

Internal Audits of Frauds in Accounting Statements of a Construction Company

Tatjana Horvat

University of Primorska Slovenia, Faculty of Management, Koper, Slovenia

Martin Lipičnik

International Institute of Logistics, Celje, Slovenia

Abstract

The purpose of the research is to examine the volume of assets in the balance sheet of the construction company X and in the construction industry. We compare company X's data with the data of the construction industry and carry out statistical analysis of the arithmetic mean of the assets (t-test). If the differences in data 2008/2012 between the construction company X and the construction industry are high, the internal auditor should take care of possible risks of frauds in accounting statements of the company. If the amount of construction industry's assets is not growing, the construction activity is not recovering and the risk for frauds is greater. The observation period is from 2008 to 2012. The findings of the research of balance sheet's assets help us to set up the steps in controlling activities using by the internal auditor to avoid frauds in balance sheet's assets.

One of the main accounting statements of the company is the balance sheet. Developments in the construction industry affect future economy. It is very difficult to say that a company or activity recovers if the volume of assets of the construction industry is decreasing. It also means the financial crisis is still ongoing and the risks of frauds are greater. The management of the company X should have internal audits to prevent from frauds in accounting statements. Internal auditing consists of internal monitoring of different processes in the accounting system. We recommend to management of construction company X to introduce internal auditing and set up different organizational internal controls for preventing frauds in the accounting statement, for example to introduce responsibilities of employees in accounting or finance, to introduce IT control in accounting statements – to introduce the reporting of deviations of planned and realized data of financial statements, to initiate cross-checks in IT system.

Keywords

Management, balance sheet, assets, construction industry, construction company, financial crisis.

Introduction

Management of the organization must be aware of the risk of fraud in the accounting statements, therefore the risk management of fraud is an integral part of the operations in each organization. To assist management of the organization in the detection of fraud and fraud risk there are internal auditors.

In our study we focused on the Slovenian construction company X and the Slovenian construction industry and the movements of assets in one of accounting statements – balance sheet from 2008 to 2012. The main thesis is that due to the crisis volume of business of the construction

company X was reduced and thereby the amount of assets in the balance sheet has been reduced too. We suppose this may be the reason for fraud in the balance sheet. The purpose of this paper is to give recommendations on the role of internal audit in the construction company X. Despite the movements of assets in the balance sheet due to the economic situation, the company should provide reliable information in the balance sheet and the internal auditor should help with this.

1. Accounting statements and frauds in the company

One of the main accounting statements of the company is the balance sheet. It has the equal amount of assets and liabilities. Assets in balance sheet are the values, rights and money available to the company and with their help the company is pursuing business goals (Kokotec-Novak, Korošec, & Melavc, 1997, p. 29). Assets consist of short-term and long-term assets, while liabilities consist of capital, long-term and short-term liabilities.

Assets in the balance sheet affect the volume of business and the size of the company. The sizes of the companies are measured by Simunic (1980, p. 172) and Palmrose (1986, p. 99) on the basis of the volume of total assets in the balance sheet. Same as Simon and Francis (1988, p. 257) as one of the factors of size of the companies consider the size of (balance sheet) assets. Liabilities show how assets are financed. One of the main accounting statements is also the profit and loss account but it is not in the scope of our study.

The accounting statements of the company in Slovenia should be prepared in accordance with accounting and reporting requirements set by the Slovenian Accounting Standards (SAS, 2006), in accordance with the Slovenian Companies Act (CA-1). Slovenian Accounting Standards should not be contrary with International Accounting Standards (IAS) and must summarize the content of Directive 78/660 / EEC and Directive 83/349 / EEC (CA-1-UPB3, 9195). The accounting statements should be prepared in euros, rounded to unit, for the financial year that equals the calendar year.

ACFE (Association of Certified Fraud Examiners) published data from their study of global deception, which showed that companies had at least 5% of the revenue losses due to fraud. KPMG's Fraud Survey documented a marked increase in overall fraud levels since its 1998 survey, with employee fraud by far the most common type of fraud (Wolfe & Hermanson, 2004, p. 38). This trend is consistent with the unprecedented recent spate of large frauds in accounting statements in world companies, such as Enron, Worldcom, Parmalat etc. According to Kopp and Gonzales (2016) the personal characteristics of employees are the reasons for committing a fraud.

