the results of the risks detected.

**Table 2:** Procedures to be applied according to the risks

Riesgo Inherente (RI)	Riesgo de Control (RC)	Riesgo de Detección (RD)	Resultados
Alto	Alto	Bajo	Más pruebas sustantivas y más pruebas de control
Alto	Medio	Bajo	Más pruebas sustantivas, oportuno practicar algunas pruebas de control
Alto	Bajo	Medio	Más pruebas sustantivas y más tamaños de la muestra
Medio	Alto	Bajo	Aplicar más pruebas de control y algún procedimiento sustantivo
Medio	Medio	Medio	Aplicar pruebas sustantivas y de control
Medio	Bajo	Alto	Aplicar pruebas sustantivas
Bajo	Alto	Medio	Más prueba de control
Bajo	Medio	Alto	Aplicar pruebas de control
Bajo	Bajo	Alto	Trabajo menos sustantivo y pruebas de control

**Source:** (Comptroller General of the Republic of Cuba, 2021)<sup>7</sup>

As can be seen, the calculation of audit risks and their contextualization can generate specific instructions within an audit as indicated in table 2. Inherent and control risks have other forms of calculation that detail their concepts on page 5 of this paper. "The combination of the inherent risk levels and control, gives the quantity and quality of procedures to be applied. The amount of audit satisfaction required depends on the level of inherent risk and the quality of the same quality depends on the level of control risk, likewise the detection risk is inversely proportional to the inherent and control risk" (Comptroller General of the Republic of Cuba, 2021, p.4).

The assessment of an inherent risk is based on the degree of uncertainty involved in the probability of happening and the level of impact it may generate after it has occurred. The control risk is a function of the certainty of the accounting and internal control standards

<sup>7</sup> <https://www.auditool.org/blog/control-interno/3073>

applied. "The amount of audit satisfaction necessary depends on the level of inherent risk and the quality of this quality depends on the level of control risk, likewise the detection risk is inversely proportional to the inherent and control risk" (Comptroller General of the Republic of Cuba, 2021, p.5) The evaluation of these risks is subjective and is based on the criteria of the audit group. For this subjective evaluation, the following table 3 is used.

**Table 3** *Correlation table*

Risk	High		Middle		Low	
	Score	Value	Score	Value	Score	Value
Inherent	3	1	2	0.75	1	0.55
Control	3	1	2	0.35	1	0.20

**Source:** (Comptroller General of the Republic of Cuba, 2021)

The determination of inherent and control risks together with the level of audit risks can lead to calculating the detection risk as reflected in Table 4

**Table 4** *Estimation of detection risk and level of audit confidence.*

Audit Risk 5% 0.05							
Inherent Risk	Control Risk	$RD = \frac{RA}{RI * RC}$		Detection Risk %	Confidence Level %		
1	1	0.05	5	95			
1	<b>Middle</b>	0.35	0.14	14		86	
1		0.20	0.25	25	<b>Middle</b>	75	
<b>Middle</b>	0.75	1	0.07	7		93	
<b>Middle</b>	0.75	<b>Middle</b>	0.35	0.19	19	<b>Middle</b>	81
<b>Middle</b>	0.75		0.20	0.33	33		67
	0.55	1	0.09	9	<b>Middle</b>	91	
	0.55	<b>Middle</b>	0.35	0.26	26		74
	0.55		0.20	0.45	45		55

**Source:** (Comptroller General of the Republic of Cuba, 2021)

Once the detection risks and the level of confidence have been calculated, the procedure to be applied can be determined as recommended in Table 5 Procedures to be applied according to the risks.

**Table 5** *Procedures to be applied according to the risks applied*

Risk of control	Confidence in controls	Detection risk	Percentage of Sample	Type of procedures
<b>High</b>	Nontrust	Low	High	More substantive tests (analytical and detail) and less control tests.
<b>Middle</b>	Middle	Middle	Middle	Dual purpose (combination of control tests and substantive)
<b>Low</b>	Confidence	High	Low	More control tests and less substantive tests.

**Source:** (Comptroller General of the Republic of Cuba, 2021)



As can be observed, risk management in financial audits is somewhat cumbersome but guarantees the quality of the process that can lead to the detection of a risk of fraud and a possible forensic audit.

## **Materiality in the audit**

"Materiality is known as the figure or figures determined by the auditor that indicate possible inaccuracies or material errors in the financial statements as a whole and in certain types of transactions, accounting balances or information to be disclosed" (Comptroller General of the Republic of Cuba, 2021, p.22). "IAS 1 requires all items of sufficient importance or materiality to be presented separately in the financial statements; in the opposite direction, those that are not significant must appear grouped with others of a similar nature, either in the main states or in the notes to them" (García Martínez, Francisco Javier ; Fernández Laviada, Ana; Montoya del Corte, 2007, p. 23).

