

## Perception of External Auditors on Fraud Risk Indicators

Perera, K.A.S.<sup>1</sup> and Kaushalya, M.D.P.<sup>2</sup>

<sup>1</sup>*alankasharangi@gmail.com*; <sup>2</sup>*pubuduk@kln.ac.lk*

### Abstract

This study explores the complicated context of how fraud risk indicators are perceived by external auditors, with the goal of identifying important risk indicators and examining possible demographic implications on these perceptions. By revealing how auditors individually rank 25 various risk indicators which range from internal control attitudes to market dynamics the study fills an important gap in the literature. The study investigated whether auditors' viewpoints and the relative weight given to various fraud risk indicators are influenced by demographic factors such as gender, experience, job title, and firm type. Using a descriptive research approach, the study gathers information from 88 respondents, a broad sample of 100 external auditors, via a structured questionnaire. With 42 male and 47 female auditors, the demographic breakdown shows a diversified group with a range of experience levels and job titles. To find trends in auditors' impressions and demographic differences, statistical studies are used, such as descriptive statistics and inferential tests. Major findings show how auditors prioritize fraud risk indicators in an advanced manner, illuminating various points of view influenced by demographic variables. The main findings show that the Management's influence over the control environment has been selected over the industry conditions and operating and financial stability characteristics by external auditors, and the experience is the only demographic factor that affects the perception of external auditors. The study provides insightful information about the complex interactions between the characteristics of individual auditors and their methods for risk assessment. This research contributes vital knowledge to auditing, aiding in the refinement of risk management strategies. strengthening financial systems against fraudulent activities is possible because of the identified major red flags and their well-considered prioritization, which have practical implications for auditing procedures, training initiatives, and policy formulation.

**Keywords:** Auditors, Fraud, Perception, Indicators, External