



Handelshøyskolen BI

GRA 19703 Master Thesis

Thesis Master of Science 100% - W

Predefinert informasjon

Startdato:	16-01-2022 09:00	Termin:	202210
Sluttdato:	01-07-2022 12:00	Vurderingsform:	Norsk 6-trinns skala (A-F)
Eksamensform:	T		
Flowkode:	202210 10936 IN00 W T		
Intern sensor:	(Anonymisert)		

Deltaker

Navn:

Informasjon fra deltaker

Tittel *:

Navn på veileder *:

Inneholder besvarelsen
konfidensielt
materiale?: Nei

Kan besvarelsen
offentliggjøres?: Ja

Gruppe

Gruppenavn:

Gruppenummer:

Andre medlemmer i
gruppen:

Andreas Sterri

Kristian Borge

Master Thesis

BI Norwegian Business School

How can an Auditor Prevent and Detect White-Collar Crime?

A Convenience Theory Approach

Campus:

BI Oslo

Program:

Master of Science in Business Economics

Siviløkonom

Acknowledgements

This thesis is the product of our collective interest in a topic and field. The interest in the field of white-collar crime was strengthened after courses taken during our studies at BI Norwegian Business School. As we gained more knowledge and insight into this field, and as the studies progressed, this interest was merged with interest into the world of auditing. This gave us a unique opportunity to combine both interests in economics and criminology. Starting out as an inquiry into what tools an auditor has at their disposal, the topic was gradually reshaped to analyze what specifically the auditor can do in the fight against white-collar crime.

We are extremely grateful for our supervisor, Petter Gottschalk, who deserves special thanks. He has provided us with indispensable feedback and constructive criticism, that has been instrumental in guiding, shaping, and helping us in our work to produce this thesis.

Several people took time out of their busy schedules to answer our questions and requests for interviews, to whom we are extremely grateful. Special thanks to Pål Lønseth and Henrik Brødholt at Økokrim, Jostein Furnes at DNV, Sturle Holseter and Marianne Eriksrud at Deloitte, Morten Torkildsen at Wilhelmsen and Tobias Svanström at Umeå University for the time they gave us and the help they provided.

A special thanks, and debt of gratitude, go to our parents for the innumerable things they have done, and continue to do, to support, motivate, and encourage us individually.

Table of Contents

<i>Acknowledgements</i>	<i>i</i>
<i>Abstract</i>	<i>ii</i>
1. Introduction	1
1.1 The Purpose of this Thesis	2
1.2 Boundaries and Limitations	4
1.3 The Structure of the Thesis	5
2. Theory	6
2.1 The Legal Framework	6
2.2 Existing Research Literature	7
2.3 Hypotheses	15
2.3.1 Hypothesis 1	15
2.3.2 Hypothesis 2	18
2.3.3 Hypothesis 3	19
2.3.4 Hypothesis 4	20
2.3.5 Hypothesis 5	20
2.4 Convenience Theory	22
2.4.1 Motive	23
2.4.2 Opportunity	24
2.4.3 Willingness.....	26
3. Methodology	27
3.1 Introduction to the Research project	27
3.2 What is an Interview	28
3.3 Sketch of Method Chosen	29
3.4 Qualitative Research Methodology: Trustworthiness	30
3.4.1 Credibility.....	31
3.4.2 Authenticity	31
3.4.3 Transferability	31
3.4.4 Dependability	32
3.4.5 Confirmability	32
3.4.6 Criticality.....	32
3.4.7 Integrity	32
3.5 About the Interviews	33
4. The Interviews	34
4.1 Sturle Holseter, Partner, Deloitte	34
4.2 Marianne Eriksrud, Partner, Deloitte	36
4.3 Tobias Svanström, PhD, Expert in the field	38
4.4 Jostein Furnes, Finance Director, DNV	40
4.5 Morten Torkildsen, Group Compliance Manager, Wilhelmsen	42
4.6 Henrik Brødholt, Law Attorney, Økokrim	43
4.7 Pål Lønseth, Director, Økokrim	44
5. Findings and Discussion	45
5.1 How can an auditor prevent and detect white-collar crime and disturb crime convenience?	46

5.1.1 Motive – Possibilities – Individual/Corporate.....	47
5.1.2 Opportunity – Commit – Status.....	50
5.1.3 Opportunity – Commit – Access.....	53
5.1.4 Opportunity – Conceal – Decay.....	57
5.1.5 Willingness – Choice – Rationality.....	60
5.2 Disagreement between Existing Research Literature and Interviews	63
5.2.1 Audit Team Rotation (Turnover)	64
5.3 Requirements and Actions.....	65
5.4 Hypotheses	66
5.4.1 Hypothesis 1	66
5.4.2 Hypothesis 2	72
5.4.3 Hypothesis 3	73
5.4.4 Hypothesis 4.....	75
5.4.5 Hypothesis 5.....	76
5.5 Methodological Quality.....	78
Summary of Interviews: Approval and Comments.....	79
Source Credibility.....	79
Content Analysis	80
Alternative Hypotheses	80
6. Conclusion	81
6.1 Summary of findings.....	81
6.1.1 Requirements.....	81
6.1.2 Actions.....	83
6.1.3 Findings Overview	86
6.1.4 Hypotheses	88
6.2 Effect and Responsibility	93
6.3 Suggestions for further research.....	94
6.4 Final remarks.....	95
7. References.....	98
8. Appendix	107
8.1 Tables and Charts	107
Table 1.....	107
Table 2.....	107
Table 3.....	110
Table 4.....	111
Table 5.....	111
Table 6.....	111
Table 7.....	113
Table 8.....	113
Table 9.....	114
Table 10.....	114
8.2 Interviews.....	115
8.2.1 List of Interviews with page numbers	115
8.2.2 Interview guide.....	115
8.2.3 Confirmation of Quotes by Interviewees	115

Abstract

White-collar crime has risen dramatically over the last decades and is only expected to become more frequent. Not until recently has white-collar crime become a recognized and widely discussed problem. With the emergence of Norway as one of the world's richest nations and increasing pressure from international markets, demands and expectations, white-collar crime has become a widely discussed and recognized problem.

White-collar crime is harder to 'see' than other crimes as it is more difficult to observe, it is also more difficult to detect and especially prevent.

As the topic of white-collar crime receives abundant research, this thesis aims to add knowledge and understanding in how the external auditor prevents and detects white-collar crime and disturbs aspects of the convenience theory.

This thesis will answer a few other research questions which will collectively answer the following question "*How can an auditor prevent and detect white-collar crime? A convenience theory approach*":

1. What is the responsibility of an auditor in the prevention and detection of White-Collar Crime?
2. How can an auditor prevent and detect white-collar crime?
3. How can an auditor remove motive, opportunity, and willingness to commit white-collar crime?

By reviewing existing research literature and conducting interviews with several highly experienced employees and experts across 5 different industries and roles, this thesis will highlight specific measures believed to be answers to the research question.

Main findings include 11 specific requirements and actions that disturb 6 aspects of crime convenience. Some of these are: maintaining professional skepticism, requiring sufficient client funding, spending enough time during the audit, understanding the client business, ignoring the potential superstar CEO, and working with the board of directors. The topic of audit team rotation, or turnover, is further discussed as the results of existing research literature and the research conducted in this thesis contradict each other.

1. Introduction

In 2019, the societal loss due to economic crime was estimated at 145 billion NOK with the number of cases propagating from year to year (Mortvedt, 2020). From 2015 to 2019 alone, the growth in reported economic crimes in Norway was 266%, with 4 922 reported cases in 2015 and 17 781 reported cases in 2019 (Politiet, 2019).

White-collar crime is a form of economic crime that is committed by members of the privileged class, described by sociologist Edwin Sutherland as “a crime committed by a person of respectability and high social status in the course of their occupation” (Sutherland, 1950, p. 9). Until the 1990s, this was a non-issue, however this decade heralded action plans from the government focused on combating white-collar crime. In the decades since, the amount of this form of economic crime has grown exponentially in both public and private sectors. White-collar crime, just as any form of criminality, is socio-economically inefficient. It removes resources from its intended purpose and propagates inequality in society (Bishop, 2021). The motivation behind white-collar crime is purely financial. However, although these crimes are not dependent on the use of violence, it does not mean that they are “victimless crimes” (Federal Bureau of Investigation, n.d.). These crimes can bring down companies, devastate families and cost individuals large sums of money (Federal Bureau of Investigation, n.d.).

To prevent these consequences, control structures have been put in place and studies are performed to better understand the topic. Every year, ‘The Association of Certified Fraud Examiners’ conducts a global study into occupational fraud. The report identifies that the most recurrent form of anti-fraud controls is the external audit, implemented by 82% of organizations (Association of Certified Fraud Examiners, 2022). The external audit is performed by independent external organizations and third parties that are able to provide an unbiased opinion on the organization and its workings (CFI, 2022). Auditors consign legitimacy to a company and are most often associated with economic crime as a passive actor. As of March 2021, there were 468 audit firms and 8 377 auditors registered in Norway. As an independent third party, the auditor is an actor that is in a unique position to combat white-collar crime as control structures and other functions in organizations where white-collar crime occurs, can be deficient (Iversen, 2021). The auditor is an essential function in verifying the

financial statements and operations of organizations. Therefore, knowing its ability to detect and prevent white-collar crime is essential.

The laws surrounding auditing in Norway contain several provisions surrounding the auditors' duties to fight white-collar crime. Additionally, the audit standards and Norwegian audit law, highlight the auditor's role in curbing fraud and their role as society's trustee (Revisorloven, 2020, §1-2). The independent role of the auditor aids the users of financial statements and the authorities in verifying the information presented by the companies.

The auditor is in a unique position to thwart white-collar crime, and according to the legal directives and frameworks as well as the auditing standards, the auditor must obtain satisfactory assurance that the accounts do not contain material misstatement, (cf. ISA 240 point 5). The auditor shall also contribute to preventing and detecting fraud and errors, (cf. §5-1). As the auditor must perform further audit procedures in the event of a suspicion of fraud, the regulations contribute to the detection of fraud. The auditor has responsibility when it comes to detecting and preventing white-collar crime (IAASB, 2021).

Society trusts and believes that the auditor detects white-collar crime. In fact, most individuals believe that the auditor is one of the few functioning control mechanisms that exists to combat white-collar crime. Detecting white-collar crime is vital, because if perpetrators feel safe, they continue and increase their crimes as crime convenience is left alone (Gottschalk, 2020). Detecting white-collar crime, therefore, aids in preventing as well. What the auditor can do to detect and prevent white-collar crime and what these actions do regarding crime convenience is important to understand as the auditor is the most recurrent form of anti-fraud controls.

Specifically, the aim of this thesis is to find answers to the question of how an auditor can detect and prevent white-collar crime, and what aspects of crime convenience the auditor can disturb.

1.1 The Purpose of this Thesis

White-collar crime has risen dramatically over the last decades and is only expected to become more frequent. As the rate of white-collar crime is increasing, this problem area is highly relevant. Approximately 36% of businesses have been victims of white-collar crime in recent years, with an annual white-collar crime complaint growth rate of 56% (Cliff & Wall-Parker, 2017). Therefore, the control

structures in place to mitigate and detect white-collar crime have never been more important. With the emergence of Norway as one of the world's richest nations and increasing pressure from international markets, demands and expectations, white-collar crime has become a recognized problem and widely discussed area in Norway.

However, white-collar crime is harder to 'see' than other crimes. As it is more difficult to observe, it is also more difficult to detect and especially prevent. Companies often have goals to grow and expand their business, and this type of criminal activity hampers the company's growth and sets a dangerous precedent for employees if not discovered or prevented. If not properly addressed, it may make employees assume that white-collar crime is an expected and accepted means to achieve fiscal goals, and a convenient method to achieve personal gain.

Because the financial statements are developed internally, there is a high risk of fraudulent behavior by the preparers of the statements. Without proper regulations and standards, preparers can easily misrepresent their financial positioning to make the company appear more profitable or successful than they actually are. Auditing is crucial to ensure that companies represent their financial positioning fairly and accurately and in accordance with accounting standards (CFI, 2022).

As society believes that the auditor is an effective tool in the fight against white-collar crime it becomes important to not only see the effect the auditors have but what the auditors specifically do to detect and prevent white-collar crime. Furthermore, it can be enlightening to note what aspects of crime convenience these specific actions and requirements disturb. The audit function, as mentioned, is the most recurrent form of anti-fraud control and therefore seeing what specific actions and requirements the auditor needs, highlights its true function.

As the topic of white-collar crime receives abundant research, this thesis aims to determine how an auditor prevents and detects white-collar crime, while contributing with an analysis through convenience theory.

The research of this thesis will dig deeper into the matter and find out what auditor actions and requirements have a preventive and detective effect on white-collar crime. Furthermore, it will answer a number of other research questions which will collectively answer the following question "*How can an auditor prevent and detect white-collar crime? A convenience theory approach*":

1. What is the responsibility of an auditor in the prevention and detection of white-collar crime?
2. How can an auditor prevent and detect white-collar crime?
3. How can an auditor remove motive, opportunity, and willingness to commit white-collar crime?

The first research question is answered in the section ‘The legal Framework’, where the auditor role in the fight against white-collar crime is explained in some detail. The second research question is mapped through the literature review, where existing research and facts are presented as to how an auditor can curb white-collar crime. These are then discussed relating to the research conducted in this thesis where experts within their fields propose measures auditors can take to combat white-collar crime. Implications of findings can be found in the final discussion chapter. The third research question is answered in the discussion, where the findings from existing literature and the interviews are discussed through the lens of convenience theory.

These research questions will generate a set of hypotheses regarding the auditor’s role in the fight against white-collar crime. In order to create qualified conclusions, the hypotheses of this thesis will be based on theories from existing literature that predict what the findings of this research may be.

1.2 Boundaries and Limitations

Defining the boundaries of the research is equally important as describing its purpose. The thesis uses an exploratory qualitative analysis as the methodological approach. The methodology chosen for this thesis limits the research to what actions and requirements auditors can take to combat white-collar crime. Whether or not these actions and requirements improve the probability of detecting or preventing, or how much these steps actually raise the probability, or how they work in practice, lies outside the scope of this research.

The research question of this thesis includes the external auditor and is not restricted to organizations that are lawfully obligated to enlist an external auditor. The research is based on existing literature within the field of audit and white-collar crime which will be compared with results from interviews with individuals that either have broad experience as auditors, have experience working with auditors, or have wide-ranging knowledge regarding the audit field. This was

done in an attempt to gain insight into the lived experiences and human perceptions of how the auditor can thwart white-collar crime, by interviewing key individuals.

Auditing is often perceived as a function that is required by law. Nevertheless, auditors, through their role, propagate trust in society and are placed in a unique position to combat white-collar crime in organizations.

This thesis aims to understand and illuminate in what way the auditor disturbs the elements of convenience, and thus aids in the fight against white-collar crime. It is not to be interpreted as a statement of inadequacy of the auditor, or any other measures and structures in place in organizations. It is rather to be seen as an investigation into the specific actions and requirements auditors can undertake to curb white-collar crime and how those specific actions and requirements disturb crime convenience.

The section on theory and literature will present previous research that present performed research on the field and topic. The results of the interviews and statements in previous literature will be analyzed and discussed. The things that cannot be confirmed by either literature or interviews fall outside the scope of the discussion and analysis.

An auditor has the responsibility of ensuring that financial statements are 'correct beyond a reasonable doubt' following auditing standards and practices. The external auditor, as will be highlighted throughout this thesis, has several actions and requirements at their disposal to combat white-collar crime.

1.3 The Structure of the Thesis

This thesis is structured in the following way: The theoretical framework and literature review will describe the research and literature on the topic. Based on the articles provided, key hypotheses are stated that will be discussed later in the thesis.

Following the section for the theoretical framework and literature review, is the section on methodology. Next will be the research of this thesis in the form of interviews and a section of analysis where the articles and theories are connected to the interviews, while discussing the results regarding convenience theory. Thereafter the hypotheses are discussed based on the results of the research conducted, and the methodological quality of the research is discussed

and analyzed. The final section is the summary of findings and recommendations for further research and concluding remarks.

2. Theory

2.1 The Legal Framework

This section discusses the role of the auditor in the prevention and detection of white-collar crime. The auditor is in a unique position to curb white-collar crime however, as their needs differ, the auditor cannot simultaneously detect all forms of white-collar crime. The laws have purposefully neglected to specifically define and describe what an auditor is to do to fulfill their purpose. In the audit law §5-2-2 they state that the auditor should perform the audit in accordance with “good auditing practice”, meaning that the nature and extent of the auditors’ actions should be tailored to each organization (Cordt-Hansen et al., 2010).

Although auditors are not required by law to prevent and detect, their work contributes to such. The Norwegian audit laws state that the auditor, through the audit, contributes to preventing and detecting fraud (Revisorloven, 2020, §5-1). The mere presence of an auditor may have a preventative effect by the auditor’s presence and asking of critical questions, combined with the fact that the audit contributes to increasing the probability that illegal acts will be detected. This may also have a deterring effect (Finneide, 2008).

The auditor has a responsibility in contributing to the thwarting of white-collar crime, however just how this is to be done is unclear from the legal framework. ISA 240 provides guidance on what the auditor should do, ISA 315 states the need for discussions with the audit team, and ISA 320 discusses the concept of materiality (IAASB, 2021).

ISA 240 deals with the auditor’s tasks and obligations to assess fraud when auditing the accounts, (cf. ISA 240 point 1). Sections 4 - 8 of ISA 240 deal with the responsibility for curbing fraud, including the auditor’s duties and responsibilities. Point 4 clearly states that the main responsibility for preventing and detecting fraud lies with those who have overall responsibility for management and control. Furthermore, it states that those who have overall responsibility for management and control, are also responsible to combat fraud in management. Section 5 states that an auditor is responsible for obtaining

satisfactory assurance that the accounts do not contain material misstatement, as a result of fraud or error (IAASB, 2021).

ISA 240 further requires the auditor to obtain information from management to identify the risks of material misstatement as a result of fraud, cf. ISA 240 16-24. Management's own assessment of the risk of fraud, as well as management's process for identifying and managing the risk of fraud, is important for the auditor in the planning phase, where an understanding of the organization and its surroundings must be developed, (cf. ISA 240 point 17 (a)) (IAASB, 2021).