Frauds in accounting statements may be a multitude of irregular and illegal acts, which lead to wilful deceit and are in favor or to the detriment of the company. The cause may be the person in

or outside the company. To fraud in favor of company brings unjustified or unfair advantage, which can deceive an external customer; those perpetrators generally have an indirect benefit. Fraud to the detriment of the company brings in general benefit for a person within the organization, a person outside the organization or another organization. (Standards for the Professional Practice of Internal Auditing - Procedures manuals, Slovenian Audit Institute, Ljubljana, 2003, pp. 36 -42).

Frauds in accounting statements are investigated by internal auditors, lawyers, investigators, security guards and other professionals within the company or outside.

Cases of indicators of fraud within the accounting statements easily could be unapproved transactions, unexplained exceptions in pricing, stealing money of customers or clients, stealing in the warehouse, fictional accounts of suppliers, displaying fictitious sales of revenue, unusually large losses on products, unusually large losses on inventories, fictitious invoice approval, manipulation of accounting statements, manipulation of accounting reports, and more.

Among the reasons, why frauds are happening in accounting statements are the personal characteristics of employees. Kopp and Gonzales (University of Lethbridge, Canada, 2016) explore how personality traits affect the individual to commit a fraud and what individual's characteristics refer a person to commit fraud. They had studied how likely it would be for individuals with personal characteristics, such as honesty, Machiavellianism, narcissism and conscientiousness, to commit a fraud. Their survey showed that personal characteristics that significantly affect the risk of fraud are honesty and Machiavellianism, especially in financial crisis of the industry. Narcissism and conscientiousness do not affect to the risk of committing a fraud.

Management of the organization must be aware of the risk of frauds in accounting statements. Therefore, the risk management of frauds in accounting statements is an integral part of the operations in each organization. The risk in an organization is risk of unit, of the event and so on, without management initiation of any action that would reduce either the likelihood of its occurrence or its impact. When the management adopts risk minimization activities as a response to the risk, we can talk about the remaining risks (COSO, 2004, p. 49).

As the legal and business conditions constantly change, a permanent risk assessment must become an iterative process (Sawyer, Dittenhofer, & Scheiner, 2003, p. 66).

The role of internal audits in improvement of reliability of data in accounting statements is even greater. The economic reforms conducted in many countries worldwide in the late 20th and early 21st century, and continued development of the global financial crisis, several waves of which made a significant impact on the world economy, compelled the managers and owners of companies in different countries to strengthen the role of internal audit as an inseparable component of the corporate management system, which is directly related to improvement in business efficiency (Mitrovic, 2015, p. 15).

2. The role of auditing in detection of frauds in accounting statements

To assist management of the organization in the detection of frauds in accounting statements and fraud risk there are internal auditors. They are employees of the organization or the organization hired them. We especially emphasize that internal auditors must have sufficient knowledge to assess whether there is a risk of fraud, but they are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud (Slovenian Institute of Auditors, 2003).

Internal auditing consists of internal monitoring of different processes in the accounting system. Internal monitoring supervises especially the financial management system, which comprises the setting up and implementation of accounting plans, accounting and reporting in order to achieve the set objectives and to assure the protection of assets from loss, damage and fraud (Horvat, 2007, p. 157).

Internal auditing provides autonomous assessment of accounting statements and control systems as well as counselling to the management on how to improve their efficiency. In connection with internal auditing, controlling is a preventive control based on professional simultaneous (parallel) establishing of facts by persons accountable for the management. The management is usually accountable for setting of the internal controls.

For example, an important element of internal audit is monitoring the regularity of accounting control system of data in accounting statements, the reliability of its operation and the manner of preparing accounting reports, especially accounting statements. Internal audits of accounting also

verify and assess computer programs, especially the functioning of built-in controls as well as the protection against unauthorized interference in computer data.

The management of the organisation should require from assistant headmaster or any other person accountable at organisation to set up such an internal control system, which will provide a transparent institute management, compliance with legality and regular operation which will assure effective, efficient and economical management. It is therefore significant that the internal control is implemented by another person who is not in the management as leaders should not monitor themselves. Computerized accounting data have an important part of control built-in the applied computer programs. Additional internal monitoring of management is provided by internal auditing.