Similarly, the materiality can change according to the type of audit as are the cases of quality audits, internal control audits, computer or environmental audits to name a few. Determining materiality is a matter of professional judgment and depends on the auditor's interpretation of users' needs. The auditor considers materiality throughout the audit process: in planning to assess material risks, he or she must determine the nature, scope, and timing of application of audit procedures, new information is examined in conducting the audit that may require revision of planned procedures, and assessment of the effect of non-compliances and reporting is used as a reference for assessing the audit of the audit of the audit and the audit of the audit procedures. Significance of findings detected during the work and their inclusion in the audit report or opinion, the auditor shall form the audit opinion. Materiality in the forensic audit is conditioned by the inconsistencies detected in a previous audit that considered the existence of a risk of fraud. "Due to the growth of acts of corruption, the whole world is in a process of standardization, such as self-regulation, business ethics, codes of conduct, fraud risk management, ISO standards, corporate governance, COSO and others, concepts that are intrinsically related! It is necessary to clarify that any type of audit can generate a possible situation of fraud, and <sup>8</sup>this situation has created the need to study the "fraud" and break down its possible variables for the effective confrontation. "In 1961 the American criminologist Donald R. Cressey created the theory of the triangle of fraud that gives a rational explanation to this problem. But what does this theory propose? In it, the author establishes three elements of business, labor or occupational fraud: a) incentive/pressure, b) attitude/rationalization and c) opportunity" (Ortiz Paniagua, María Luz ; Joya Arreola & Lazareno, Luis Carlos; Adame Gamez; Tarango, 2018, p.7). Some authors express themselves in this regard: It can be said that fraud is synonymous with deception towards a third party, breach of trust, fraud, simulation, etc. The term "fraud" refers to the intentional act of management, personal or third parties, the result of which is a misrepresentation of the financial statements (Ortiz Paniagua, María Luz ; Joya Arreola & Lazareno, Luis Carlos; Adame Gamez; Tarango, 2018, p.4). The risks identified and documented in the Working Paper Risk Register and controls shall include risks due to fraud or error. Any identified fraud risk is, by nature, a significant risk (Comptroller General of the Republic of Cuba, 2021, p.13). "fraud is related to deception and manipulation to obtain illicit benefits, so it constitutes a crime" (Ortiz Paniagua, María Luz ; Joya Arreola & Lazareno, Luis Carlos; Adame Gamez; Tarango, 2018, p.4). Messier et al., (2014) defines fraud as actions taken with the knowledge and intent to deceive (p.703). As explained the possibilities of fraud are detected in the audit processes of any kind that generates a forensic

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<sup>8</sup> Posted by de la Torre on <http://www.rmlconsultores.com/revista/index.php/crv/article/view/147>

audit. As stated earlier, modernity has brought the scourges of corruption that are linked to fraud in its various forms. This situation has generated the demand for this profession to serve society, but the profile of forensic auditor must meet certain considered special.

The profile of the Forensic Auditor must be related to the careers of accounting, economics, administration, mathematics, statistics and jurisprudence among other professions. "Forensic Auditors must have knowledge of the legal investigation and legal training so that, at the time of executing their work, they do not have complications or confusion with the laws that are established; In addition, it must be considered that the collection of evidence and evidence is a fundamental part of his work, which will serve him for the issuance of his report" (Toro Álava, Wilson Javier ; Suárez Mena, Karla; Mosquera Soriano, 2021, p.2). In another order the training of forensic auditors in deficit. "It can be evidenced that of the total of careers that offer accounting and auditing, before 2016, only 7% include the subject of forensic audit in their curricular meshes while after 2016, 57% of the curricular programs in this career, introduce this subject" (Cubero Abri, 2018, p.27).

## Discussion

Risk management is a discipline that since its formalization at the end of the last decade of the twentieth century has impacted various branches of human development becoming a necessary philosophy to prevent cases of dangerous events. This study addresses the issue of risk management in auditing, which is not a very common case for this type of inspection. Although the calculation of risks in other professional activities is recurrent, it is not very common to see that in the planning stage of the audit the inherent risks, detection and control are calculated. For this case it is taken into account that the audit risk in a general sense is taken 5 percent of security. This practice may seem uncommon for auditing, but it must be borne in mind that in financial audits a risk of fraud can be detected in a more expeditious way, but this does not mean that in other types of audits fraud risks cannot be found. Any type of audit can uncover fraud that must lead to a forensic audit. It is true that an analysis of risks inherent in an audit can be made to prevent a better performance of this activity. This example has been taken from practical experiences that certain financial institutions have had where it is likely to encounter a risk of fraud.

For the research that is presented, risk management is taken to a specific type of audit (financial) due to the fact of being linked to financial fraud, but there are other areas linked to fraud that harm society in the same way from the issuance of false academic degrees to cite an area other than financial. This implies that other aspects not directly linked to financial assets can be developed in an audit where risk management is applied as a preventive measure. Perhaps this topic might seem unusual in the audit and it is true, however, it is important to note that risk management was enhanced with the emergence of the internal control standards that have their antecedents in the COSO report where in its second component it speaks of risk prevention. Verdaderamente the one that gave an important impulse to this philosophy of risk perception. As it has been possible to investigate the determination of an alleged fraud will generate a forensic audit but the lack of training in this subject can be a problem for many countries this discipline has almost no presence in the academic programs of universities and even worse in the fourth level training where in the research generated by this work has been determined as the training

## Conclusions

With the application of risk management to auditing, a step forward is taken in order to increase the quality in the inherent processes of the process that generates an audit that, as

evidenced, has a documented history of centuries. In recent years, this practice has become recurrent to increase the quality of execution in the audits of financial institutions that are hypothetically more exposed to the risk of fraud. We want with this essay to highlight the risks of fraud. They are not necessarily detected in financial audits because this scourge may be in other segments apart from finance. Fraud has many nuances that can distort the truth in order to have a benefit and for that reason we must be alert in supervision and controls. The development of contemporary sciences has brought development to humanity, but they have also brought the risk of fraud in its different nuances which has generated the increase in forensic audits that are part of fundamental links in the constitutional law of countries. It is considered that the analysis of risks in audits should be generalized to different sectors that may have different cases of fraud that overlap the incompetence that can ultimately lead to profits. One could cite cases of fraud in the issuance of academic certificates that lead to the obtaining of academic benefits with the obtaining of jobs with economic benefits that do not correspond to the quality of the provision. It could also be said that the training of forensic auditors is deficient and is generally concentrated in the Spanish-speaking countries of Mexico and Spain.

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