ISA 240 point 27 reiterates this by stating that it is important that the auditor develops an understanding of the internal control of the organization to assess the risks of misstatement. If the auditor identifies the risk of material misstatement as a result of fraud, the auditor is required to design special audit procedures based on the assessed risks of material misstatement as a result of fraud, (cf. ISA 240 section A33-A48). For example, mention is made of obtaining external confirmation from customers and suppliers, as well as counting cash and securities (IAASB, 2021).

In accordance with the auditing standards and Norwegian law, the auditor must obtain satisfactory assurance that the accounts do not contain material misstatement, (cf. ISA 240 point 5). The auditor shall also contribute to preventing and detecting fraud and errors, (cf. §5-1). As the auditor must perform further audit procedures in the event of a suspicion of fraud, the regulations contribute to the detection of fraud (IAASB, 2021).

After reviewing the legal framework and auditing standards, combined with other relevant literature, one can conclude that the auditor has a responsibility and a large role when it comes to fighting white-collar crime.

2.2 Existing Research Literature

In order to provide sufficient information and background of the topic for the research at hand, an overview of existing literature and research is needed. This literature review aims to describe the existing body of research on the topic where the aim was to find such literature that answers the question 'How can an auditor prevent and detect white-collar crime?'

Karim and Siegel (1998) analyzed the efficiency and effectiveness of the audit function in detecting management fraud. In their research they cite Arens

and Loebbecke (1997), who conclude that management fraud is difficult to uncover because management is in a position to override internal controls and are also able to conceal misstatements. Moreover, they conclude that a major problem for the auditor in detecting management fraud is further increased by the fact that an auditor rarely encounters fraud (Karim and Siegel, 1998).

Karim and Siegel (1998) use 'Signal Detection Theory' to provide insights to problems an auditor may face as expectations to detect fraud rise. Signal detection theory provides a model for how humans detect signals in a "background of interference or noise" (Karim & Siegel, 1998, p. 128). Signal detection theory relates to the detection of management fraud when the auditor begins to examine an account balance. The goal of an audit is to determine whether fraud exists or not, for those accounts. To achieve this, the auditor collects and evaluates evidence and based on that evidence accepts or rejects the account balance. This collection and evaluation are referred to as "audit signals" by Karim and Siegel (1998, p. 128). As has already been established, auditors have responsibility in detecting white-collar crime. It is therefore important for auditors to detect crime signals, as Karim and Siegel (1998) put it. In this process of accepting or rejecting, research by Pincus (1990) and Bernardi (1994) states that auditors' prior experience with detecting fraud positively relates to further fraud detection.

Karim and Siegel (1998) also state that auditors can form estimates based on their personal experience of management fraud cases as well. This prior forming of odds concerning management fraud is vital. In research done by Pincus (1990), a positive relationship between auditor's priors and fraud detection was found.

Karim and Siegel (1998) conclude that auditors should be exposed to forensic practice so that the priors for management fraud will be higher and will increase fraud detection. However, they also add that this will lead to an increase in the cost of the audit as the auditor is "forced to accept higher rates of false alarm and consequent incorrect rejection with the increase in the cost of incorrect acceptance" (Karim & Siegel, 1998, p.128).

Karim and Siegel (1998) propose the following answers to the question of 'how': Train auditors in real case studies of detection, experience in detection leads to more detection, require sufficient client funding and audit team rotation.

Farrell and Franco (1999) in their research highlight the auditor's responsibility in curbing fraud. They specifically mention the legal framework of SAS No. 53 that states “the auditor’s responsibility to detect and report errors and irregularities” (Farrell & Franco, 1999, p. 4). Under SAS No. 82, the auditor has the responsibility to plan and perform an audit to obtain reasonable assurance about whether financial statements are free of material misstatement. Farrell and Franco (1999) further highlight that there are other considerations in the combat of fraud that are important, which the auditor also can have an impact on. They state that “to combat the problem of fraud, a crucial element in deterring theft is strict internal controls, segregation of duties, and separation of functions” (Farrell & Franco, 1999, p. 8). In their research, Farrell and Franco (1999) further state that “all professional literature makes it clear that the responsibility of internal controls, proper reporting, and the adoption of sound accounting policies rests solely with management” (p. 8). Auditors can, therefore, aid in the establishment of managerial controls. The article further emphasizes the importance of a hotline to report improper conduct, highlighting that this “help[s] establish the tone within the work environment and may help deter fraudulent activities” (Farrell & Franco, 1999, p. 4). The specific measures that an auditor can take to curb white-collar crime according to Farrell & Franco (1999) are as follows: Review Internal controls, require separation of functions, require internal controls, and take use of whistleblowing channels.

Gottschalk (2011) writes an article about the ‘Role of Accounting in the prevention of White-Collar Crime’. The article highlights many challenges when it comes to preventing white-collar crime, with many measures discussed focusing on things organizations can do in hiring processes, culture, and influencing. However, an important measure that answers the question ‘how’, focuses on the importance of suspicion. The auditor, instead of looking to confirm their presumed notions and views, should replace this with suspicion, looking for deviations.

Alleyne et al. (2013) highlights whistleblowing as an important measure within firms but also within audit firms, to warn of deviations, fraud, and other waywardness. The article defines that the “external audit promotes the view that public interest is protected by making corporate managers and their companies accountable” (Alleyne et al., 2013, p. 11). The problem, however, is that auditing firms are pursuing profits, and audit staff “may be inclined to appease clients at

the expense of wider social interests” (Alleyne et al., 2013, p. 11). Furthermore, audit staff often feel budget pressure and see their firms “adopting irregular auditing practices and even resorted to the falsification of audit working papers” (Alleyne et al., 2013, p. 11). As auditing firms have been shown to have an increased willingness to break laws and regulations and support rather than report their clients’ misstatements, the article raises the need for audit staff to “attempt to protect the interests of both the public and the profession by blowing the whistle on colleagues who commit wrongdoing” (Alleyne et al., 2013, p. 10). In answer to the question of ‘how’, the article states the following: Take use of whistleblowing channels, strengthen auditor responsibility for deviance reporting and remember wider social interest above appeasing clients and requiring sufficient client funding.

Suryanto (2014) is concerned with the fact of audit fees. He states that an aspect of auditors reaching their purpose is “the ability to conduct audit works in accordance with auditing standards” (Suryanto, 2014, p. 28). The auditor, in the performance of their role and responsibility during the audit, determines the audit risk. This audit risk, Suryanto (2014) states, relates to the amount of time that will be used in the audit process. This amount of time, in turn, will “affect the amount of audit fee to be received or determined” (Suryanto, 2014, p. 37). The specific measures of how an auditor can thwart white-collar crime, according to Suryanto (2014), is spending enough time which leads to the auditor requiring sufficient client funding for crime prevention and detection.

Zager et al. (2015) highlight the auditor’s role and responsibilities in the fight against fraud. According to the International Standards on Auditing (ISA), the external auditor is “responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error” (Zager et al., 2015, p. 697). The article highlights that in the prevention of fraud the auditor is “responsible for maintaining professional skepticism throughout the audit” and to consider “the potential for management override of controls” (Zager et al., 2015, p. 697). In their research, Zager et al. (2015), conducted research and were able to conclude that external auditors “generally agreed that the establishment of an appropriate number of internal controls in the company have a significant impact on the prevention of fraud” (p. 697). In addition, they highlight the importance of managerial controls. According to Zager et al., the specific measures an auditor

can take in curbing white-collar crime are to require and review internal controls, review accounting substance not only procedures, and maintain professional skepticism.

Asare et al. (2018) research some of the challenges facing auditors in detecting fraud. Through the research Asare et al. (2018) suggest three elements that are of greatest importance that are keeping auditors from detecting fraud:

- “1) auditors failed to effectively assess management’s incentives to commit fraud
- 2) auditors failed to recognize management’s opportunities to commit fraud
- 3) auditors did not sufficiently modify the standard audit program given the fraud cues in the case” (Asare et al., 2018, p. 90).

Furthermore, Asare et al. (2018) found that auditors often fail to sufficiently modify the standard audit program to fit the firm they are working with. This can often be due to a lack of understanding of the client business. In answer to the question of ‘how’, the article presents the following answers: Understand client business, assess fraud risk, design and execute audit tests, and consult experts in the audit work.

Gottschalk and Gunnesdal (2018) wrote a book on white-collar crime in the shadow economy. In Chapter 10 of said book, they present research about white-collar crime detection. This chapter has answers to the question of ‘How’. An argument promoted in the article is this idea of looking at the offender instead of the actual offense committed, stating “white-collar offenders strive to conceal their actions, and most fraud will be well hidden and difficult to detect” (Gottschalk & Gunnesdal, 2018, p. 131). Therefore, instead of searching for the fraud committed, looking at the individuals and the reasons they may have to commit fraud is a surer way to detect fraud. Furthermore, as mentioned in previous research, the importance of internal controls is highlighted. They conclude that the most effective audit procedures in detecting fraud were those that “evaluated the strength of internal controls” (Gottschalk & Gunnesdal, 2018, p. 121). Moreover, throughout the audit procedure it is vital that the auditor shows professional skepticism as a lack of this “makes the auditor less aware of abnormal conditions” (Gottschalk & Gunnesdal, 2018, p. 131). A further result from the research is that the audit becomes “less effective in situations where the

same auditor has been responsible for several consecutive years” (Gottschalk & Gunnesdal, 2018, p. 131), as alertness deteriorates and becomes more non-alert. The article has several answers to the question of how an auditor can curb white-collar crime, they are as follows: Apply an offender-based perspective rather than an offense-based perspective, review internal controls, maintain professional skepticism, and maintain regular audit team rotation.

Alon et al. (2019) analyze the audit function in Russia. One main takeaway from the article, supports previous literature included in this literature review. In Russia, as has been prevalent in other countries as well, the auditors often supported the executives of the company and not its owners or shareholders (Alon et al., 2019). In answer to the question of ‘how’ this article proposes that the auditor is to protect owners, not executives.

Bao et al. (2019) wrote an article on whether managers withhold bad news. Bao (2019) highlights that “litigation risk and reputational concerns motivate managers to release bad news quickly” however, “career concerns and personal wealth” motivate managers to withhold bad news (p. 1). Their research concludes that managers in general withhold bad news, and after a cross-sectional analysis Bao et al. (2019) conclude that this incentive is stronger when managers have greater incentives to support the stock price. In answer to the question of ‘how’, Bao et al. (2019) propose that auditors ignore board and management reluctance to disclose wrongdoing.

Hurley et al. (2019) further answers the question of how an auditor can curb white-collar crime. The article highlights the conflict of interest that impacts the auditor’s decision-making as “auditors are arguably accountable primarily to the company they are auditing rather than its current or future investors” (Hurley et al., 2019, p. 2). They further highlight that auditors are often accountable to management and not independent of management. Through their research they find that “removing auditors’ economic accountability to managers and replacing it with [...] accountability to investors significantly increases audit quality” (Hurley et al., 2019, p. 32). The article’s answer to how an auditor can thwart white-collar crime is to report to the board and/or investors and not to corporate management. Furthermore, the auditor is to accept potential harm from reporting fraud to public authorities.

Mohliver (2019) discusses the issue of stock option backdating. In his analysis of this, the role and responsibilities of the auditing firm are highlighted.

In his research, Moliver (2019) found that “professional service providers have an economic incentive to demonstrate competence and skill to their clients” (p. 11). A further study found that professional service firms “assist companies in concealing the adoption of practices that could potentially result in costly sanctions from employees” (Mohliiver, 2019, p. 11). Regarding the issue of backdating, Mohliiver (2019) states that auditors “served as key professional experts responsible for auditing financial statements that encompass the backdating practice” (p. 11). As auditors observe confidential reporting practices and learn of “liminal reporting practices”, the client-auditor relationship can “lead auditors to prioritize their clients’ interests over their legal obligations” (Mohliiver, 2019, p. 11). Additionally, from reporting fraud to public authorities, the reputation of the audit firm will take a hit, and the firms may choose to change audit firms. The article has several answers to the question of how an auditor can combat white-collar crime, they are as follows: Accept potential harm from reporting fraud to public authorities and be loyal to the audit task, not to the client.

Harvin and Killey (2021) highlight the potential effect a superstar status of a CEO can have on the auditor. The study finds that the superstar status of a CEO potentially has a negative impact on the strategic risk assessment the auditor does. They may “unwittingly or consciously” lower the risk assessment as a result of this superstar status (Harvin & Killey, 2021, p. 509). In their study, Harvin and Killey (2021) state the importance of professional skepticism meaning that the auditor “maintains a neutral attitude pertaining to the adequacy of the client’s financial statements” while having a “questioning mind and suspension of judgment which indicates neither a trust nor distrust of management” (p. 502). The article has the following answers to the question of ‘how’: Ignore the potential superstar status of the CEO and maintain professional skepticism.

Herron and Cornell (2021) focus on creativity in the audit process relating to fraud risk cues. The research article presents several facts. Auditing faces “competitive pressures, strict regulatory enforcement and threats of legal liability” (Herron & Cornell, 2021, p. 324). Herron and Cornell (2021) found that accounting firms have “responded to these intense external pressures by redoubling efforts to carefully follow established procedures and documentation requirements of auditing standards and regulatory guidelines” (p. 324). Through the analysis in this article, it is discovered that “auditor creativity is related to the ability to detect and respond to potential fraud in ways that are unlikely to be

captured by standardized procedures” (Herron & Cornell, 2021, p. 324). In other words, creative auditors are more likely to tailor the standardized procedures to detect fraud cues and “respond to perceived fraud risk” (Herron & Cornell, 2021, p. 321). The article proposes the following measures in answer to the question of ‘how’: Be creative, ignore standards and go beyond standards to capture the risks.

Schuster (2021) reiterates the importance of professional skepticism. Throughout the research process Schuster (2021) concludes that “the continuous use of professional skepticism is needed to promote a high-level audit and to ensure the process’s quality” (p. 154). Moreover, in interviewing auditors and conducting research on previous literature on the topic, it became clear that understanding the company’s environment is “necessary for the auditor’s understanding and auditing views through the scrutiny of the structure of the internal controls” (Schuster, 2021, p. 154). Additionally, auditing partners and auditors agreed that further training on the topic would “maintain a high level of accountability within the field” (Schuster, 2021, p. 154). In answer to the ‘how’ question, Schuster (2021) proposes the following: Understand client business, train auditors in real case studies of detection and maintain professional skepticism.

Andrew et al. (2022) highlights the importance of providing a proper audit opinion. Fraud in a firm is often justified through rationalization techniques. This can occur when “the auditor gives an unqualified opinion to the company on the presentation of the financial statements that have been made, that states that the company is fair and has followed the applicable accounting standards in the presentation of financial statements” (Andrew et al., 2022, p.213). This is often used by management to justify the fraud committed in a firm (Andrew et al., 2022). Therefore, by providing false audit opinions, auditors are contributing to management’s rationalization of fraud. Therefore, in answer to the question of ‘how’, Andrew et al. (2022) states the importance of providing proper audit opinions.

Martinez (2022) emphasizes several key measures an auditor must do to detect fraud. In answer to the question of ‘how’, Martinez (2022) proposes the following: Discussing the audit and firm amongst the engagement team. Additionally, discussion with management and other key personnel within the entity, is key to judge the character of management and detect risks of fraud and misstatements. Martinez (2022) reiterates what other articles in this literature

review accentuate, that the auditor must maintain professional skepticism throughout the audit to detect white-collar crime.

The presented literature proposes several answers to the question ‘How can an auditor prevent and detect white-collar crime’.

Table 1. Below, a visual representation of the categories that the statements of each author affects is displayed:

Author	Combat		How		Aspects of Convenience		
	Prevention	Detection	Requirement	Action	Motive	Opportunity	Willingness
Karim & Siegel (1998)		X	X	X		X	
Farrell & Franco (1999)	X			X		X	X
Gottschalk (2011)		X		X		X	
Alleyne et al. (2013)	X	X	X	X		X	
Suryanto (2014)		X	X			X	
Zager et al. (2015)	X	X	X	X		X	X
Asare et al. (2018)	X	X	X	X		X	X
Gottschalk & Gunnesdal (2018)	X	X	X	X		X	X
Alon et al. (2019)	X			X	X	X	
Bao et al. (2019)		X		X			X
Hurley et al. (2019)	X	X		X	X		
Mohliver (2019)		X		X		X	
Harvin & Killey (2021)		X	X	X	X	X	X
Herron & Cornell (2021)		X	X	X		X	
Schuster (2021)		X	X			X	X
Andrew et al. (2022)	X			X	X		
Martinez (2022)		X	X		X	X	

Below is a chart containing the specific categories of measures from each author and article proposal, separated into what aids in detection and what aids in the prevention of white-collar crime:

[See Table 2 in Appendix]

2.3 Hypotheses

After reviewing and describing the 17 presented current research literature, the following hypotheses have been constructed by grouping the themes and suggestions of several articles, to form a hypothesis. This analytical work enables the research of this thesis to discuss the themes and suggestions of several presented literature. The grouping of the literature is presented below, and the hypotheses presented will be answered at the end of this thesis.

2.3.1 Hypothesis 1

Several of the articles mention boundary conditions for the audit. A boundary condition is a set of circumstances that support a positive outcome of an effort, in this case the audit.

Client Funding

One such circumstance is the audit fee. Suryanto (2014) studied the importance of the audit fee determining in their work, that the auditor is to determine the audit risk which in turn decides the amount of time spent on the audit. However, the higher the risk within the audit, the more time will be spent on the audit. According to Suryanto, spending enough time leads to the auditor requiring sufficient client funding for curbing crime. Thus, funding is a circumstance that affects the outcome of the audit. Alleyne et al. (2013) express concern surrounding budget constraints on the way in which audits are completed. Specifically, they mention that audit staff often feel pressure due to budgets and see that audit firms adopt “irregular auditing practices and even resort to the falsification of audit working papers” to meet budget requirements (Alleyne et al., 2013, p. 11). This confirms and highlights what Suryanto (2014) and Karim and Siegel (1998) state regarding sufficient funding.

Spend Enough Time

The need to spend more time is confirmed by Suryanto (2014), Alleyne et al. (2013). The auditor, in the performance of their role and responsibility during the audit, determines the audit risk. This audit risk, Suryanto (2014) states, relates to the amount of time that will be used in the audit process. This amount of time, in turn, will “affect the amount of audit fee to be received or determined” (Suryanto, 2014, p. 37). The issue of time and money are interconnected, however existing research literature is clear on the need to spend the time necessary to fulfill the duties and responsibilities of the audit. As the audit staff often feel budget pressure, they see the audit firms cutting corners and attempting to use their time most effectively, which can be detrimental to the quality (Alleyne et al., 2013).