Each employee in organisation is accountable for their areas of work in accordance with the definitions in employment agreements or the act on the classification of assignments and duties and in compliance with these rules. Accounting control system also monitors the accountability of persons responsible for assets, protection of assets from theft, loss, inefficient use, the accountability for liabilities, cost and revenue.

In the context of accounting statements, internal monitoring is provided for in compliance with the internal rules and built-in internal accounting controls. The objective of accounting control is to obtain reliable statements of account and budgets, which are parts of the accounting plan and the annual report (Horvat, 2007, p. 158).

The role of the internal auditor in preventing frauds in accountings statements is to assure the reliable data and information in accounting statements. This means setting up the control activities. Internal control supervises the school financial management system, which comprises the setting up and implementation of planning, financial plans, accounting and reporting in order to achieve the set objectives and to assure the protection of assets from loss, damage and fraud (Horvat, 2011, p. 436).

With the introduction of the internal control of fraud risks, we establish a control environment. Control environment includes integrity, ethical values, philosophy and management style, way of determining the powers and responsibilities, organizing and developing the skills of employees (Cukon-Mavec, 2006, pp. 5-6).

3. The research of the construction industry

The paper will focus on data of the construction company X and data of the construction industry in Slovenia from 2008 to 2012. Within construction industry, 1,356 companies were registered in 2012 in the Republic of Slovenia. This figure also includes companies which do not employ workers. 549 companies with at least one employee were registered. We focused on construction companies with at least 10 employees, amounting to 56 registered companies. That is the sample for the study. The period of 2008 to 2012 is the important period for our research, because a financial crisis started in Slovenia in 2008 (SURS, 2009), which was first reflected in the construction sector.

The problems of construction companies are warned about by studies and statistics data for Slovenia which show a decline of orders in the construction sector, drop in real estate sales and payment indiscipline. All this affects on business volume of construction company. The volume of business is reflected also in the volume of assets on the balance sheet.

The problems of construction companies are also pointed out by Anžlovar (2008, pp. 60-61), in his analysis where draws attention to the caution needed in real estate investments, insolvency investors and financial indiscipline, because they can be fatal for the company. Also Pevcin (2009, ii) in his study of production companies recognizes the need for urgent reduction of costs, as demand fell markedly. In addition to findings of Anžlovar (2008) and Pevcin (2009) also Kolar (2010, p. 24) in his study detects a reduction in orders in the construction sector, at the same time a decline in real estate sales. Realistically, construction in Slovenia reached average 4 percent growth in the period from 2005 to 2007, but during the period from 2008 to 2012 a 6.5 percent decline on average (Crisis Mirror, 2013, p. 1). Construction is one of the most important industries, because it is important from several points. When economic growth is high, it is also a booming in construction industry; if the economy is in crisis, the construction can be found in the biggest problems. Construction industry has a major impact on other activities, such as transportation, manufacturing, technical business, trade and others (Žerdin, 2015).

Construction also has a major impact on the number of employees, as it was in 2011, the third industry, which employed the largest number of

workers (ZRSZ, 2011, p. 4). Slovenia recorded the largest drop in GDP in 2009, 7.8%. Domestic investment decreased by 14.4% in that year, exports of goods fell by 19% and exports of services by 15%. Total construction activity decreased by 20%, construction work on residential buildings dropped by almost 25%, construction work on housing by 20%, part of a civil engineering works by 16.5%. The biggest problem of construction is lack of liquidity, which occurs due to lack of investment. The main problem is lack of payment discipline between main contractors and subcontractors (Employers' Association of Slovenia, 2010, p. 8).

3.1. The purpose of the research

With the aim to explain the situation of the construction company X and the construction industry in Slovenia, we decided to compare company X's data with the data of the construction industry and carry out statistical analysis of the assets in the industry to which the company X belongs. For the statistical analysis, we used t-test (One-Sample Statistics) for the analysis of the arithmetic mean of assets. If the differences in data 2008/2012 between the construction company X and the construction industry are big, the internal auditor should take care of possible risks of frauds in accounting statements of the company. If the construction industry's assets are not growing, the industry is not recovering and the risk for frauds is greater. Financial crisis means uncertainty in future operations of the construction company. Uncertainty is characterised by the fact that it is impossible to foresee the likelihood of emergence of unknown events (Mitrovic, 2016, p. 16). The observation period is from 2008 to 2012. The findings of the research of balance sheet assets will help us to set up the steps how to use the internal auditor to avoid frauds in balance sheet assets.