Audit Team Rotation

Gottschalk and Gunnesdal (2018) conclude in their research that the audit becomes “less effective in situations where the same auditor has been responsible for several consecutive years”, as alertness deteriorates (p. 131). A boundary condition that Gottschalk and Gunnesdal (2018) propose, is frequent audit team rotation that will disrupt crime convenience.

Karim and Siegel (1998) point to research by Pincus (1990) stating that auditors' prior experience with detecting fraud, positively relates to further fraud detection. Karim and Siegel (1998) also state that auditors can form estimates based on their personal experience of management fraud cases as well. This highlights the importance of infrequent audit team rotation to keep competency and client knowledge.

Martinez (2022) however, calls attention to the importance of the discussion of the audit and firm within the engagement team especially between management and other key personnel within the entity. This is a key to judge the character of management and detect risks of fraud, misstatements, and to transfer knowledge. Engagement team discussion is therefore another condition that enables the auditor to disrupt crime convenience.

Professional Skepticism

Another important topic that is brought to light by several of the authors in the literature review, is professional skepticism. Harvin and Killey (2021) state that professional skepticism means that the auditor "maintains a neutral attitude pertaining to the adequacy of the client's financial statements", while having a "questioning mind and suspension of judgment which indicates neither a trust nor distrust of management" (p. 502). Schuster (2021) concludes that "the continuous use of professional skepticism is needed to promote a high-level audit and to ensure the process's quality" (p. 154). Furthermore, Zager et al. (2015) highlights that in the prevention of fraud, the auditor is "responsible for maintaining professional skepticism throughout the audit" and to consider "the potential for management override of controls" (p. 697). This professional skepticism, therefore, is shown to be vital in the work of the auditor in the combat of white-collar crime. Martinez (2022) lends another statement of support stating that the auditor must maintain professional skepticism throughout the audit to detect white-collar crime. Gottschalk and Gunnesdal (2018) also emphasize the aspect of professional skepticism. They state that throughout the audit procedure, it is vital that the auditor shows professional skepticism as a lack of this "makes the auditor less aware of abnormal conditions" (Gottschalk & Gunnesdal, 2018, p. 131). However, an important measure that answers the question 'how', focuses on the importance of suspicion. The auditor, instead of looking to confirm their

presumed notions and views, should replace this with suspicion, looking for deviations.

Understand Client Business

A further boundary condition mentioned by several research literature is the importance of understanding the client business. Asare et al. (2018) found that auditors often fail to sufficiently modify the standard audit program to fit the firm they are working with, due to “a lack of understanding of the client business” (p. 74). Schuster (2021) states that it is clear that understanding the company’s environment is “necessary for the auditor’s understanding and auditing views through the scrutiny of the structure of the internal controls” (p. 154). Previous research literature emphasizes the need for the auditor to fully understand the client business in order to complete a thorough and accurate audit.

Based on these articles and prepositions, the following hypothesis has been formulated:

H1: Boundary conditions exist that enable the auditor to disrupt crime convenience

2.3.2 Hypothesis 2

Farrell and Franco (1999), in their research, draw attention to the auditor’s responsibility in curbing fraud. They specifically mention the legal framework of SAS No. 53 that states “the auditor’s responsibility to detect and report errors and irregularities” (Farrell & Franco, 1999, p. 4). Under SAS No. 82, the auditor has the responsibility to plan and perform an audit to obtain reasonable assurance about whether financial statements are free of material misstatement. In their research, Farrell and Franco (1999) further state that “all professional literature makes it clear that the responsibility of internal controls, proper reporting, and the adoption of sound accounting policies rests solely with management” (p. 8). Auditors, therefore, can aid in the establishment of managerial controls.

Zager et al. (2015) also emphasize the auditor’s role and responsibilities in the fight against fraud. According to the ‘International Standards on Auditing’ (ISA), the external auditor is “responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error” (Zager et al., 2015, p. 697). The article calls

attention to the fact that in the prevention of fraud the auditor is “responsible for maintaining professional skepticism throughout the audit” and to consider “the potential for management override of controls” (Zager et al., 2015, p. 697).

Karim and Siegel (1998) emphasize the importance that the auditor has proper training and experience within white-collar crime detection. If cases of white-collar crime become public, without the auditor’s detection of such, there will be a call for an increase of auditor responsibility within this topic (Karim & Siegel, 1998). Responsibility, therefore, is already a topic of interest and focus and proven to be important in the legitimacy of the audit.

Andrew et al. (2022) accentuate the importance of providing a proper audit opinion. Fraud in a firm is often justified through rationalization techniques. This can occur when “the auditor gives an unqualified opinion to the company on the presentation of the financial statements that have been made, that states that the company is fair and has followed the applicable accounting standards in the presentation of financial statements” (Andrew et al., 2022, p. 213). It is vital that the auditor has and feels responsibility for the audit performed.

Based on these articles, the following hypothesis has been formulated:

H2: The stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience

2.3.3 Hypothesis 3

Farrell and Franco (1999) state that a “crucial element in deterring theft is strict internal controls, segregation of duties, and separation of functions” (p. 8). Internal controls are vital in the combat of white-collar crime and Farrell and Franco (1999) highlight the fact that auditors can aid in the establishment of such controls. Zager et al. (2015) conducted research and were also able to conclude that “the establishment of an appropriate number of internal controls in the company have a significant impact on the prevention of fraud” (p. 697).

Gottschalk and Gunnesdal (2018) further emphasize the importance of internal controls, concluding that the most effective audit procedures in detecting fraud were those that “evaluated the strength of internal controls” (p. 121). The auditor’s role in the creation and review of internal controls is vital in their work and responsibility of detecting and preventing white-collar crime.

Based on these articles, the following hypothesis has been formulated:

H3: The auditor's engagement in the establishment and review of internal controls disturbs crime convenience

2.3.4 Hypothesis 4

Gottschalk and Gunnesdal (2018) present an argument about the idea of looking at the offender instead of the actual offense committed, stating “white-collar offenders strive to conceal their actions, and most fraud will be well hidden and difficult to detect” (p. 131). Therefore, instead of searching for the fraud committed, looking at the individuals and the reasons they may have to commit fraud is a surer way to detect fraud. By analyzing the individuals, the auditors are better able to home in on and disturb crime convenience for the individual.

Based on this article, the following hypothesis has been formulated:

H4: To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus

2.3.5 Hypothesis 5

Alon et al. (2019) found that the auditors often supported the executives of the company and not its owners or shareholders. Hurley et al. (2019) highlights the conflict of interest that impacts the auditor's decision-making as “auditors are arguably accountable primarily to the company they are auditing rather than its current or future investors” (Hurley et al., 2019, p. 2). They further emphasize that auditors are often accountable to management and not independent of management. Through their research they find that “removing auditors' economic accountability to managers and replacing it with [...] accountability to investors significantly increases audit quality” (Hurley et al., 2019, p. 32). Bao et al. (2019) wrote an article on how managers withhold bad news, stating that “career concerns and personal wealth” motivates managers to withhold bad news (p. 1). They advise auditors to ignore board and management reluctance to disclose wrongdoing to report fully and truthfully. Another factor that influences the auditor is the potential effect the superstar status of a CEO can have on the auditor (Harvin & Killely, 2021). The study in the article finds that the superstar status of a CEO potentially has a negative impact on the strategic risk assessment the auditor does. They may “unwittingly or consciously” lower the risk assessment as

a result of this superstar status (Harvin & Killey, 2021, p. 509). Mohliver (2019) further supports this conclusion stating that the client-auditor relationship can “lead auditors to prioritize their clients’ interests over their legal obligations” (p. 11).

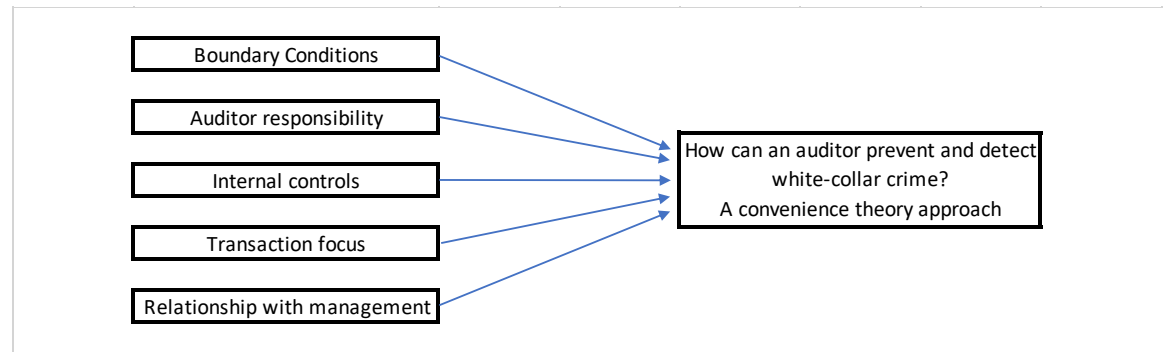
Based on this article, the following hypothesis has been formulated:

H5: The relationship with management can harm the auditor’s ability to disturb crime convenience

Table 3: A summary of the hypotheses and the literature they are anchored in:

Hypothesis	Hypothesis	Literature
H1	Boundary conditions exist that enable the auditor to disrupt crime convenience	Karim and Siegel (1998) Alleyne et al. (2013) Suryanto (2014) Zager et al. (2015) Asare et al. (2018) Gottschalk and Gunnesdal (2018) Harvin and Killey (2021) Schuster (2021) Martinez (2022)
H2	The stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience	Karim and Siegel (1998) Farrell and Franco (1999) Zager et al. (2015) Andrew et al. (2022)
H3	The auditor’s engagement in the establishment and review of internal controls disturbs crime convenience	Farrell and Franco (1999) Zager et al. (2015) Gottschalk and Gunnesdal (2018)
H4	To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus	Gottschalk and Gunnesdal (2018)
H5	The relationship with management can harm the auditor’s ability to disturb crime convenience	Alon et al. (2019) Bao et al. (2019) Hurley et al. (2019) Mohliver (2019) Harvin and Killey (2021)

Table 4: The research model:



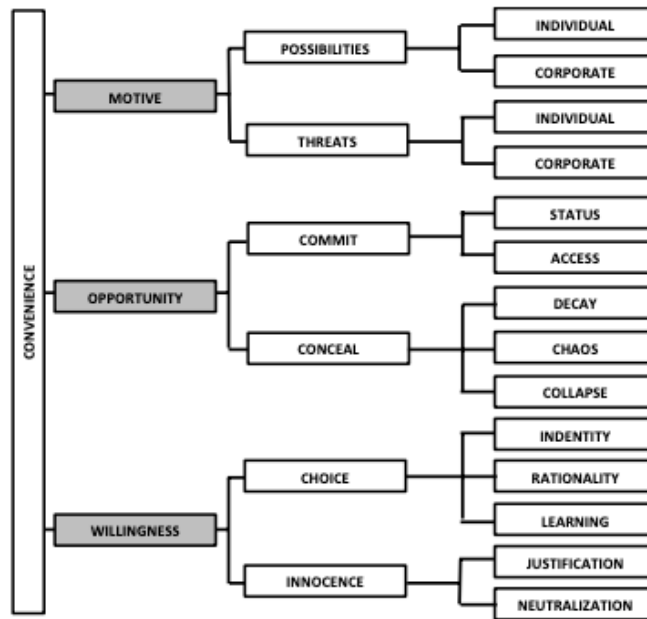
2.4 Convenience Theory

Above, the differing points of view on how an auditor can curb white-collar crime have been discussed. However, this thesis bases itself on the theory of convenience. Therefore, in order to reach this goal, convenience theory first needs to be explained in depth.

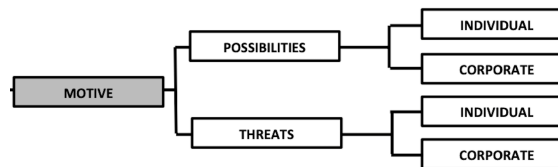
Convenience theory was developed by BI Professor Petter Gottschalk. According to Gottschalk, convenience theory is based on “the premise that committing financial crime can be a convenient solution to a problem or a challenge” (Gottschalk, 2018, p. 21). Convenience theory describes three aspects of white-collar crime, the economic aspect, the organizational aspect, and the behavioral aspect.

In 2020 Petter Gottschalk took this theory a step further by modeling the theoretical structure of convenience in white-collar crime in the article ‘Modeling the Theoretical Structure of Deviant Convenience in White-Collar Crime’. His ambition with this structure is to “stimulate both future empirical studies and further theory development”, and this structure will be used to answer how an auditor can curb white-collar crime (Gottschalk, 2020, p. 1). This theory is additionally supported and reviewed by several researchers and authors, specifically Hansen (2020) and VasIU and Podgor (2019).

There are three dimensions in Convenience Theory, namely the economic dimension, the organizational dimension, and the behavioral dimension. The economic dimension captures the financial motive, the organizational dimension captures the organizational opportunity, and the behavioral dimension captures the personal willingness to commit white-collar crime (Gottschalk, 2020). These categories can further be divided into subcategories, as seen by the following model:



2.4.1 Motive



The financial motive is one of the aspects in convenience theory. It states that profit itself might be a goal or enables individuals to “exploit possibilities to avoid threats by financial means” (Gottschalk, 2020, p. 2). The financial motive includes both possibilities and threats for individual employees and for the organization itself.

Possibilities

There are several things that can fall under ‘possibilities’ coming from financial crime. Possibilities for the individual might include climbing the hierarchy of needs for status and success (Maslow, 1943). For an individual who already is considered being on a high level on the pyramid of needs, might still look for possibilities to increase their status and the “likelihood of being promoted, receiving increased compensation, and earning bonuses due to goal achievement” (Braaten & Vaughn, 2019, p. 5). Financial crime might then be the convenient option for reaching that level.

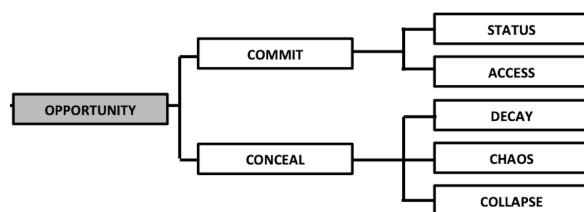
There are, of course, also some possibilities that the corporation might consider. These may include “reaching business objectives by ignoring whether or not means are legitimate or illegitimate” (Gottschalk, 2020, p. 5). In some cases,

the bottom line of the firm might be so vital, that “ends simply justify means” (Gottschalk, 2020, p. 5). The article establishes that high-performance goals cause unethical behavior. The thing that may often happen in high-performance goal-oriented firms, is that rather than “viewing profits as an enabler to invest and expand, profits as such might be the final goal in itself” (Gottschalk, 2020, p. 5). They resort to financial crime as advantages exceed disadvantages.

Threats

There are several threats that an individual and an organization might face that increase the convenience of committing financial crime. Threats may be organizational failure in the form of sunk costs arising from capital expenses already invested in the enterprise and bankruptcy (Braaten & Vaughn, 2019). This threat not only threatens personal income and status but may also cause other negative effects in society. As many executives have a fear of falling from their status, the threat of bankruptcy, or ‘corporate collapse’, may cause “exploration and exploitation of illegal avenues to survive” (Gottschalk, 2020, p. 6). Although this may often start as a temporary measure to recover from a crisis that will be terminated when the crisis is over, this sets a dangerous precedent and culture within an organization (Gottschalk, 2020).

2.4.2 Opportunity



Within the organizational opportunity, convenience exists in two parts. First to commit white-collar crime, and the other to conceal white-collar crime. The offenders usually have high social status and with legitimate access to resources in the company and commit crime by “virtue of their corporate positions and professional roles in society” (Braaten & Vaughn, 2019, p. 5). Therefore, committing financial crime might be convenient. Concealing financial crime might be convenient because of “decay, chaos, and collapse” (Gottschalk, 2020, p. 6).

Committing Financial Crime

Leaders and executives in an organization can use their status and a more complex language in their communication that the other employees do not understand. However, the employees still trust the messages they do not understand because of the leaders and executives' status. Additionally, some high-status offenders have the perception that they are "too big to fail and too powerful to jail" (Gottschalk, 2020, p. 6). They are in a privileged position, have a high social status and believe that their importance is too high to be blamed for crime. Furthermore, the white-collar criminal can use "his or her access to resources and fosters trust due to his or her position in a social or organizational hierarchy or network" (Braaten & Vaughn, 2019, p. 6).

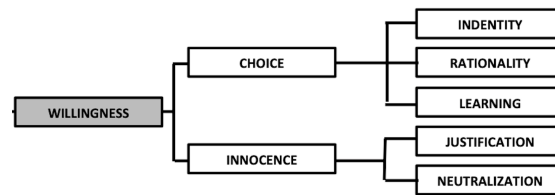
Typically, a white-collar criminal has "legitimate and convenient access to resources to commit crime" (Gottschalk, 2020, p. 7). Gottschalk explains that a resource is "an enabler applied and used to satisfy human and organizational needs. A resource has utility and limited availability" (Gottschalk, 2020, p. 7). He concludes that access to resources equates access to power.

Concealing Financial Crime

The article highlights several convenient ways of concealing criminal activity. Often, lack of transparency increases convenience in concealing illegal transactions. This is especially prevalent in accounting, where misreporting is convenient in less transparent organizations. Oftentimes, managers can also withhold negative situations by misrepresenting the accounts. When this is then linked with the auditors' failure to "conduct substance reviews", the continued concealment of illegal activity is enabled (Gottschalk, 2020, p. 9). Auditors are supposed to act as gatekeepers that protect shareholders and other stakeholders, however Hurley et al. (2019) found that auditors are often hired and controlled by corporate management. Furthermore, if the crime committed is complicated, concealing crime is convenient because others are incapable of understanding the actions committed (Weick, 1995). However, even when someone believes they have noticed something of an illegal nature, actually reporting the activity might be difficult. In most countries there is no benefit of reporting misconduct in an organization, and individuals are usually concerned about possible "retaliation and reprisal" (Gottschalk, 2020, p. 9). This leads to white-collar crime remaining conveniently hidden even when observed by others. This emphasizes the

importance of not only effective whistleblowing channels, but also the amount of trust in that system.

2.4.3 Willingness



The final aspect of crime convenience is personal willingness for financial crime. For a white-collar criminal, it can be convenient to “be deceitful to obtain personal gain at the expense of others” (Braaten & Vaughn, 2019, p. 6). There are several things that can result in the ‘choice of crime’, and this can be “deviant identity, rational consideration, or learning from others” (Gottschalk, 2020, p. 2). However, the convenience in the aspect of personal willingness of crime is mostly caused by perceived innocence made possible by justification and neutralization.

Choice

An important aspect of choice is identity. Oftentimes, identity is defined as what the individual considers right and wrong. White-collar criminals may argue that “laws are there to protect the powerful” and that if the powerful themselves break a law, then the law “[needs to change] rather than punish[ing] the violators” (Gottschalk, 2020, p. 10).

A second aspect is rationality. This is based on the fact that advantages and disadvantages are subjectively compared (Müller, 2018). If the benefits of crime outweigh the cost, “it is considered rational to commit crime” (Gottschalk, 2020, p. 12). The greater the benefit of crime is and the less the cost of crime is, the more attractive committing the criminal act becomes.

The third and final aspect of choice is learning. Sutherland (1983) discussed differential association. This perspective suggests that “offenders associate with those who agree with them, and distance themselves from those who disagree” (Gottschalk, 2020, p. 13). This entails that choosing crime is caused by learning from those with whom the criminal associates.

Innocence

Innocence, or the feeling thereof, is created by justification and neutralization. A study done by Schnatterly, Gangloff, and Tuschke (2018) found that offenders often explain their choice of crime as 'morally justifiable'. These individuals may use pressures and circumstances as an excuse in an attempt to justify their actions. These pressures often come from outside the organization in the form of competition and shareholders. Disappointing work situations, the feeling of being unappreciated and negative life events may serve as justification for the perpetrator (Gottschalk, 2020). Finally, the corporate culture and feelings of peer pressure where the offender "claims that the offense had to take place because a person with authority had told the offender to do so" may act as a justification (Gao & Zhang, 2019).

Neutralization is another key to the feeling of innocence. Sykes and Matza (1957) introduced several neutralization techniques that have been developed in recent years. The key instances that Schoultz & Flyghed (2019) identified regarding neutralization were:

"disclaim responsibility for crime, refuse damage from crime, refuse victim from crime, condemn those who criticize, apologize by higher loyalties, claim blunder quota, claim legal mistake, claim normality of action, claim entitlement to action, claim solution to dilemma, argue necessity of crime, claim role in society, perceive being victim of incident, gather support for behavior, and claim rule complexity". (Gottschalk, 2020, p. 14)

3. Methodology

3.1 Introduction to the Research project

The main purpose of this thesis is to define how an auditor prevents and detects white-collar crime, and how the auditor disturbs the aspects of crime convenience. Through the analysis, the interviews will be used to map what actions and requirements an auditor can use to curb white-collar crime.

Through the research process the statements from previous literature are being confirmed, however there are also new perspectives on already raised measures, as well as some measures that are refuted by the research.

The main aspect of the research in this thesis is based upon interviews with key employees in large firms in Norway. By asking questions that include

key phrases, such as ‘in what way’ and ‘to what extent’, the acquired knowledge can further the understanding of the subject and give light to areas of improvement.

A process of investigation is performed in this thesis, in order to try to effectively answer the research question and hypotheses stated. Innes (2007) presents this process as three stages of investigation: first identifying and acquiring, second interpreting and understanding, third ordering and representing. During the second stage, interpreting and understanding, information is “translated into intelligence or knowledge” and is then, in the third stage, configured with “extant knowledge held by the investigators in a format that enables a solution to the question that is the focus of the investigation” (Innes, 2007, p. 255). The thesis will aim to compare the knowledge presented in the existing research literature with the knowledge gathered through the interviews performed in the research of this thesis.

3.2 What is an Interview

As the research project is largely based on interviews, the definition of what an interview is, becomes vital. An interview is defined by Bill Gillham (2000) as a “conversation, usually between two people”, but where the interviewer is “seeking responses for a particular purpose from the other person: the interviewee” (p. 1). Furthermore, the purpose of the interview determines the interview’s form and style. The interview is classified as a research interview, where the purpose is to “obtain information and understanding of issues relevant to the general aims and specific question of a research project” (Gillham, 2000, p. 2). There are a range of approaches when it comes to interviewing. There are unstructured, semi-structured and structured interviews. Semi-structured interviews, however, are “generally organized around a set of predetermined open-ended questions, with other questions emerging from the dialogue between interviewer and interviewees” and is the most used form of interview in a qualitative research design (DiCicco-Bloom & Crabtree, 2006, p. 315).

This thesis takes semi-structured interviews into use. The aim was to facilitate a depth and dialogue by asking predetermined open-ended questions. The questions asked in this research project aim to enlighten the issue of the auditor in white-collar crime detection and prevention and resulted in a semi-

structured interview. The answers given reflect the views of the participant and give insight into what an auditor can do and require.

Unlike any other format, an interview gives a depth and a dialogue between the interviewer and the interviewee, however one downside to this research method is the number of observations versus a statistic analysis.

3.3 Sketch of Method Chosen

It is important to decide what type of research design, or strategy, is best used for answering the research question. There are two main research methods, a quantitative method, and a qualitative method. According to Polit and Beck (2012), quantitative research takes use of numbers and accuracy, while experiences and human perceptions are at focus in qualitative research. According to Swanson and Holton (2005), qualitative research is strong at attaining deep and detailed understandings about a specific group or sample. To try to achieve a better understanding of how an auditor curbs white-collar crime, interviews with individuals from several industries and different roles was done. As a consequence of using interviews, a qualitative research design was resorted to, that can be divided into several categories, where this thesis uses an exploratory research design.

Exploratory research has a multitude of definitions. Richard Swedberg (2020) believes that at its core, it “consists of an attempt to discover something new and interesting, by working your way through a research topic” (p. 17). However, exploratory research seldom leads to innovative results. One form of exploratory research design is to explore a topic that has been researched before. The idea is to generate new ideas and hypotheses; however, it is not always possible to verify these (Swedberg, 2020). To achieve a greater understanding on how an auditor can curb white-collar crime, this type of research design better fit the goal. Through the acquisition of previous research through existing research and literature, this thesis aims to further describe in detail how an auditor can combat white-collar crime and disturb crime convenience in Norway, trying to add to what previous research and literature have done. By including more than one interview the researchers aim to analyze and compare the results of the research with the different interviewed individuals, where they tried for a nuanced analysis by detecting similarities and differences in the statements.

Interviews are among the most familiar strategies for collecting qualitative data, and in the exploratory research design, semi-structured interviews with “a set of predetermined open-ended questions will be used, with other questions emerging from the dialogue between interviewer and interviewees” (DiCicco-Bloom & Crabtree, 2006, p. 315). Jupp et al. (2011) underline that interviews “can be an invaluable source of information and opinions that generate valid, representative and reliable data” (p. 104). Semi-structured interviews are used, aiming to enable a more in-depth understanding of the topic, where the interviewers can further their knowledge with their different knowledge and experience surrounding the auditor and how an auditor can combat white-collar crime. The interviews were conducted either in person or via Microsoft Teams, due to the Covid-19 pandemic.

The interviewees were sent the list of questions beforehand, allowing them to thoroughly reflect around the topic of how an auditor can thwart white-collar crime. The questions were open ended, where the interviewee used their own thoughts to answer the questions and were not required to select responses from a fixed list of answers. Since the possible answers are not predetermined, themes are created based on the answers from the interviewees. The same is done for the presented literature. The themes from the literature and the interviews are then compared, and matching themes will be discussed regarding convenience theory. Unmatched themes will not be discussed as it can neither be confirmed or denied by interviews or literature. It has not been deemed necessary to transcribe the interviews due to the brief and ad hoc nature of the interviews, and so note-taking was resorted to (Jupp et al., 2011).

3.4 Qualitative Research Methodology: Trustworthiness

It is important that qualitative research has trustworthiness. In qualitative research, trustworthiness captures the reliability, validity, and objectivity of the research (University of Miami, 2020). Leung (2015) refers to reliability as “exact replicability of the processes and the results” (p. 326). In qualitative research, validity is different from validity in quantitative research. In qualitative research, validation is “trying to assess the “accuracy” of the results, as best described by the researcher, the participants, and the readers”, according to Creswell & Poth (2013). Leung (2015) states that in qualitative research, validity “means “appropriateness” of the tools, processes, and data” (p. 325).

Trustworthiness is achieved by credibility, authenticity, transferability, dependability, confirmability, criticality, and integrity (University of Miami, 2020). This will be further explained below, but in what way the requirements presented in this section are fulfilled in this thesis, will be analyzed in section 5.5.

3.4.1 Credibility

The credibility of the research questions of the results are “an accurate interpretation of the participants’ meaning” (University of Miami, 2020). Carboni (1995) stated that ensuring credibility is “the conscious effort to establish confidence in an accurate interpretation of the meaning of the data” (Whittemore et al., 2001, p. 530). Additionally, the research results should reflect the experience of the interviewees in an authentic/credible way, and also fit the description. It is important that the interpretations are correct and trustworthy (Thorne, 1997). Important to the research in this thesis, is the credibility of the interviews. Expertise and knowledge add to the credibility of findings in interviews, both academic knowledge and experiential knowledge.

3.4.2 Authenticity

The authenticity of the research inquires whether the different voices are heard (University of Miami, 2020). Authenticity means that the interviewees’ experiences and statements are reflected by the research, and is related to credibility, as discussed above (Sandelowski, 1986). The authenticity of the interviewees is critical for the validity of the research, due to “the multivocality of an interpretive perspective” (Whittemore et al., 2001, p. 530). And as Hammersley (1992) states, it is crucial that the researchers are true to the research they are conducting. Furthermore, following Lincoln (1995) the researchers must be aware of subtle differences in the interviewees’ voices. Lincoln together with Dezin (1994) stated that the researchers can have an influence on how authentically interviewees answer about their experiences.

3.4.3 Transferability

Transferability relates to how the results of the research can be generalized or “transferred to other contexts or settings” (Trochim, 2007). However, it is important to note that transferability is not the responsibility of the researcher but the one doing the generalizing. The researcher can, however, enhance

transferability by thoroughly describing “the research context and the assumptions that were central to the research” (Trochim, 2007). However, the one transferring the results to a different context is responsible for the sensibility of that transfer.

3.4.4 Dependability

Dependability emphasizes the need for researchers to take heed to the constantly changing environment in which research takes place. The researcher is responsible for explaining the changes that take place and how this has affected the way in which the research was done. In qualitative research dependability, that the results are subject to change and instability is emphasized, rather than reliability (Trochim, 2007).

3.4.5 Confirmability

Confirmability refers to the degree to which the results of the research can be confirmed or verified by others, as qualitative research tends to “assume that each researcher brings a unique perspective to the study” (Trochim, 2007). In order to enhance confirmability, the researcher can document the procedures for checking and rechecking the data throughout the study, being self-critical, actively “search for and describe instances [...] that contradict prior observations” and judge the potential for bias and distortion (Trochim, 2007).

3.4.6 Criticality

The criticality of the research questions if there is “a critical appraisal of all aspects of the research? (University of Miami, 2020). Critical assessment must be proven through a careful description of the research design. Furthermore, it is important to be critical when looking for alternative hypotheses, to explore negative cases and to investigate biases (Marshall, 1990). In order to protect against distortion or conjecture, it is important that the researcher’s interpretation is substantiated by evidence (Maxwell, 1996).

3.4.7 Integrity

The integrity of the research questions if the investigators are self-critical (University of Miami, 2020). Integrity is a crucial aspect when researchers reflect and analyze qualitative research. Johnson (1999) states that subjectivity is important in research, and that subjectivity in research imply that researchers can

interpret data differently, therefore they must show evidence of integrity in their research process. Researchers should therefore be self-critical and seek integrity throughout their research process to prevent uncritical verification of data (Johnson, 1999).

As to what degree this thesis fulfills credibility, authenticity, transferability, dependability, confirmability, criticality, and integrity will be discussed in section 5.5.

3.5 About the Interviews

Interviews have been conducted with seven individuals from five different industries and firms, who have wide areas of expertise and years of experience. This includes interviews with individuals working at Deloitte, Det Norske Veritas (DNV), Wilhelmsen Group, the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim), and one expert within the field of auditing. This in order to get the broad spectrum and points of view on the issue of white-collar crime and an auditor, as they are all operating at different points relating to the issue at hand. The aim was to gain a broader perspective to the research question, but to still clarify the issues at hand. The information obtained through this process will be compared to existing research literature to discern where they agree and on what they disagree. The time spent for each interview ranged from 40 to 60 minutes and was both face to face and through video conference tools. In order to gain insightful and credible information and understanding on the issue at hand, the aim was to interview individuals with large amounts of experience within the field and at higher levels within their industries. The process of getting in contact with and arranging interviews with these individuals was done by contacting the individuals directly after researching their industry, organization, role, and experience within it, in an effort to ensure that the obtained information would be relevant and credible. This further resulted in obtaining opportunities to interview individuals at higher levels within the respective organizations.

The first two interviews were with two Partners at Deloitte, one of which doubles as Office Manager. They both have a great deal of experience with auditing across many industries and businesses. To further the research of this thesis, an interview with an expert within the field was conducted. This expert

holds a PhD and is published in several leading journals. Furthermore, this section entails an interview with a Finance Director from DNV, who has worked at DNV for several years and has many years' experience within audits and all financial dealings within the company. In order to get a broader perspective on the subject at hand the researchers of this thesis had the pleasure of interviewing a Group Compliance Manager for the Wilhelmsen Group, who has wide experience within compliance and whistleblowing.

The final two interviewees work at Økokrim. The first, currently works as a police prosecutor but has previous experience as auditor in Norway. The interview section will conclude with the director of Økokrim, who currently presides over all Økokrim matters, and has several decades of experience within crime investigation and law.

4. The Interviews

4.1 Sturle Holseter, Partner, Deloitte

Mr. Holseter works as a Partner and Office Manager at Deloitte Audit & Assurance. Holseter has broad experience with challenges regarding internal control and financial reporting, purchase and sale of businesses, due diligence, and restructuring.

The most important way for an auditor to prevent white-collar crime in an organization, is, according to the Partner, to “ensure that there is an appropriate and sufficiently established segregation of duties”, meaning a separation of functions (Holseter, 2022). An auditor has to obtain an understanding of the different accounts in the financial statements, and check all material records where fraud may occur, especially related to bank transactions and how the control and separation of functions is designed and implemented.

Additionally, Mr. Holseter states that if auditors have a visible presence in the client's organization, it “hinders management's opportunity” to commit crime because an auditor reviews and verifies the organization's dispositions and internal control (Holseter, 2022). Also, the auditor keeps a close eye on the CEO, and checks if the CEO follows the instructions given by the board of directors. The Partner states that it is “important to remember that the auditor is appointed by the owners, and the owners are interested in ensuring that the board has had instructions for the CEO and that the CEO follows the instructions” (Holseter, 2022). The external auditor is appointed by the shareholders, and “report to the

board and general assembly on the quality of the design and implementation of the internal controls. The CEO is further responsible for implementing a sufficient internal control relevant for the business” (Holseter, 2022).

An important task in an auditor’s work that can prevent and detect white-collar crime is, according to Mr. Holseter, to “ensure that proper internal controls are designed and implemented, as stated in the auditor’s report” (Holseter, 2022). An auditor may identify deficiencies in the internal controls that “can increase the risk of misstatements and errors” (Holseter, 2022). One advantage of having an external auditor is, according to the Partner, that the client has a good sparring partner who can help promote the importance of sufficient internal control. He further states that it is important for an auditor to maintain professional skepticism as “a good auditor who is skeptical, will ask the right questions and assess the design and implementation of relevant controls”, and can report where there is room for improvement to the board of directors and the general assembly (Holseter, 2022). Mr. Holseter further mentions that professional skepticism aids in ignoring the potential superstar status of the CEO. He states that “experience shows that fraud is often committed by CEOs and CFOs that are very charismatic, very nice, very socially adept, always have full control, know pretty much everything, and can out-talk an inexperienced accountant” (Holseter, 2022). However, if the auditor maintains a skeptical attitude, the auditor can see past the CEO’s facade.

Holseter (2022) states that an important aspect in the work of an auditor is that an auditor gets “100% access”. He informs that it is stated in the letter of commitment, that “we shall have 100% access to persons, documents, and sources that are relevant to our audit, and the company also signs a management representation letter as part of the audit” (Holseter, 2022). It is fundamental to have access to everything in a company to be able to detect white-collar crime.

Furthermore, the Partner stresses the importance of understanding the client’s business. The auditor must understand how the business is organized and how it makes money. Throughout this process it is important that “we start from the point of view of the owners, the board, the CEO and so on” (Holseter, 2022). Mr. Holseter further emphasizes that it is also important to understand how the delegation of responsibility is in the company, and clarify “who has the responsibility, what responsibility do they have, what control points do you have?” (Holseter, 2022). It is crucial to understand what concerns the shareholders

and board of directors have related to fraud risks, hence a fraud risk assessment is made based on their understanding of the business. The auditor then can focus their audit work on the relevant areas where an increased risk of fraud and misstatements may occur (Holseter, 2022).

Finally, the Partner at Deloitte highlights some important aspects. First, that the audit “requires time from the organization, and they also have to pay for the audit” (Holseter, 2022). This highlights the importance of auditor independence, citing the potential conflict as the client funds and sets aside time that the auditor requires, and that “the auditor works for the individuals that pay the bill” (Holseter, 2022). For the auditor to be able to conduct a more thorough audit and be better able to detect white-collar crime, the auditor must require more funding from the client. This will lead to the auditor being able to spend more time familiarizing themselves with the organization and the risks.

Holseter (2022) proposes several specific measures to the question of ‘how an auditor can prevent and detect white-collar crime’. They include requiring separation of functions, practice visible presence in client organization, protect owners, not executives, require and review internal controls, require access to everyone and everything, require sufficient client funding, understand client business, perform proper risk assessment, maintain professional skepticism, and to ignore the potential superstar CEO.

4.2 Marianne Eriksrud, Partner, Deloitte

Marianne Eriksrud is the newest partner at Deloitte Audit & Assurance in Drammen. She has broad experiences with both local and international businesses and is an expert in the real estate industry, having spent 16 years at Deloitte.