3.2. The results of research and discussion

3.2.1. Comparison of balance sheet assets of the construction company with data in construction industry

Table 1 shows a comparison of growth / decline in volume of each elementary item in the balance sheet. In the table 1, we compared the movement of items of the company X in relation to construction industry at the beginning and at the end of the observation period.

The volume of total assets in activity declined as well as in the company. Company achieves

index 2012/2008 = 87.5, and construction industry achieves index of 86.25.

Table 1 The main categories in balance sheet of the company and of the construction industry

| Year, index Categories in EUR | 2008 | | 2012 | | Index 2012/2008 | |
|-------------------------------------|--------------|--------------------------|--------------|--------------------------|-----------------|--------------------------|
| | Company X | Construction industry | Company X | Construction industry | Company X | Construction industry |
| Total assets | 27.873.194 | 188.481.517 | 24.389.579 | 162.565.954 | 87,50 | 86,25 |
| Long-term assets | 15.650.487 | 67.215.801 | 11.257.383 | 52.940.502 | 71,93 | 78,76 |
| Short-term assets | 12.189.337 | 119.757.154 | 13.115.448 | 108.761.983 | 107,60 | 90,82 |
| Short-term operating receivables | 8.445.453 | 74.526.797 | 9.178.821 | 64.213.536 | 108,68 | 86,16 |
| Cash and cash equivalents | 380.870 | 7.402.482 | 59.999 | 7.919.683 | 15,75 | 106,99 |
| Off-balance sheet assets | 13.264.064 | 20.958.118 | 11.976.261 | 24.666.293 | 90,29 | 117,69 |
| Total liabilities | 27.873.194 | 188.481.517 | 24.389.579 | 162.565.954 | 87,50 | 86,25 |
| Capital | 5.276.741 | 51.432.863 | 5.551.604 | 53.810.009 | 105,21 | 104,62 |
| Long-term liabilities | 7.738.850 | 28.392.993 | 4.448.708 | 17.621.224 | 57,49 | 62,06 |
| Short-term liabilities | 13.931.159 | 103.289.542 | 14.027.614 | 87.664.406 | 100,69 | 84,87 |

Source: AJPES, 2014

The data shows that the company is strongly reduced long-term assets at only 71.93 index value in 2012, while industry index reached the value 78.76. The company's volume of short-term assets in the observed period increased and reached an index value of 107.6, the volume of short-term assets in the industry declined, since 2012/2008 index reaches a value of 90.82.

When we observe the movement of short-term operating receivables we find the weak side of the observed company, since its receivables grew, reaching 108.68 of index value, while within the industry the receivables fell, reaching an index 2012/2008 = 86.16. Cash and cash equivalents in the industry managed to increase, reaching 106.99 of index, while the company had a decreased volume of cash and it reaches index value 2012/2008 = 15.75.

The company off-balance sheet assets have decreased by nearly 10 percentage points. In the industry, the volume of off-balance sheet assets increased and it reached index value of 117.69. However, we must not forget that the volume of assets in the company fell by 13.5 percentage points (Žerdin, 2015).

The company's equity in the observed period increased, reaching a growth index 2012/2008 = 105.21. The equity in the industry also increased and reached an index value of 104.62. Long-term liabilities in the observed period dropped signifi-

cantly. The company X achieved 2012/2008 index value of 57.49 within the construction industry's of 62.06 as shown in Table 1. Short-term liabilities of the company X in the observed period remained almost unchanged since the index value of 100.69. Short-term liabilities in industry were successfully reduced and thus achieved index value of 84.87. The company X has increased volume of short-term financial liabilities which mainly consist of financial liabilities to banks (Žerdin, 2015).