According to Eriksrud (2022), the most important task an auditor does is to become familiar with “the risk factors that exist for the company being audited”. It is important that “everyone on the team is informed about the risks in the company and that it is not just the partner who has all the information” (Eriksrud, 2022). “The first thing we do at start-up meetings on the topic is to discuss fraud, which risks we see as fundamental, and that risk scenario will determine what actions we take” (Eriksrud, 2022). The determination of areas of risk varies based on the auditors’ knowledge of the industry, the people, and the management in the organization. Eriksrud (2022) adds that experience within the

various industries significantly aids in that process, having had several cases of fraud detection herself.

Eriksrud (2022) highlights the strong or high-status CEO, saying that it is vital that “the auditor asks the same questions, regardless of the behavior of some top managers”. The issue is that these strong leaders “override their own organization and their own controls, so that they can do as they please and manipulate what they want” (Eriksrud, 2022). Although auditors work with the support structure for the leaders, such as controllers, Eriksrud (2022) adds that “it is clear that a strong top manager will be able to override everyone in his organization, and then it is absolutely necessary that we have seen the risks in advance to be able to detect it”.

An area that the auditor focuses on is to “ensure that the company has sufficient internal control”, as a lack thereof creates opportunity to commit criminal acts (Eriksrud, 2022). Eriksrud (2022) adds that “if the internal control is not in order, we will not be able to detect anything either”. Internal control removes opportunity for the potential white-collar criminal as one individual is unable to bypass controls without having to cooperate with someone else in the organization. Managers generally have access to most resources within the company; however, most companies have two-part authorization in banking, highlighting the effect of internal controls. Furthermore, Eriksrud (2022) says that “the more people who have to certify and cooperate in order to commit a criminal act, the lower the risk is of it happening”.

The auditor regularly meets with the board or owners without the CEO being present. These meetings often discuss the CEO, their workload, and the expectations they have of the CEO. Eriksrud (2022) elaborates stating that the auditor’s “alert the board if we think the CEO has too much workload and is struggling, something we regularly see”. Bonus schemes are the first thing an auditor asks about with new clients, discussing them in start-up meetings. There may be several reasons for large bonus schemes, for example in order “to get the right people” Eriksrud (2022). The partner adds that “an auditor cannot directly influence bonus schemes and requirements the board set for top managers”, but “we can tell the board that it increases the risk and affects, to a greater extent, our risk assessment and the audit procedures we do and the audit fee” (Eriksrud, 2022)

Eriksrud (2022) highlights auditor independence as an important factor in curbing white-collar crime, highlighting “independence from the client, and being steadfast in important confrontations”. It is important to remember that “we are not employed by the client but are employed to ensure that nothing is wrong” (Eriksrud, 2022).

She further highlights that audit team rotation at the partner level “can be healthy, because you may eventually develop a relationship with the client and become a ‘friend’” (Eriksrud, 2022). It is easier to have the difficult conversations with a newer client, however Eriksrud (2022) adds that the backside to rotation is that client knowledge is vital to be able to detect fraud. Eriksrud (2022) points out that “if you audit a new company every year, you will not discover as much as you would if you have had the same company for a few years and begin to know the company better”. The solution, Eriksrud (2022) believes to be is “to have junior staff and managers who know the company on the team but then have a partner who comes in with new eyes after every few years” (Eriksrud, 2022).

In conclusion, Eriksrud (2022) emphasizes the importance of start-up meetings as “the manager and partner may, at times, not have enough time to review the work at the end of the audit”. It is very important that the team is aware of, and agrees on, the risks and risk assessments discussed at start-up. “Enough time should be set aside for the audit, nevertheless, managers cannot ‘turn every stone’, this would also be too expensive” (Eriksrud, 2022). She concludes that increased funding would lead to the ability to “look at many more invoices” which could lead to more detection and prevention of crime but would not necessarily be the best way to do so.

Eriksrud (2022) proposes several specific measures and requirements to the question of ‘how an auditor can prevent and detect white-collar crime’. These include performing proper risk assessment, understanding the client business, ignoring the potential superstar CEO, requiring, and reviewing internal control, working with the board, auditor independence, the issue of audit team rotation, spending enough time, and requiring sufficient client funding.

4.3 Tobias Svanström, PhD, Expert in the field

Tobias Svanström is an expert within the field of auditing, holding a PhD from Umeå University and being a professor at Umeå School of Business, Economics and Statistics and adjunct professor at BI Norwegian Business.

Svanström has not only researched topics within auditing but has also had his research published in several prestigious and leading journals in the field. He has also published several book chapters, including one chapter in the book ‘The Routledge Companion to Auditing’.

Professor Svanström points to several ways in which the auditor is enabled to, and actions they can do to curb white-collar crime. He points to the importance of the fraud triangle saying, “it is vital for the auditor to be aware of opportunities, motive and rationalization” (Svanström, 2022). The professor highlights several actions and requirements that enable the auditor to be aware of these aspects.

One such action is working with the owners and board of directors in being aware of incentives for management. Svanström (2022) highlights the importance of understanding “the compensation and bonus schemes of organizations”, as these can provide an incentive, or motive, to resort to white-collar crime in order to achieve them. Svanström (2022) believes they can provide a motive for “manipulating numbers to achieve them”. The Professor adds that “the auditor may have a role in providing advice, based on their knowledge of the organization or industry, to the owners or board regarding bonuses and incentives, to ensure that they do not become unrealistic so that managers resort to crime to obtain them” (Svanström, 2022). Svanström (2022) adds that “for the consultation and advisory role, the auditor must follow the independence rules, however some advice is also expected as part of the audit engagement”. He further adds that “realistic expectations are important, as motives are provided when gaps are too big between expectations and reality. Realistic expectations are important.” (Svanström, 2022). This role of consultation and advisor can, according to the professor, be a natural role. In fact, Svanström (2022) points to existing research that “has also shown that it is clear that the auditor can take on such a function especially as many times the accountant is the one person who can take on that role” (Svanström, 2022).

It is, therefore, vital that the auditor is able to “ask the uncomfortable questions, and a requirement for being able to do so is independence and professional skepticism” (Svanström, 2022). The professor highlights these traits as helpful in combating white-collar crime, as well as “following trends and developments within the organization and industry” in order to fully understand and be aware of opportunities for white-collar crime (Svanström, 2022).

Svanström (2022) mentions audit team rotation as a topic relating to the auditor's ability to curb white-collar crime, as there "is often high turnover". The professor sees that there "is a positive dimension in bringing in new people, gaining new perspectives, and maybe seeing things that have not been emphasized before" (Svanström, 2022). However, Svanström (2022) states that "overall it is more negative with a lot of rotation". The professor highlights that it is in fact detrimental to the auditor's ability to understand the organization fully, as the learning process leading up to client knowledge is disrupted. Svanström (2022) elaborates that "literature has proven that when the assignment manager is rotated, the quality of the audit is reduced in a couple of years to follow, further impacting the auditor's ability to combat white-collar crime negatively". He highlights that there "must not be too much turnover", as the "client knowledge, such as how they earn money and what the incentives are like, is lost" (Svanström, 2022).

The professor highlights sufficient client funding as a further requirement that enables the auditor to thwart white-collar crime. He believes "it is a problem when there is not sufficient funding as there is not enough time to discuss the audit fully and a lot of the work tends to be delegated to junior staff" (Svanström, 2022). He goes on to say that sufficient funding leads to more experience, or expertise, and more time for the audit. He highlights that as white-collar crime detection and prevention is not the main goal of the audit, it becomes even more important to have the sufficient funding necessary to spend the time necessary and have the expertise necessary to be able to combat white-collar crime, avoiding the "tick-box mentality" (Svanström, 2022). In all, sufficient client funding "increases the likelihood of discovering and reflecting on the responsibility of combating white-collar crime through reflection and discussion within the team and with the client" (Svanström, 2022).

Professor Svanström proposes several specific measures and requirements to the question of 'how an auditor can prevent and detect white-collar crime'. These include working with the board, understanding the client business, the issue of audit team rotation, requiring sufficient client funding, spending enough time, and maintaining professional skepticism and independence.

4.4 Jostein Furnes, Finance Director, DNV

Mr. Furnes is the current Finance Director for DNV Maritime. He has worked as Group CFO for 6 years and has had two stints as Maritime Finance

director for a total of 16 years, totaling to experience of 22 years. He has broad experience within finance, budgets, controls, structuring and has worked with auditors during the interim and year-end audit for many years.

The Finance Director at DNV sees the high staff turnover at audit firms as a disadvantage for their work in detecting white-collar crime in the company. He feels that the audit team cannot build competence about DNV when “you replace the whole team except for a partner for a 3–4-year period” (Furnes, 2022). Then you must start from scratch again, teaching the new auditors how the business works and how its controls work, which can be difficult due to DNV’s complex business model. Mr. Furnes affirms that “for outsiders, the business models, setup, how things flow, everything from entering into a contract to data flow, the whole process is quite complex”, making it difficult for newly educated auditors to understand their business (Furnes, 2022). Moreover, “if they do not fully understand how data flows, or understand what is automated and what is manual, then they will also have some limitations in relation to detecting fraud” (Furnes, 2022). Mr. Furnes further highlights that having a more experienced auditor, rather than an associate, will result in a better audit and a more rewarding exchange of opinions for both the company and the auditor because the auditor understands the business and can make faster decisions. This will however cost more for the company due the higher hourly rate (Furnes, 2022).

Since the business model is complex, it is important that an auditor reviews the internal controls, according to Mr. Furnes. He further states that the company has received input on internal controls from the auditor, where the auditor has “mapped up internal controls and suggestions for improvements” (Furnes, 2022). He states, however, that “often it is not part of an audit” (Furnes, 2022). There are still a lot of manual routines that happen at DNV. Therefore, the auditors must have an understanding and insight into how the checks are done (Furnes, 2022). To achieve a better understanding of the company, the auditors “must spend more time, and it will be more expensive for the company, but they have limited time today to do the audit job” (Furnes, 2022). For the auditor to make a greater impact, it will require more funding.

Mr. Furnes believes that the auditor has a preventing effect by having a presence at the company. He states that “I think they contribute to the fact that everyone knows that there will be an audit” (Furnes, 2022). The Finance Director feels, however, that the audit company has a limited presence at the company. He

says that they do “an interim audit, and a year-end audit”, and that is limited in uncovering financial crime (Furnes, 2022).

Furnes proposes several specific measures to the question of ‘how an auditor can prevent and detect white-collar crime’. They include audit team rotation, having a presence in client organization, spending enough time, reviewing internal controls, paying for experience, require sufficient client funding, and understanding client business.

4.5 Morten Torkildsen, Group Compliance Manager, Wilhelmsen

The researchers of this thesis additionally had the opportunity to interview the Group Compliance Manager of Wilhelmsen. He states that it is “always good to have a third party verify the accuracy of the accounts you submit and is vital in terms of shareholder confidence” (Torkildsen, 2022). Mr. Torkildsen stressed the fact that “if you want to find things out, you have to go down to ‘the nitty-gritty’ and the auditor does not spend much time on that anymore” (Torkildsen, 2022). For white-collar crime to be detected and prevented, Mr. Torkildsen stated that “checks must be made as to whether processes within internal control are actually followed, where they (the auditor) may have to take deep dives in areas to verify processes” (Torkildsen, 2022). An example of an important process to verify is the separation of functions.

Torkildsen also believes that the auditor has every opportunity to gain insight into their work, controls, and risks. The important thing, however, is that the auditor has “access to all of the paperwork and information where risks are continuously assessed by the firm” (Torkildsen, 2022). However, the auditor “simply does not have the time and opportunity to do so when doing their statutory audit based on the fee they are paid” for their statutory audit (Torkildsen, 2022). These controls are also what, Torkildsen, believes reduces the convenience of White-Collar crime, as lack of controls provides opportunity for crime, saying “to what extent the auditor has the opportunity to check that the processes are actually followed removes opportunity for fraud” (Torkildsen, 2022). Moreover, as to what extent the auditor can get into the details of the firm, further reduces opportunity, and increases the probability of detecting and preventing white-collar crime. However, as mentioned, this is difficult “based on the fee they are paid” (Torkildsen, 2022). The way an auditor can prevent embezzlement, fraud and so on, is to “look at deviations in the processes”, however because auditors “do not

have the time or resources within the framework and budget of the audit assignment” they often are not able to really “dig into it” (Torkildsen, 2022).

In order for white-collar crime to be prevented in organizations, Torkildsen stresses the importance of clear roles and clear definition of functions. He states that if these are unclear “it gives a greater possibility that this type of activity can take place” (Torkildsen, 2022). He concluded the interview by stating that “more resources and more money must be set aside for the audit so that one can take a deeper dive into the risk areas” (Torkildsen, 2022).

In answer to the question of ‘how an auditor can prevent and detect white-collar crime’, Torkildsen gave us some specific measures. These include, requiring access to everything, requiring sufficient client funding for crime detection, spending enough time to complete the audit, requiring separation of functions, understanding client business, and reviewing internal controls.

4.6 Henrik Brødholt, Law Attorney, Økokrim

Mr. Brødholt works as a police prosecutor in the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim). He has previously worked as an auditor at Deloitte as well. He is a certified auditor and lawyer.

Mr. Brødholt states that it is difficult for an auditor to prevent and detect white-collar crime in a company. It is “difficult because the auditor has many requirements to fulfill and normally has very limited time per client” (Brødholt, 2022).

Furthermore, the police prosecutor believes that having a presence in the client’s organizations may have a “disciplinary effect but also a training effect that will contribute to less mistakes and criminal activity because it will feel closer” (Brødholt, 2022). He further states that he thinks auditors “perhaps to a greater extent with smaller companies, can contribute more, where they act as a ‘Jack-of-all-trades’” (Brødholt, 2022). In smaller organizations, it is more common to have a more personal relationship with executives at a company. According to Brødholt, a personal relationship with the company’s leadership may contribute to the auditor having a greater effect on the prevention or detection of crimes. However, under certain circumstances, a personal relationship may also increase the auditor’s willingness to accept illegal actions by the company (Brødholt, 2022).

Brødholt proposes several specific measures to the question of ‘how an auditor can prevent and detect white-collar crime’, such as requiring auditors to perform further actions directed towards client funding and prevention, specifically securing funding for this.

4.7 Pål Lønseth, Director, Økokrim

During the research of this thesis, the researchers had the pleasure of interviewing the Director of the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim). He has several years of experience within law and working with auditors in the Big 4 audit firms. In his experience, the external auditor is oftentimes “too far away from the risk in his audit work”, meaning that discovering the criminal activity is difficult (Lønseth, 2022). He highlights that “it is the control mechanisms within the company that reveal [fraud and criminal activity] (Lønseth, 2022).

The audit function, as highlighted previously, has undergone changes and developments over the years. Lønseth (2022) feels that “the auditor has improved in the sense that they are more observant that crime can occur within a company”.

He points out risk assessment and understanding the business as important for auditors, stating “it is basically about risk assessment and understanding the business. Understanding the industry, the value chain and managing to make a good risk assessment to see where fraud can occur is important. Are there any control mechanisms that make it easy to commit embezzlement? Are there any control mechanisms that are missing that allow that part of the business to run-business-in-the-business?” (Lønseth, 2022). Without this analysis or knowledge of the business and where and how the business operates, it becomes virtually impossible for auditors to prevent or detect white-collar crime. Furthermore, Lønseth stresses how vitally important it is to understand the value chain, how the value is created and where in that chain there may be risks. Something Lønseth (2022) feels is lacking, is thinking through “not only the risk of the company being exposed to crime from within, but also having an eye for the risk that the company runs, to be involved as a criminal actor”.

Throughout his years of experience, Lønseth has seen where investigations and situations can go awry. He admonishes auditors to think about what blind spots they may have, saying “an auditor has access to all the company’s information and transactions. But there can be transactions outside the structure

that you do not see. This is something the auditor needs to be aware of” (Lønseth, 2022).

Lønseth (2022) further highlights the preventative effect of organizational structure, saying “Dual approval and spread of power, the fact that no one can operate alone but that they are dependent on other people and departments, that one does not sit with a decision alone”. He stresses that the auditor has “influence and say” when it comes to these types of control mechanisms that have a preventative effect (Lønseth, 2022).

In conclusion of the conversation, Lønseth (2022) highlighted the importance “that the auditor takes the time to familiarize himself with the business and understand where the risks may be” adding that “the role of the auditor is very important”.

Lønseth (2022) proposes several specific measures to the question of ‘how an auditor can prevent and detect white-collar crime’. They include requiring separation of functions, understanding the client business, conducting proper risk assessments, and reviewing internal controls.

Table 5: Below, a visual representation of the categories that the statements of each interviewee affects is displayed:

Interview	Combat		How		Aspects of Convenience		
	Prevention	Detection	Requirement	Action	Motive	Opportunity	Willingness
Holseter	X	X	X	X	X	X	X
Eriksrud	X	X	X	X	X	X	X
Svanström	X	X	X	X	X	X	X
Furnes	X	X	X	X		X	X
Torkildsen	X	X	X	X		X	X
Brødholt	X	X	X	X		X	
Lønseth	X	X	X	X	X	X	X

The specific measures proposed by all interviewees in answer to the question of ‘how can an auditor prevent and detect white-collar crime’ are presented in the following table, separated into what aids in detection and what aids in the prevention of white-collar crime:

_____ [See Table 6 in the Appendix] _____

5. Findings and Discussion

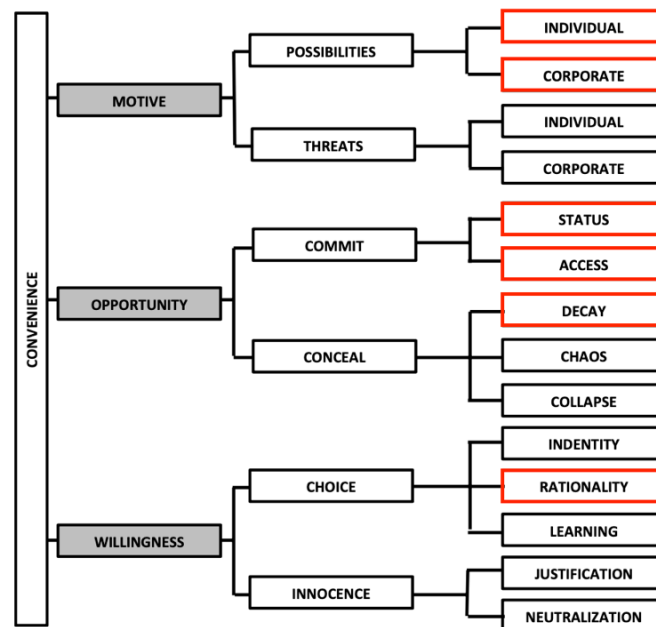
After reviewing the existing literature and conducting interviews with key employees and individuals with experience within audit and white-collar crime, this thesis will highlight measures to answer the question of how an auditor can

prevent and detect white-collar crime. These have been proposed by existing and presented literature and interviewed individuals. The objective is to compare the existing research literature with the results of the conducted interviews. There are some topics on which the literature and interviews agree and some on which they do not. Unmatched themes will not be discussed as it can neither be confirmed or denied by interviews or literature.

Both researchers (literature review) and practitioners (interviews) agree on the following aspects:

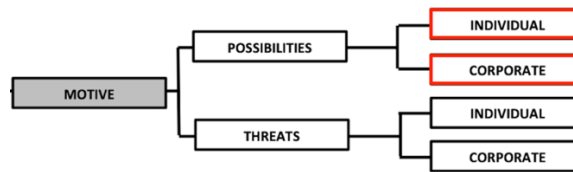
5.1 How can an auditor prevent and detect white-collar crime and disturb crime convenience?

White-collar crime convenience is separated into several subcategories. By comparing the existing research literature and interviews, 6 aspects of crime convenience are highlighted as possible to be disturbed by the auditor. The results of the research will now be divided into the aspects they disturb and the way in which they do so. The auditor is shown to disturb the following 6 subcategories of white-collar crime convenience:



These subcategories, and how the auditor disturbs them will now be presented.

5.1.1 Motive – Possibilities – Individual/Corporate



The motive to white-collar crime is the reason for committing crime. These motives, or reasons, can be anything from preventing bankruptcy to maintaining a specific lifestyle and everything in between. One aspect of motive is possibilities. Possibilities for the individual might include climbing the hierarchy of needs for status and success (Maslow, 1943). For an individual who already is considered being on a high level on the pyramid of needs, might still look for possibilities to increase their status and the “likelihood of being promoted, receiving increased compensation, and earning bonuses due to goal achievement” (Braaten & Vaughn, 2019). Financial crime might then be the convenient option for reaching that level.

Individual motives are, however, not the only motives present. There are possibilities that the corporation might consider also. Eriksrud (2022) states that the most important task an auditor does is to become familiar with “the risk factors that exist for the company being audited”. In some cases, the bottom-line of the firm might be so vital, that “ends simply justify means” (Gottschalk, 2020, p. 5). These considerations may therefore include “reaching business objectives by ignoring whether or not means are legitimate or illegitimate” (Gottschalk, 2020, p. 5). The article establishes that high-performance goals can cause unethical behavior.

Often in high-performance goal-oriented firms, management may resort to financial crime, in order to achieve those goals. Regarding this issue, Lønseth (2022) highlights the importance of **understanding the environment and organization** in which the client operates, stating that “understanding the environment will help the auditor reflect on the goals set and can help in that process” (Lønseth, 2022). As Gottschalk (2020) stated, high-performance goals can cause unethical behavior. When the goals set are too high, or difficult to reach, management of other personnel have an incentive, or motive, for white-collar crime as they are under pressure to reach the targets set by their leaders or the owners. Svanström (2022) adds that “the compensation and bonus schemes of organizations” can provide an incentive, or motive, to resort to white-collar crime

in order to achieve them by “manipulating numbers to achieve them”. As the auditor gains understanding of the environment and organization, they are able to present opinions and consult on the targets attainable in the industry based on current firm performance. This will aid in the disturbance of motive regarding financial crime, by removing the aspect of white-collar crime as a convenient solution to achieve high goals set by leadership. Although the “auditor cannot directly influence bonus schemes and requirements the board sets for top managers”, they “can tell the board that it increases the risk” (Eriksrud, 2022).

When goals and bonus schemes do not facilitate or motivate employees and managers to resort to white-collar crime in order to achieve them, the ‘Motive - Possibilities - Individual/Corporate’ aspect is disturbed. This has an indirect influence on motive which further reduces the strength of the motive. The auditor can do so by presenting opinions and consulting on the targets attainable in the industry based on current firm performance.

Alon et al. (2019) discuss the importance of protecting the owners and shareholders of a firm as opposed to the executives and managers. They found that the auditors often supported the executives of the company and not its owners or shareholders (Alon et al., 2019). Hurley et al. (2019) further emphasize the importance of consistently reporting to the board. The auditor is in a position where they are to **work with the owners and the board** of an organization. Lønseth (2022) says that the board of the company is often underestimated as they should regularly hold their administration responsible and follow up that there are “good systems for reviewing whether the rules and regulations are followed”. Moreover, he states that if management frequently reports to the board about “the measures, communication, training routines and policies in place” this will have a preventative effect (Lønseth, 2022). Working with the board of directors and the owners of the organization, the auditor can report and provide feedback on the fiscal goals and targets set for the leaders of the organization. The auditor can make sure that the owners and board understand that more rigorous, and difficult to obtain goals, increase the risk for misstatement and fraud. This is achieved as the auditor regularly meets with the board or owners without the CEO being present (Eriksrud, 2022). These meetings often discuss the CEO, their workload, and the expectations they have of the CEO and the auditor can “alert the board if we think the CEO has too much workload and is struggling, something we

regularly see” (Eriksrud, 2022). As the auditor controls costs related to salary, they, as part of their advisory role, can consult and advise if the salary is unfair or too low, as this can lead to motive for the manager to steal from the company because he feels unfairly treated. The auditor, therefore, can advise on fair remuneration in an effort to combat possible motives, specifically the motive for perceived injustice.

Svanström (2022) confirms this stating that “the auditor may have a role in providing advice, based on their knowledge of the organization or industry, to the owners or board regarding bonuses and incentives to ensure that they do not become unrealistic so that managers resort to crime to obtain them” adding that “motives are provided when gaps are too big between expectations and reality”. Svanström (2022) points to existing research showing “that it is clear that the auditor can take on such a function especially as many times the accountant is the one person who can take on that role” (Svanström, 2022).

Holseter (2022) stated that the auditor is able to confirm that as the CEO follows correct expectations from the board, high-performance goals do not contribute to motive for white-collar crime. In this way, the auditor disturbs the ‘Motive - Possibilities - Individual/Corporate’ aspect of crime convenience.

Harvin and Killey (2021) state the importance to **ignore the potential superstar CEO**, which potentially can have a negative impact on the strategic risk assessment the auditor does, as the auditor may “unwittingly or consciously” lower the risk assessment as a result of this superstar (Harvin & Killey, 2021, p. 509). This allows the auditors to make sure the instructions and goals given are followed, the auditor is able to confirm that high-performance goals do not contribute to motive for white-collar crime (Holseter, 2022). Mr. Holseter reiterates that “the auditor is always engaged by the owners, and the owners are interested in ensuring that the board has had instructions for the CEO and that the CEO follows the instructions” (Holseter, 2022). The external auditor is engaged by the shareholders, and “are committed to ensure that the owners’ wishes and reservations, by hiring a board that in turn hires the CEO, that they have established an internal control that makes one trust that the funds and the business are managed to the best of their ability or according to the wishes of the owners” (Holseter, 2022). The auditor has the opportunity to understand the environment, industry and organization and is thereby able to consult and review goals set and

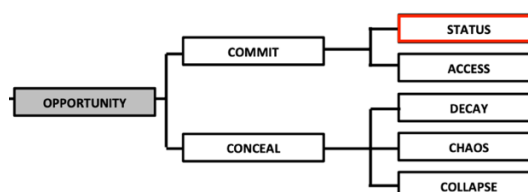
help management set goals that are not only attainable, but that will not tempt or motivate employees to use crime as a means to achieve said goals.

The auditor's opinion, according to Andrew et al. (2022), can contribute to management's rationalization and justification of fraud. This shows the importance of their opinion. By presenting opinions on possible goals and targets, they can also aid in contributing to, as mentioned, removal of motive. Through discussions with management and other key personnel, Martinez (2022) emphasizes that an attainment of judgment of character of management and risks of fraud are possible.

Additionally, by keeping a close eye with the CEO, following up to make sure the instructions and goals given are followed, the auditor is able to confirm that high-performance goals do not contribute to motive for white-collar crime (Holseter, 2022). By ignoring the potential superstar CEO and following up on goals and instructions from the owner and the board of directors, the auditor disturbs the 'Motive - Possibilities - Individual/Corporate' aspect of crime convenience.

The auditor, through working to understand the environment of the organization and working with the board, is able to remove the motive to resort to white-collar crime to reach targets and goals set. When goals and bonus schemes are made that do not facilitate or motivate employees and managers to resort to white-collar crime in order to achieve them, a motive aspect is removed and disturbed. The auditor can do so by presenting opinions and consulting on the targets attainable in the industry based on current firm performance. This can only be done when the auditor works with the board and understands the industry and environment in which they operate. Additionally, by keeping a close eye with the CEO, following up to make sure the instructions and goals given are followed, the auditor is able to confirm that high-performance goals do not contribute to motive for white-collar crime.

5.1.2 Opportunity – Commit – Status



Leaders and executives in an organization can use their status and a more complex language in their communication that the other employees do not understand, and the employees still trust the messages they do not understand because of the leaders and executives' status. Furthermore, some high-status offenders have the perception that they are "too big to fail and too powerful to jail" (Gottschalk, 2020, p. 6). They are in a privileged position, have a high social status and believe that their importance is too high to be blamed for crime.

Harvin and Killey (2021) state the importance for the auditor to **ignore the potential superstar status of the CEO**. The study in the article finds that the superstar status of a CEO potentially has a negative impact on the strategic risk assessment the auditor does. They may "unwittingly or consciously" lower the risk assessment as a result of this superstar status (Harvin & Killey, 2021, p. 509). Sometimes even aiding the CEO in their schemes. Holseter (2022) stresses the importance of keeping a close eye on the CEO to detect white-collar crime. It is additionally important to follow up that the CEO follows the instructions given by the board of directors. This can be done by the auditors working with the owners and being mindful of the fact that the auditor's report to the owners and are engaged by the owners rather than management. Additionally, when the auditor sees past the facade of the status of the CEO, they are able to critically analyze and view the situation of the audit. While maintaining a questioning and skeptical attitude the auditor is better suited and equipped to notice further potential situations in which management or the CEO can commit white-collar crime. Eriksrud (2022) points to the importance that "the auditor asks the same questions, regardless of the behavior of some top managers" as these strong leaders "override their own organization and their own controls, so that they can do as they please and manipulate what they want". Eriksrud (2022) adds that "it is clear that a strong top manager will be able to override everyone in his organization". Brødholt (2022) further problematizes the relationship that auditors have with management, stating that under certain circumstances, a personal relationship may also increase the auditor's willingness to accept illegal actions. This is highlighted by Karim and Siegel (1998) who quote the research by Arens and Loebbecke (1997), who conclude that management fraud is difficult to uncover because management is in a position to override internal controls and are also able to conceal misstatements. By being aware of, and disregarding status and reputation of management and leaders in an organization, the auditor disturbs the

‘Opportunity – Commit – Status’ aspect of crime convenience, as the auditor disregards the status of the employees.

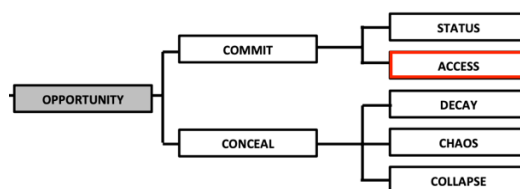
Holseter further mentions that **professional skepticism** aids in ignoring the potential superstar status of the CEO. Harvin and Killey (2021) define professional skepticism as “maintain[ing] a neutral attitude pertaining to the adequacy of the client’s financial statements” while having a “questioning mind and suspension of judgment which indicates neither a trust nor distrust of management” (p. 502).

Zager et al. (2015) highlight that in the prevention of fraud the auditor is “responsible for maintaining professional skepticism throughout the audit” (p. 697). Gottschalk and Gunnesdal (2018) agree that throughout the audit procedure it is vital that the auditor shows professional skepticism as a lack of this “makes the auditor less aware of abnormal conditions” (p. 131). Martinez (2022) reiterates that the auditor must maintain professional skepticism throughout the audit to detect white-collar crime. Schuster (2021) also reiterates the importance of professional skepticism and concludes that “the continuous use of professional skepticism is needed to promote a high-level audit and to ensure the process’s quality” (p. 154). It is, therefore, vital that the auditor is able to “ask the uncomfortable questions, and a requirement for being able to do so is independence and professional skepticism” (Svanström, 2022).

In the field, the auditor often works and communicates directly with management. However, as mentioned previously, the auditor is to remember that they report to the owners. The problem can arise, that managers who oftentimes are very charismatic and have good humor, can use these attributes to create a false perception of reality. Holseter states that “the biggest scammers are strong CEOs who are very charismatic, very nice, very socially adept, always have full control, know pretty much everything, and can out-talk an inexperienced accountant” (Holseter, 2022). However, if the auditor maintains a skeptical attitude, the auditor can see past the CEO’s facade. When the auditor is able to analyze a situation with skepticism, they are able to ignore the roles, stature, and status managers and employees may have that can mislead the auditor. The requirement of an auditor maintaining professional skepticism reduces the aspect of ‘Opportunity-Commit-Status’.

This attitude and work that the auditor has, disturbs the status and therefore opportunity convenience in white-collar crime. When the auditor can maintain professional skepticism and see past the facade of the status of the CEO, they are able to critically analyze and view the situation of the audit. Additionally, maintaining a questioning and skeptical attitude, the auditor is better suited and equipped to notice further potential situations in which management or the CEO can commit white-collar crime. In other words, the opportunity to commit white-collar crime due to status is reduced by the auditor maintaining professional skepticism.

5.1.3 Opportunity – Commit – Access



Typically, a white-collar criminal has “legitimate and convenient access to resources to commit crime” (Gottschalk, 2020, p. 7). Gottschalk explains that a resource is “an enabler applied and used to satisfy human and organizational needs. A resource has utility and limited availability” (Gottschalk, 2020, p. 7). He concludes that access to resources equates access to power.

There are several things an auditor can do to disturb this aspect of crime convenience. The literature and several interviews mention three measures:

Require separation of functions and requiring internal controls and understanding the client business and spend more time.

Farrell and Franco (1999) state that “to combat the problem of fraud, a crucial element in deterring theft is strict internal controls, segregation of duties, and **separation of functions**” (p. 4). This statement is backed up by several of this thesis’ interviewees. The most important way for an auditor to prevent white-collar crime in an organization is to “ensure that there is an appropriate and sufficiently established division of labor”, meaning that there is separation of functions (Holseter, 2022). Moreover, it is required that an auditor understands the organization enough to know where there may be fraud, especially the different bank accounts and how functions are separated within the firm.

In the prevention of white-collar crime, Torkildsen (2022) stresses the importance of clear roles and clear separation of functions. He states that if these are unclear “it gives a greater possibility that [white-collar crime] can take place” (Torkildsen, 2022).

Lønseth (2022) further accentuates the preventative effect of separation of functions, saying “Dual approval and spread of power, the fact that no one can operate alone but that they are dependent on other people and departments. That one does not sit with a decision alone”. By requiring separation of functions, the auditor reduces the access and hinders opportunity for individuals to perform illicit and dishonest actions, disturbing the ‘Opportunity – Commit – Access’ aspect of crime convenience.

One of the ways in which the access to resources to commit crime can be disturbed, is through the **requiring of internal controls** within a company. This is confirmed by the literature of Zager et al. (2015) and through the interview with Holseter (2022).

Zager et al. (2015) highlight that to prevent fraud, the auditor has to consider “the potential for management override of controls” (p. 697). They conclude that external auditors “generally agreed that the establishment of an appropriate number of internal controls in the company have a significant impact on the prevention of fraud” (Zager et al., 2015, p. 699). In order for this to actually prevent white-collar crime, the auditor’s responsibility is to require that these internal controls actually exist and are implemented within the organization.

Holseter (2022) backs this up that the auditor’s report states that the auditor is to “ensure that there is a proper internal control”. This, he adds, is an important task in the auditors’ work to curb white-collar crime, mainly because deficiencies in the internal control “can increase the risk of embezzlement and errors” (Holseter, 2022). Holseter additionally accentuates that an advantage of hiring an external auditor is that the client has a good sparring partner who can help implement good internal control. Eriksrud (2022) adds that a lack of internal controls will lead to the auditor not being “able to detect anything either”. By requiring internal controls in the organization, the individual’s access is restricted as it is more difficult to access firm resources without collaborating with others. This disturbs the access opportunity of convenience theory, aiding not in the improvement of those controls but disturbing the opportunity for the individuals

as their access becomes limited and controlled. In the disturbance of ‘Opportunity – Commit – Access’, auditors are helped in their work by fully understanding the client business and their environment as this helps them see where opportunities are, and which individuals have access to different resources in the organization.

Another way to disturb the access level of convenience, which is proposed by literature and several interviews, is that the auditor **understands the client business**. Asare et al. (2018) found that auditors often fail to sufficiently modify the standard audit program to fit the firm they are working with. This can often be due to “a lack of understanding of the client business” (Asare et al., 2018, p. 74). Schuster (2021) confirms this statement, by concluding that it is clear that understanding the company’s environment is “necessary for the auditor’s understanding and auditing views through the scrutiny of the structure of the internal controls” (p. 154). Clearly, understanding the environment and business that the client operates in is vital to the combative work of the auditor.

Holseter (2022) stressed the importance of understanding the client’s business, stating that “the auditor must understand how the business is organized and how it makes money”. Without this understanding, the auditor does not know what opportunities there are for white-collar crime, or how realistic or attainable their goals and vision really are.

Furnes (2022) highlights this issue by stating that “if they do not fully understand or understand how data flows or understand what is automated or what is manual or the one and the other, then they will also have some limitations in relation to detecting fraud” (Furnes, 2022).

Lønseth (2022) also believes that understanding the business is vital in the auditors work to thwart white-collar crime, stressing how vitally important it is to understand the value chain, how the value is created and where in that chain the firm may resort to white-collar crime in order to achieve their goals. He states that without a proper analysis or knowledge of the firm and its environment, it becomes “virtually impossible for auditors to prevent or detect white-collar crime” (Lønseth, 2022).