Comparing the index 2012/2008 we conclude there are big differences in index of the construction company X and construction industry, especially in short-term assets and short term liabilities. Among short-term assets there are big differences in cash and operating liabilities. The internal auditor should monitor the biggest declines in each part of assets and in long term liabilities in the company X and to set the control steps of the values for preventing frauds.

3.2.2. Statistical research of construction company assets

In statistical research we want to verify the hypothesis that the volume of total assets in companies within the construction industry significantly increased in the period 2008 to 2012. It is very difficult to claim that the company or the industry is recovering, if the volume of total assets in balance sheet is decreasing. In the sample, we have 54 companies that employed 10 or more workers in 2012. In parallel to these figures for those companies we found further information of their total assets in 2008.

We have identified the null hypothesis H_0 and the alternative hypothesis H_1 . In an alternative hypothesis we wanted to check whether in the construction industry, despite the economic crisis from 2008 to 2012, the volume of total assets increased. Because in the sample chosen in 2008, the average value of company total assets is € 1,283,988, we have identified the following null hypothesis and the alternative hypothesis:

$$H_0: M \leq 1.283.988 \text{ €}$$

$$H_1: M > 1.283.988 \text{ €}$$

In the null hypothesis it was assumed that the company X, on average, in 2008 had the volume of total assets equal to or less than € 1,283,988 ($H_0: M \leq 1283988$). We used the following variables: »SR 2008 – the volume of total assets in 2008« and »Sred 2012 – the volume of total assets in 2012«.

However, since the goal of every company is to expand volume of total assets and it is also an indicator of the performance of companies or industry, in the alternative assumption we expected that in 2012 volume of total assets in construction industry was increased, and therefore place the following hypothesis ($H_1: M > 1,283.988$). If we can confirm that, this could mean the recovery of the construction industry. Thus, basing on the selected sample we can confirm or reject the hypothesis of recovery of industry.

With the analysis of arithmetic mean of the total assets of Slovenian companies from the construction industry, which had 10 or more employees in 2012, we found that the volume of total assets, in the years observed, is on the rise on average.

However, with the statistical method of analysis t-test of equality of mean (One-Sample Statistics) in Figure 1, calculated with program SPSS, based on the selected sample, we cannot reject the null hypothesis $H_0: M \leq 1283988$ with sufficient accuracy. Based on the results of the analysis of the arithmetic mean of total assets in 2012 we get in case of a bilateral test value: Sig (2-tailed) = 0.871.

In our case we have to use a one-sided test, therefore the exact level of risk is only half the precise degree of risk involved in case of a bilateral test: Sig (one-tailed) = 0.436. But despite the one-sided test, we cannot reject the null hypothesis because the risk level is still higher than 0.05. Therefore, we accept the null hypothesis. This means that an average Slovenian company in the construction industry in 2012 achieved the same volume of total assets as in 2008 or less.

The same is confirmed by the value of t-statistics, since the lower threshold $t_{2012} = 0.164$. Because it does not fall in the critical area of students' distribution, we must accept the null hypothesis and the conclusion that Slovenian companies in 2012 had in average just the same amount of total assets as it accounted in 2008.

So our analysis in this segment does not support the argument that the economy within the construction industry is recovering so that it could be made with sufficient accuracy demonstrated and confirmed.

In any case, we must, by feeding the ratings, be aware of the limitations of our sample, because the results of the analysis is relating to the companies in the industry that are employed in Slovenia in 2012, at least 10 workers. The sample upon

which we carried out the analysis, it is fairly small and standard error is quite high.

T-Test

[DataSet1]

| One-Sample Statistics | | | | |
|-----------------------|----|------------|----------------|-----------------|
| | N | Mean | Std. Deviation | Std. Error Mean |
| SR 2008 | 54 | 1283988,17 | 4133551,095 | 562505,056 |
| Sred2012 | 54 | 1367290,00 | 3738854,471 | 508793,649 |

| One-Sample Test | | | | | | |
|-----------------|----------------------|----|-----------------|-----------------|---|------------|
| | Test Value = 1283988 | | | | 95% Confidence Interval of the Difference | |
| | t | df | Sig. (2-tailed) | Mean Difference | Lower | Upper |
| SR 2008 | ,000 | 53 | 1,000 | ,167 | -1128242,10 | 1128242,43 |
| Sred2012 | ,164 | 53 | ,871 | 83302,000 | -937208,82 | 1103812,82 |

Figure 1 The values of arithmetic mean of the total assets Source: Žerdin, 2015

Figure 2 shows the distribution of total assets of companies from a statistical sample. It is evident from the figure that the distribution is not completely normal, but it is closer to, and such analysis is suitable for the chosen pattern.

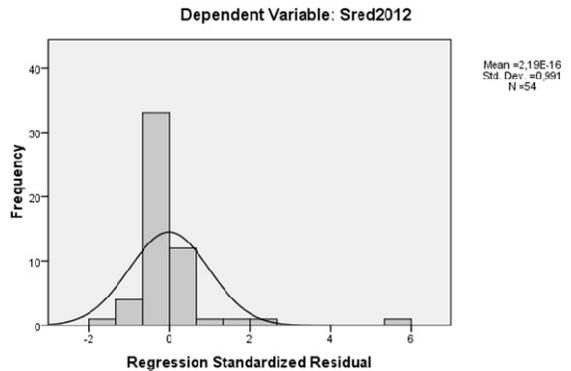


Figure 2 The distribution value of total assets in 2012 Source: Žerdin, 2015

Summarizing all the above analysis, despite the suitability of the selected sample, as evidenced in Figures 2, and the data in Figure 1 with the analysis of arithmetic mean of the total assets in construction industry we cannot confirm the hypothesis that the volume of total assets in construction industry increases (Žerdin, 2015).

The volume of assets is not yet growing at such a scale that it would be able to confirm with sufficient accuracy, so we cannot talk about recovery within the analyzed industry. Companies within the specified industry in 2012 achieved on average only equal to or less than volume of total assets in 2008 (Žerdin, 2015).

If the construction industry was not recovering from the beginning of financial crisis this is not

good news for the company X. Data in assets should be carefully monitored by the internal auditor. The internal auditor should monitor the reliability of data in assets and set up the steps to prevent from frauds.

The internal control system comprises a system of procedures and methods with the objective to assure compliance with the principles of legality, transparency, efficiency, effectiveness and economy. The financial control of data verifies the regularity of accounting data and the correction of found irregularities as well as the inventory of assets and liabilities. This means monitoring of bookkeeping documents, keeping subsidiary book of account, analytical records and general ledgers as well as the transmission of accounting data to outside users.

Conclusion

The management of the company X should set internal controls in organisation to prevent frauds in accounting statements. After statistical analysis of total assets in industry we found that the volume of total assets does not increase on such a scale that it would be able to confirm with sufficient accuracy, so we cannot talk about recovery of the construction company X. Limitation of research represents the number of construction companies with final construction work in a sample of companies.

We recommend to management of the construction company X to introduce an internal auditing and set up following organizational internal controls for preventing the frauds in accounting statements:

- to introduce into responsibilities of employees in accounting or finance, which must be recorded in the internal acts,
- to initiate into responsibilities of employees in accounting or finance, which should be clearly written and granted,
- to introduce IT control in accounting statements,
- to initiate independent monitoring of accounting statements,
- to introduce the reporting of deviations of planned and realized data of accounting statements,
- to initiate cross-checks in IT system, etc.

Aiming to reduce frauds in the accounting system, active role of the internal auditor is recommended for the support of management in identifying and assessing the risks of frauds. The inter-

nal auditor has to be helpful to check, independently and impartially, whether the internal risk control of frauds operates. **SM**