When the auditor fully understands the client business, industry, and the environment in which they operate, they are able to see where opportunities are, and what resources are available to the employees. Thereby the auditor can see where controls or restriction of access is lacking and can home in on that area.

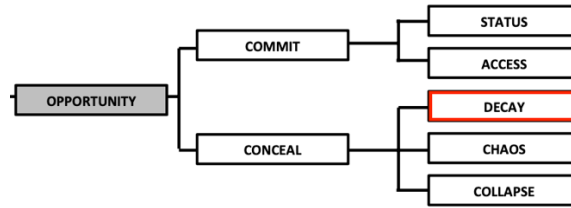
Doing this the auditor disturbs the ‘Opportunity – Commit – Access’ aspect of crime convenience.

However, in order to fully gain this understanding of the firm and its environment, to see where the firm may feel convenience in committing fraud or other white-collar crime in order to achieve fiscal or other goals, the auditor must **spend more time** during the audit.

Suryanto (2014) states that fraud detection and prevention relate to the amount of time spent during the audit process. Alleyne et al. (2013) additionally express concern as audit staff often feel pressure due to budgets and see that audit firms adopt “irregular auditing practices and even resort to the falsification of audit working papers” to meet budget requirements (p. 11). In order to disturb the corporate motive, the auditor must spend more time and hence require more funding from the client. This is also presented by Holseter (2022) when he stated that the auditor needs to be able to spend enough time familiarizing themselves with the organization, their surroundings, and the risks. Brødholt (2022) highlights the problem of time saying, “the auditor has many requirements to fulfill and normally has very limited time per client”. In order to fully understand the organization and the opportunities management has to commit white-collar crime through their access to funds, resources and systems, the auditor must spend the time necessary to gain that understanding. Without this understanding the auditor will not fully see all potential opportunities due to access. More time for the auditor means a greater ability to review internal controls, ensure the separation of functions, understanding the client’s business, assessing risk properly. Eriksrud (2022) stated that “enough time should be set aside for the audit, nevertheless, managers cannot ‘turn every stone’, this would also be too expensive”, concluding that increased funding would lead to the ability to “look at many more invoices” which could lead to more detection and prevention of crime, but would not necessarily be the best way to do so.

By requiring separation of functions and internal controls, and also spending the time necessary to fully understand the client’s business, the auditor disturbs the ‘Opportunity - Commit - Access’ aspect of crime convenience.

5.1.4 Opportunity – Conceal – Decay



White-collar crime often can occur due to the opportunity to conceal the crime actually happening through decay. One way is by auditors reporting to management.

Alon et al. (2019) discuss the importance of **protecting the owners and shareholders of a firm as opposed to the executives and managers**. One main takeaway from the article, supports previous literature included in the literature review. They found that the auditors often supported the executives of the company and not its owners or shareholders (Alon et al., 2019).

Holseter (2022), states that it is “important to remember that the auditor is always engaged by the owners, and the owners are interested in ensuring that the board has had instructions for the CEO and that the CEO follows the instructions” (Holseter, 2022). The external auditor is engaged by the shareholders, and “are committed to ensure that the owners’ wishes and reservations, by hiring a board that in turn hires the CEO, that they have established an internal control that makes one trust that the funds and the business are managed to the best of their ability or according to the wishes of the owners” (Holseter, 2022). When the auditor remembers the role of the owners and shareholders, and reports and protects them, they are able to see beyond the wishes and actions of management and aim to aid those who are not regularly involved in the firm. The shareholders and owners wish for the firm to function effectively and accurately, something that the independent third-party role of the auditor is able to achieve. Eriksrud (2022) informs that the auditor regularly meets with the board or owners without the CEO being present and says that it is important to remember that “we are not employed by the client but are employed to ensure that nothing is wrong”.

By reporting to owners and shareholders, and not protecting the executives and managers, the auditor prevents white-collar crime by disturbing management’s opportunity to conceal illicit activity that can decay the organization from within. In this way the auditor further disrupts the ‘Opportunity – Conceal – Decay’ aspect of crime convenience by protecting the owners of the organization.

Something which has been mentioned previously is **requiring sufficient funding**. The requirement of sufficient client funding for crime curbing is something brought forth by both previous literature and findings from the research process of this thesis.

Suryanto (2014) and Alleyne et al. (2013) emphasize that increased funding allows the auditor to perform the audit more fully, as budget constraints limits their work. Furthermore, Karim and Siegel (1998) present increased client funding leading to increased expertise.

Holseter (2022) laments the fact that for the auditor to be able to conduct a more thorough audit and be better able to detect white-collar crime, the auditor must require more funding from the client. This will lead to the auditor being able to spend more time familiarizing themselves with the organization and the risks.

This is confirmed by Torkildsen (2022) who stresses the importance that the auditor has “access to all of the paperwork and information where risks are continuously assessed by the firm”. However, the auditor “simply does not have the time and opportunity to do so based on the fee they are paid” (Torkildsen, 2022). As to what extent the auditor can get into the details of the firm further reduces opportunity and increases the probability of curbing white-collar crime. However, as mentioned, this is difficult “based on the fee they are paid” (Torkildsen, 2022). The way an auditor can prevent embezzlement, fraud and so on, is to “look at deviations in the processes”, however because auditors “do not have the time or resources within the framework and budget of the audit assignment” they often are not able to really “dig into it” (Torkildsen, 2022). This is corroborated by Brødholt (2022) who states that it is difficult for an auditor to combat white-collar crime in a company “because the auditor has many requirements to fulfill and normally has very limited time per client” due to the budget constraints.

Svanström (2022) says that “it is a problem when there is not sufficient funding as there is not enough time to discuss the audit fully and a lot of the work tends to be delegated to junior staff”. Sufficient funding, therefore, leads to more experience, or expertise, and more time for the audit. In this way, sufficient client funding leads the client to ‘pay for’ the more qualified and experienced auditor. As white-collar crime is not necessarily the main purpose of the audit, it is even more important to have the sufficient funding necessary to spend the time necessary and have the expertise necessary to be able to combat white-collar

crime. He concludes that sufficient client funding “increases the likelihood of discovering and reflecting on the responsibility of combating white-collar crime through reflection and discussion within the team and with the client” (Svanström, 2022).

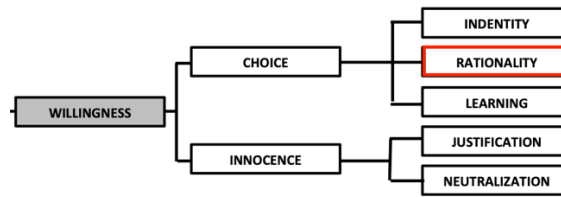
Eriksrud (2022) highlights the need for discussions within the team and that “enough time should be set aside for the audit, nevertheless, managers cannot ‘turn every stone’, this would also be too expensive”, highlighting the importance of funding.

In organizations where chaos and poor overview prevails, the white-collar criminal is better able to conceal their actions. This can be counteracted by the auditor going in and working towards more transparency. However, this requires that the auditor receives more funding and more time. It is therefore clear that the issue of time and money are interconnected and affect all aspects of crime convenience. More time for the auditor means a greater ability to review internal controls, ensure the separation of functions, understanding the client’s business, assessing risk properly and all other measures presented so far. When the auditor requires sufficient funding, they are able to spend more time which more effectively curbs white-collar crime.

By requiring more funding to prevent white-collar crime, the auditor is better able to stop white-collar crime as transparency is increased. Sufficient client funding therefore disturbs the aspect of ‘Opportunity - Conceal - Decay’.

By reporting to owners and shareholders, and not protecting the executives and managers, the auditor prevents white-collar crime by disturbing management’s opportunity to conceal illicit activity that can decay the organization from within. Holseter (2022) mentions the importance of making sure that the CEO follows the direction of the owners and shareholders, which is another way in which the auditor is able to look after the interest of the owners and shareholders as opposed to aiding management in the process of decay and concealment. By requiring more funding to prevent white-collar crime, the auditor is able to spend more time in the audit to ensure that the owners and shareholders instructions to the CEO and management are being followed and executed.

5.1.5 Willingness – Choice – Rationality



Rationality is based on the fact that advantages and disadvantages are subjectively compared (Müller, 2018). If the benefits of crime outweigh the cost, “it is considered rational to commit crime” (Gottschalk, 2020, p. 12). The greater the benefit of crime is and the less the cost of crime is, the more attractive committing the criminal act becomes.

One way in which an auditor can disturb willingness is by **reviewing internal controls**. This is accentuated by several authors and several interview candidates.

Farrell and Franco (1999) state that “to combat the problem of fraud, a crucial element in deterring theft is strict internal controls” (p. 4). Zager et al. (2015) emphasize that when it comes to preventing white-collar crime, the auditor is to consider “the potential for management override of controls” (p. 697). They were able to conclude that external auditors “generally agreed that the establishment of an appropriate number of internal controls in the company have a significant impact on the prevention of fraud” (Zager et al., 2015, p. 699). Gottschalk and Gunnesdal (2018) mention the importance of internal controls when they conclude that the most effective audit procedures in detecting fraud were those that “evaluated the strength of internal controls” (p. 121). This evaluation of internal controls, therefore, is vital in the preventative work of the auditor.

Holseter (2022) emphasizes the importance of reviewing internal controls when he explains that in the preventative and detective work of the auditor, the auditor is to “ensure that there is a proper internal control”. An auditor can find deficiencies in the internal controls that “can increase the risk of embezzlement and errors” (Holseter, 2022). Eriksrud (2022) confirms this stating that an area that the auditor focuses on is to “ensure that the company has sufficient internal control” as a lack thereof creates opportunity to commit criminal acts and reduces the perceived detection risk.

Furnes (2022), says that it is important that an auditor reviews the internal controls. In his experience, the auditors have provided input on implemented

internal controls at DNV, where the auditor has “mapped up internal controls and suggestions for improvements” (Furnes, 2022).

For white-collar crime to be curbed, Mr. Torkildsen highlighted that “checks must be made as to whether processes within internal control are actually taken care of, where they may have to take deep dives in areas to verify processes” (Torkildsen, 2022).

This again confirms Zager et. al (2015) and Gottschalk and Gunnesdal (2018) statements on the importance of reviewing internal controls.

This, however, mostly influences detection risk. Internal control contributes to disturbing rationality as internal control contributes to potential white-collar criminals believing they will be caught. The perceived detection risk is heightened. The auditors’ work in reviewing internal controls disturbs the ‘Willingness – Choice – Rationality’ aspect of crime convenience.

Literature and interviews further agree on the importance of auditors **performing proper risk assessment** to disturb the rationality aspect of crime convenience.

Asare et al. (2018) suggest three elements that are of greatest importance that are keeping auditors from detecting fraud: “1) auditors failed to effectively assess management’s incentives to commit fraud 2) auditors failed to recognize management’s opportunities to commit fraud 3) auditors’ did not sufficiently modify the standard audit program given the fraud cues in the case” (Asare et al., 2018, p.90). This shows the importance of auditors assessing and understanding the fraud risks of the organization in order to tailor the audit to that specific firm and their specific challenges.

Eriksrud (2022) states that the most important task an auditor does is to become familiar with “the risk factors that exist for the company being audited”. It is important that “everyone on the team is informed about the risks in the company” (Eriksrud, 2022). “The first thing we do at start-up meetings on the topic is to discuss fraud, which risks we see as fundamental, and that risk scenario will determine what actions we take”. This risk assessment varies based on industry knowledge and the management in the organization.

Holseter (2022) can see where the greatest risk for fraud is when they understand the business and their processes. This can only be achieved when the auditor understands how the controls within the firm function, and when they

know the answer to the questions of “who has the responsibility, what responsibility do they have, what control points do you have?” (Holseter, 2022).

Mr. Lønseth, director for Økokrim, emphasizes risk assessment and understanding the business as important for auditors, stating “it is basically about risk assessment and understanding the business. That they understand the industry, the value chain and thereby manage to make a good risk assessment to see where fraud can occur” (Lønseth, 2022). He further highlights the following questions an auditor should ask themselves: “Are there any control mechanisms that make it easy to commit embezzlement? Are there any control mechanisms that are missing that allow that part of the business to run business-in-the-business?” (Lønseth, 2022).

When the auditor sees where fraud can occur and knows the business well, the potential white-collar criminal, when weighing the cost and benefit of committing crime, will be aware of the fact that getting caught is more likely. By conducting a proper risk assessment, the auditor will map the relevant controls where crime can be committed. Doing a proper risk assessment and checking relevant controls reduces the employee’s ability to rationalize fraud, disturbing the rationality aspect of crime convenience.

Another point that literature and interviews agree on is the importance of the auditor **maintaining professional skepticism**.

The importance of maintaining professional skepticism is accentuated by Harvin & Killey (2021), Zager et al. (2015), Gottschalk and Gunnesdal (2018), and Schuster (2021). They all highlight that in order to be better able to detect white-collar crime, the auditor must maintain professional skepticism. Throughout the research process, Schuster concludes that “the continuous use of professional skepticism is needed to promote a high-level audit and to ensure the process’s quality” (Schuster, 2021, p.154). This is also presented by interviews with Holseter (2022) and Svanström (2022). Holseter (2022) states that it is important for an auditor to maintain professional skepticism so as to better be able to see flaws and weaknesses in the organization (Holseter, 2022).

The auditor, through their work, aims for the cost of crime to outweigh the benefit. By maintaining professional skepticism, the auditor is able to tip the scales to make sure that the individual, when considering committing fraud or other illicit behavior, sees that the costs outweigh the benefits of committing fraud

as the ability to mislead or con the auditor is removed. This shows that professional skepticism disturbs the rationality aspect of crime convenience.

Rationality is when an individual, or firm, subjectively compares the advantages and disadvantages of their actions (Müller, 2018). If the benefits of crime outweigh the cost, “it is considered rational to commit crime” (Gottschalk, 2020, p. 12). The greater the benefit of crime is and the less the cost of crime is, the more attractive committing the criminal act becomes. The auditor, through their work, aims for the cost of crime to outweigh the benefit. When the individual knows that an auditor will review internal controls, they are less likely to commit crime. As Furnes (2022) put it, “I think they contribute to the fact that everyone knows that there will be an audit”. Holseter (2022) reiterates this stating that the auditors’ visible presence in the client’s organization “hinders management’s opportunity” to commit crime, by verifying and reviewing the internal controls, have an effect on the detection risk.

These measures propose a symbolic, not real, effect. Or in other words, rationality is about the perceived detection risk, believing that you will be caught. The objective detection risk is the same but the subjective, the perceived, detection risk is heightened, something that will reduce willingness, as one believes one will be caught. The cost of crime that is weighed by the potential white-collar criminal is equally the subjective and the objective risk. By reviewing the internal controls, ensuring that they are good enough and by maintaining professional skepticism, the auditor is able to tip the scales to make sure that the individual, when considering committing fraud or other illicit behavior, sees that the costs outweigh the benefits of committing fraud. By conducting a proper risk assessment, the auditor is able to map the relevant controls where crime can be committed. This disturbs the ‘Willingness - Choice - Rationality’ aspect of crime convenience.

5.2 Disagreement between Existing Research Literature and Interviews

Above several points are presented where the existing research literature and interviews agree. However, there is one point where there is a conflict between the literature and the interviews, specifically regarding audit team rotation:

5.2.1 Audit Team Rotation (Turnover)

Turnover is the rate at which employees leave a workforce and are replaced (Dictionary, 2022). Turnover is prevalent at every firm to a certain degree. Some industries have a higher turnover, while others have lower turnover rates. Auditing firms are of the few industries that have around 20% turnover annually (Johnson, 2018). This can either be seen as an opportunity or as a weakness. In the research of this thesis, differing opinions have surfaced surrounding the topic of turnover. They, in turn, influence different aspects of crime convenience.

Gottschalk and Gunnesdal (2018) highlight the benefits of audit team rotation, or turnover. They state that the audit becomes “less effective in situations where the same auditor has been responsible for several consecutive years”, as alertness deteriorates and the auditor becomes more non-alert (Gottschalk & Gunnesdal, 2018, p. 131).

Furnes as a finance executive, however, sees the high staff turnover at audit firms as a disadvantage for their work in detecting white-collar crime. He feels that the audit team cannot build competence about the firm when “you replace the whole team except for a partner for a 3-4-year period” (Furnes, 2022). This means that every 3-4 years the firm starts from scratch teaching new auditor’s how the business works, what controls there are and how they work which frustrates the flow of the organization. Mr. Furnes states that “for outsiders, the business models, setup how things flow, everything from entering into a contract to data flow, the whole process is quite complex”, making it difficult for newly educated auditors to understand their business (Furnes, 2022). Furthermore, “if they do not fully understand or understand how data flows or understand what is automated or what is manual or the one and the other, then they will also have some limitations in relation to detecting and preventing fraud” (Furnes, 2022). A further problem of regular training for new auditors, may be that those in charge of introducing and teaching the auditors the business and organization may be involved in white-collar crime activity, and are able to explain in such a way that the auditors are blinded to areas of concern.

Svanström (2022) comments on turnover within the industry. Although the professor sees “a positive dimension in bringing in new people, gaining new perspectives, and maybe seeing things that have not been emphasized before”, he highlights that “overall it is more negative with a lot of rotation”. This turnover is

detrimental to the auditor's ability to understand the organization fully, as the learning process leading up to client knowledge is disrupted. Svanström (2022) elaborates that "literature has proven that when the assignment manager is rotated, the quality of the audit is reduced in a couple of years to follow, further impacting the auditor's ability to combat white-collar crime negatively". Svanström (2022) highlights that there "must not be too much turnover", as the "client knowledge, such as how they earn money and what the incentives are like, is lost".

Eriksrud (2022) states that audit team rotation at the partner level "can be healthy, because you may eventually develop a relationship with the client and become a 'friend'", however the consequences of frequent audit team rotation is the loss of client knowledge, saying "if you audit a new company every year, you will not discover as much as you would if you have had the same company for a few years and begin to know the company better". Eriksrud (2022) adds that experience within the various industries significantly aids in that process, having had several cases of fraud detection herself, and that a solution can be "to have junior staff and managers who know the company on the team but then have a partner who comes in with new eyes after every few years". Research by Pincus (1990) states that auditors' prior experience with detecting fraud positively relates to further fraud detection and Karim and Siegel (1998) also state that auditors can form estimates based on their personal experience of management fraud cases as well.