References

- AJPES. (2014). *JOLP of Company X*. Retrieved June 2, 2013 from Agencija Republike Slovenije za javnopravne evidence in storitve: <http://www.ajpes.si/jolp>
- Anžlovar, J. V. (2008). *Analiza dejavnosti strojnih instalacij v gradbeništvu z vidika podjetja Instalacije Grosuplje*. Ljubljana: Ekonomska fakulteta.
- COSO. (2004). *Enterprise Risk Management - Integrated Framework*. Retrieved March 2, 2013 from Committee of Sponsoring Organizations of the Treadway Commission: http://www.coso.org/documents/coso_erm_executivesummary.pdf
- Cukon-Mavec, N. (2006). Priprava samocenitve pri neposrednih in posrednih proračunskih uporabnikih. Retrieved January 9, 2016 from Budget Supervision Office: http://www.unp.gov.si/fileadmin/unp.gov.si/pageuploads/notranji_nadzor/priprava_samooocnitve_01.pdf
- Employers' Association of Slovenia – Združenje delodajalcev Slovenije. (2010). *Prestrukturiranje v gradbeništvu – kako bolje napovedati prihodnje trende*. Ljubljana: Združenje delodajalcev Slovenije.
- Horvat, T. (2007). Leader accountability for school financial management. Professional challenges for school effectiveness and improvement in the era of accountability. *20th Annual World ICSEI Congress* (pp. 153-168). Ljubljana & Koper: National School for Leadership in Education & Faculty of Management.
- Horvat, T. (2011). Transferring internal control knowledge from legislation to school management: the case of Slovenia. Knowledge as business opportunity. *Management, Knowledge and Learning International Conference 2011* (pp. 435-444). Celje: International School for Social and Business Studies.
- Kokotec-Novak, M., Korošec, B., & Melavc, D. (1997). *Osnove računovodstva z bilanciranjem*. Maribor: Ekonomsko-poslovno fakulteta.
- Kolar, N. (2010). *Ekonometrična analiza slovenskega gradbeništvu*. Maribor: Ekonomsko-poslovna fakulteta.
- Kopp, L., & Gonzales, G. (2016). *The Use of Personality Traits to Predict Propensity to Commit Fraud*. Koper: University of Primorska.
- Krizno ogledalo (Crisis Mirror). (2013). *Dodana vrednost v gradbeništvu lani močno pod povprečno*. Retrieved February 17, 2014 from STA: <http://kr-og.sta.si/2013/05/dodana-vrednost-v-gradbenistvu-lani-mocno-pod-povprečno/>
- Mitrović, S. (2015). The Methodological Aspects of Information Technology Risk Identification in Internal Audits. *Management Information Systems*, 13 (4), 15-23.
- Palmrose, Z. V. (1986). Audit Fees and Auditor Size: Further Evidence. *Journal of Accounting Research*, 24 (1), 97-110.
- Pevcin, D. (2009). *Analiza poslovanja podjetja Roletarstvo Arnuš Ivan s. p. v pogojih gospodarske krize*. Ljubljana: Fakulteta za upravo.
- SAS/SRS. (2006). *SAS/SRS - Slovenian Accounting Standards/Slovenski računovodski standardi. Uradni list RS, št. 118/2005*.

- Sawyer, B. L., Dittenhofer, A. M., & Scheiner, H. J. (2003). *Sawyers Internal Auditing: The Practice of Modern Internal Auditing*. Altamonte Spring: Institute of Internal Auditing.
- Simon, D. T., & Francis, J. R. (1988). The Effects of Auditor Change on Audit Fees: Tests of Price Cutting and Price Recovery. *Accounting Review*, 63 (2), 255-269.
- Simunic, D. A. (1980). The Pricing of Audit Services: Theory and Evidence. *Journal of Accounting Research*, 18 (1), 161-190.
- Slovenian Institute of Auditors. (2003). *Standards for the Professional Practice of Internal Auditing - Procedures Manuals*. Ljubljana: Slovenian Institute of Auditors.
- SURS - Statistični urad Republike Slovenije. (2009). *Bruto domači proizvod, 1. četrtletje 2009*. Retrieved January 12, 2014 from SURS: https://www.stat.si/novica_prikazi.aspx?id=2410
- Wolfe, D. T., & Hermanson, D. R. (2004). The Fraud Diamond: Considering the Four Elements of Fraud. *The CPA Journal*, 74 (12), 38-42.
- Žerdin, K. (2015). *Računovodska analiza gradbenega podjetja*. Koper: Faculty of management.
- ZRSZ. (2011). *Gradbeništvo v času krize – Pogledi z vidika trga dela*. Ljubljana: Zavod Republike Slovenije za zaposlovanje.

✉ Correspondence

Tatjana Horvat

Faculty of Management
Cankarjeva 5, p.p. 761, SI-6101, Koper, Slovenia
E-mail: tatjana.horvat@fm-kp.si