It is clear that there are differing opinions on this topic, however judging by Mr. Furnes's explanations and concerns, it becomes clear that when it relates to convenience theory, the reduction of turnover rates is a great benefit. This aids in the disturbance of all aspects as the auditors have experience with the firm, its environment and challenges and begin to know where the pitfalls can be located.

5.3 Requirements and Actions

The research question of this thesis 'How can an auditor detect and prevent white-collar crime?' can be answered twofold. First it is about the actions the auditor can take to curb white-collar crime. Secondly it is about the requirements, the conditions that enable the auditor to combat white-collar crime. Below the actions and requirements established through the interviews and previous research literature are presented:

Requirements	Actions
<ul style="list-style-type: none"> • Maintaining Professional Skepticism • Requiring sufficient client funding • Spend enough time • Audit Team Rotation • Understand client business 	<ul style="list-style-type: none"> • Perform proper risk assessment • Require internal controls • Review internal controls • Require separation of functions • Ignore the potential superstar CEO • Consistent reporting to the board and the shareholders/Protect owners, not executives

5.4 Hypotheses

This section will answer the hypotheses presented at the beginning of this thesis. There are several findings that both support the hypotheses and one instance where findings refute a part of a hypothesis. The hypotheses regard the anticipated findings of this study and have in common a presumption that the auditing function makes a positive contribution to the fight against white-collar crime. Whether this actually is confirmed and backed up by the research of this thesis is what needs to be determined.

5.4.1 Hypothesis 1

The following the articles by Karim and Siegel (1998), Gottschalk (2011), Alleyne et al. (2013), Suryanto (2014), Zager et al. (2015), Asare et al. (2018), Gottschalk and Gunnesdal (2018), Harvin and Killey (2021), Schuster (2021), and Martinez (2022) regarding boundary conditions were used to formulate the following hypothesis:

H1: Boundary conditions exist that enable the auditor to disrupt crime convenience

Client Funding

Present literature highlights the importance of requiring sufficient client funding in order for the auditor to combat white-collar crime. This is supported by several of the interviews conducted throughout the research process of this thesis.

Holseter (2022) states that in order for the auditor to be able to conduct a more thorough audit and therefore be better able to thwart white-collar crime, the auditor must require more funding from the client. This due to the fact that higher funding leads to the auditor being able to spend more time familiarizing themselves with the organization, its environment, and the risks present.

Torkildsen (2022) also confirms this initial hypothesis when he highlights the

problem of time, stating that the auditor “simply does not have the time and opportunity to do so based on the fee they are paid”. Again, the confirmation is presented that through higher client funding, the auditor has more time to do the things that actually curb white-collar crime, such as spending enough time familiarizing themselves with the organization, risks, and environment.

The consensus seems to be, that to what extent the auditor can get into the details of the firm further reduces opportunity and increases the probability of tackling white-collar crime. However, as mentioned, this is difficult “based on the fee they are paid” (Torkildsen, 2022). This is supported by Eriksrud (2022) stating that “enough time should be set aside for the audit, nevertheless, managers cannot ‘turn every stone’, this would also be too expensive”. She concludes that increased funding would lead to the ability to “look at many more invoices”, which could lead to more detection and prevention of crime but would not necessarily be the best way to do so. Svanström (2022) confirms by saying “it is a problem when there is not sufficient funding, as there is not enough time to discuss the audit fully, and a lot of the work tends to be delegated to junior staff”. Sufficient funding, therefore, leads to more experience, or expertise, and more time for the audit. As white-collar crime is not necessarily the main purpose of the audit, sufficient funding “increases the likelihood of discovering and reflecting on the responsibility of combating white-collar crime through reflection and discussion within the team and with the client” (Svanström, 2022).

It seems that auditors “do not have the time or resources within the framework and budget of the audit assignment”; they often are not able to really “dig into it” (Torkildsen, 2022). This is again emphasized by Brødholt (2022), when stating that it is difficult for an auditor to curb white-collar crime in a company because “the auditor has many requirements to fill and normally has very limited time per client”. Auditors have an audit fee, and companies will perhaps not pay much more for an auditor who would spend more time in order to disturb aspects of the crime convenience more effectively and successfully.

The issue of time and money are interconnected and affect all aspects of crime convenience. More time for the auditor means a greater ability to review internal controls, ensure the separation of functions, understanding the client’s business, assessing risk properly, and all other measures presented so far. When the auditor requires sufficient funding, they are able to spend more time which more effectively combat white-collar crime, but the client also pays for the more

experienced and effective auditor. This boundary condition disturbs the ‘Opportunity – Conceal – Decay’ and ‘Willingness – Choice – Rationality’ aspects of crime convenience.

Audit Team Rotation

Auditing firms are of the few industries that have around 20% turnover annually (Johnson, 2018). The existing literature views turnover as a benefit for the audit process. However, throughout the research process of this thesis, differing opinions have surfaced surrounding the topic of turnover.

Furnes (2022) sees the high staff turnover at audit firms as a disadvantage for their work in detecting white-collar crime. He feels that the audit team cannot build competence about the firm when “you replace the whole team except for a partner for a 3–4-year period” (Furnes, 2022). This means that every 3-4 years the firm starts from scratch teaching new auditor’s how the business works, what controls there are and how they work which frustrates the flow of the organization. This teaching may be an opportunity to mislead the auditors. This, again, highlights the importance of spending time to understand the organization and environment. This is achieved naturally over the years as the auditor gets to know the client and its environment. This puts them at an advantage over those who have frequent turnover, who will require more time to understand the client business.

Although Svanström (2022) sees “a positive dimension in bringing in new people, gaining new perspectives, and maybe seeing things that have not been emphasized before”, he highlights that “overall it is more negative with a lot of rotation”, as the learning process leading up to client knowledge is disrupted. In fact, “literature has proven that when the assignment manager is rotated, the quality of the audit is reduced in a couple of years to follow” (Svanström, 2022). With high turnover the “client knowledge, such as how they earn money and what the incentives are like, is lost” (Svanström, 2022).

Eriksrud (2022) states that audit team rotation at the partner level “can be healthy, because you may eventually develop a relationship with the client and become a ‘friend’”, however the consequences of frequent audit team rotation is the loss of client knowledge.

Although low audit team turnover rates benefit the client and the audit, so too does frequent audit team rotation. It is clear that for a team that has been with

the client for many years, the tasks become repetitive and routine, causing the auditor to refrain from professional skepticism leading to reduced alertness and negligence.

There are differing opinions on this topic, however judging by Furnes (2022), Eriksrud (2022) and Svanström (2022) explanations and concerns, when it relates to convenience theory, the reduction of turnover rates is a great benefit. This aids in the disturbance of all aspects as the auditors have experience with the firm, its environment and challenges and begin to know where the pitfalls can be located.

Therefore, the research does not support the hypothesis. **Audit Team Rotation, or Turnover, does not improve ability to prevent and detect white-collar crime or disturb crime convenience.**

Professional Skepticism

Emphasized by several of the existing research on the field, professional skepticism is also underlined by Holseter (2022), and Svanström (2022). Holseter (2022) states that it is important for an auditor to maintain professional skepticism as “a good auditor who is skeptical, and does his job, can more easily determine if there is poor internal control or division of labor”, where white-collar crime can occur (Holseter, 2022). Mr. Holseter further mentions that professional skepticism aids in ignoring the potential superstar status of the CEO. He states that “the biggest scammers are strong CEOs who are very charismatic, very nice, very socially adept, always have full control, know pretty much everything, and can out-talk an inexperienced accountant” (Holseter, 2022). However, if the auditor maintains a skeptical attitude, the auditor can see past the CEO’s facade. Svanström (2022) said it is vital that the auditor is able to “ask the uncomfortable questions, and a requirement for being able to do so is independence and professional skepticism”. This boundary condition disturbs the ‘Opportunity – Commit – Status’ and ‘Willingness – Choice – Rationality’ aspects of crime convenience.

Based on the research of this thesis we can conclude that the hypothesis is correct. **Professional skepticism enables the auditor to disturb crime convenience.**

Spend enough time

The need to spend enough time is confirmed by Suryanto (2014), Alleyne et al. (2013), and Holseter (2022), Torkildsen (2022), Brødholt (2022), and Eriksrud (2022). More time for the auditor means a greater ability to review internal controls, ensure the separation of functions, understanding the client's business, assessing risk properly. In order for the auditor to combat white-collar crime and see where the firm may feel convenience in committing fraud or other white-collar crime in order to achieve fiscal or other goals, the auditor must spend more time during the audit. This is confirmed by Holseter (2022) when he stated that for the auditor to be able to conduct a more thorough audit and be better able to detect white-collar crime, the auditor must be able to spend more time familiarizing themselves with the organization, their surroundings, and the risks. Torkildsen (2022) elaborate stating that "if you want to find things out, you have to go down to 'the nitty-gritty', and the auditor does not spend much time on that anymore", and "simply does not have the time and opportunity to do so when doing their statutory audit based on the fee they are paid". Brødholt (2022) agrees stating that it is difficult for an auditor to prevent and detect white-collar crime "because the auditor has many requirements to fulfill and normally has very limited time per client". Eriksrud (2022) confirms the effect of being able to spend more time as more time would lead to more detection and prevention of crime, stating that "enough time should be set aside for the audit, nevertheless, managers cannot 'turn every stone'".

Without this understanding the auditor will not fully see all potential opportunities due to access. More time for the auditor means a greater ability to review internal controls, ensure the separation of functions, understanding the client's business, assessing risk properly. When the auditor spends enough time, they have the potential to disturb the aspect of 'Opportunity – Commit – Access'. **Spending enough time is a boundary condition that enables the auditor to disturb crime convenience.**

Understand Client Business

Based on the presented existing research literature, understanding the environment and client business is vital to the combative work of the auditor.

The importance of this is further accentuated by Holseter (2022), Furnes (2022), Lønseth (2022), Eriksrud (2022), and Svanström (2022). Regarding this

issue, Lønseth (2022) specifies that “understanding the environment will help the auditor reflect on the goals set and can help in that process”. He states that without a proper analysis or knowledge of the firm and its environment, it becomes “virtually impossible for auditors to prevent or detect white-collar crime” (Lønseth, 2022). As the auditor gains understanding of the environment and organization, they are able to present opinions and consult on the targets attainable in the industry based on current firm performance. This will aid in the disturbance of motive regarding financial crime, by removing the aspect of white-collar crime as a convenient solution to achieve high goals set by leadership. The auditor can do so by presenting opinions and consulting on the targets attainable in the industry based on current firm performance.

Holseter (2022) stressed the importance of understanding the client’s business, stating that “the auditor must understand how the business is organized and how it makes money”. Without this understanding, the auditor does not know what opportunities there are for white-collar crime, or how realistic or attainable their goals and vision really are.

According to Eriksrud (2022), the most important task an auditor does is to become familiar with “the risk factors that exist for the company being audited”. The “risk scenario will determine what actions we take” and is based on the auditors’ knowledge of the industry, the people, and the management in the organization (Eriksrud, 2022). Furnes (2022) agrees stating that “if they do not fully understand or understand [...], then they will also have some limitations in relation to detecting fraud”. This is further confirmed by Svanström (2022).

When the auditor fully understands the client business, industry, and the environment in which they operate, they are able to see where opportunities are, and what resources are available to the employees. Thereby the auditor can see where controls or restriction of access is lacking and can home in on that area. Doing this the auditor disturbs the aspects of crime convenience, supporting the hypothesis of existing boundary conditions.

Understanding the client business leads to the auditor’s ability to disturb the ‘Motive – Possibilities – Individual/Corporate’ and ‘Opportunity – Commit – Access’ aspects of crime convenience. **Understanding the client business is a boundary condition that enables the auditor to disturb crime convenience.**

The findings of the research finds that there are several boundary conditions that enable the auditor to combat white-collar crime. However, the boundary condition of audit team rotation is proven to impede the auditor's ability to combat white-collar crime. Therefore, the hypothesis is proven correct that there exist boundary conditions that enable the auditor to disrupt crime convenience, however this does not include audit team rotation. Therefore Hypothesis 1 is supported by research in that: **Requiring sufficient funding, professional skepticism, spending enough time and understanding the client business are boundary conditions that exist and enables the auditor to prevent and detect white-collar crime.**

5.4.2 Hypothesis 2

The following articles by Farrell and Franco (1999), Zager et al. (2015), Karim and Siegel (1998), and Andrew et al. (2022) regarding the auditor's sense of responsibility, were used to formulate the following hypothesis:

H2: The stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience

Existing literature on the topic highlights several important aspects regarding auditor responsibility, stating not only the legal basis of that responsibility but also some measures that auditors can take to embody that responsibility. This is supported by several of the interviews conducted in this thesis.

Holseter accentuates the importance of auditor visibility and presence in client organizations. This, he states, "hinders management's opportunity" in committing crime (Holseter, 2022). Another important aspect, according to Mr. Holseter, is that the auditor maintains professional skepticism, aiding in determining the risks and areas lacking control (Holseter, 2022). This enables the auditor to report improvement areas to the owners and shareholders. However, this is only possible when the auditor feels responsible for the audit. By being present at the client organization the feeling of responsibility will grow, enabling the auditor to see areas of risk and improvement.

Mr. Furnes also highlights the effect presence in the client organization has on the audit. He believes that the auditor has a preventing effect by having a presence at the company stating that "I think they contribute to the fact that

everyone knows that there will be an audit” (Furnes, 2022). The CFO feels, however, that the audit company has a limited presence at the company as they only do “an interim audit, and a year-end audit” (Furnes, 2022). If the auditor shows a greater responsibility through their presence at the client organization, more than just doing an interim and a year-end audit, they have a greater possibility to disturb crime convenience.

Torkildsen (2022) confirms this stating that the details an auditor can get into reduces opportunity and increases probability within white-collar crime detection. This, however, requires the auditor to be present at the firm, and with this presence the feeling of responsibility is likely to grow.

Lønseth (2022) further highlights the importance of auditors understanding the client business. By spending the time necessary to do so, and being present at the client organization, the auditor is more fully able to understand and see the areas of risk and possible crime. This shows the level of responsibility an auditor feels regarding the audit. When the auditor does not feel responsible for having knowledge of how the business operates, it becomes virtually impossible for auditors to prevent or detect white-collar crime.

The findings thereby support hypothesis 2 in that: **The stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience.**

5.4.3 Hypothesis 3

Farrell and Franco (1999), Zager et al. (2015) and Gottschalk and Gunnesdal (2018) highlighted the importance of reviewing and requiring internal controls. Therefore, the following hypothesis was formulated:

H3: The auditor’s engagement in the establishment and review of internal controls disturbs crime convenience

Review

The presented literature highlights the importance of reviewing internal controls during the audit.

Holseter proposes the importance of reviewing internal controls when he explains that in the preventative and detective work of the auditor, the auditor is to “ensure that there is a proper internal control” (Holseter, 2022). An auditor can

find deficiencies in the internal controls that “can increase the risk of embezzlement and errors” (Holseter, 2022).

Furnes, from DNV, says that it is important that an auditor reviews the internal controls. In his experience, the auditors have provided input on implemented internal controls at DNV, where the auditor has “mapped up internal controls and suggestions for improvements” (Furnes, 2022). Torkildsen also highlights the importance of reviewing the internal controls of a firm. For white-collar crime to be thwarted, Mr. Torkildsen stated that “checks must be made as to whether processes within internal control are actually taken care of, where they may have to take deep dives in areas to verify processes” (Torkildsen, 2022). Eriksrud (2022) confirms this stating that an area that the auditor focuses on, is to “ensure that the company has sufficient internal control” as a lack thereof creates opportunity to commit criminal acts and reduces the perceived detection risk.

Lønseth states the importance of the auditor making a good risk assessment to see where fraud can occur, highlighting the following questions an auditor should ask themselves: “Are there any control mechanisms that make it easy to commit embezzlement? Are there any control mechanisms that are missing that allow that part of the business to run business-in-the-business?” (Lønseth, 2022). This again confirms Zager et. al (2015) and Gottschalk and Gunnesdal (2018) statements on the importance of reviewing internal controls. This action disturbs the ‘Willingness – Choice – Rationality’ aspect of crime convenience.

Establish

Existing literature further elaborates on the importance of establishing, or requiring, internal controls. Holseter (2022) states that the best way for an auditor to prevent white-collar crime is to “ensure that there is an appropriate and sufficiently established division of labor”, meaning that there is separation of functions. The auditor further has the ability to report where there is room for improvement to the general assembly, and thereby can require an establishment of improved or non-existing internal controls. (Holseter, 2022).

In order for white-collar crime to be prevented in organizations, Torkildsen (2022) stresses the importance of clear roles and clear definition of functions. He states that if these are unclear “it gives a greater possibility that this

type of activity can take place”. Eriksrud (2022) adds that a lack of internal controls will lead to the auditor not being “able to detect anything”.

Lønseth (2022) further highlights the preventative effect of organizational structure, saying “Dual approval and spread of power, the fact that no one can operate alone but that they are dependent on other people and departments. That one does not sit with a decision alone”. He stresses that the auditor has “influence and say” when it comes to these types of control mechanisms that have a preventative effect (Lønseth, 2022). He further admonishes the auditors to ask themselves whether there are “any control mechanisms that make it easy to commit embezzlement? Are there any control mechanisms that are missing that allow that part of the business to run-business-in-the-business?” (Lønseth, 2022). Without this analysis or knowledge of the business and where and how the business operates, it becomes virtually impossible for auditors to thwart white-collar crime. This action disturbs the ‘Opportunity – Commit – Access’ aspect of crime convenience.

Based on the research of this thesis, the hypothesis is correct. **The auditor’s engagement in the establishment and review of internal controls disturbs crime convenience.**

5.4.4 Hypothesis 4

Gottschalk and Gunnesdal (2018) highlight an important aspect within crime convenience and white-collar crime detection and prevention. Based on this article the following hypothesis was formulated:

H4: To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus

Focusing on the individual rather than the transaction, or the criminal act, will aid the auditor in more effective fraud prevention. If the auditor knows and understands the individual, they are better able to see risks, patterns of behavior or other aspects that may indicate fraudulent behavior. This is further accentuated through the research conducted in this thesis.

Holseter (2022) pronounces the importance of keeping a close eye on the employees, using the CEO as an example highlighting the need for the auditor to check if the CEO follows the instructions given by the board of directors. Holseter

(2022) states that an important aspect in the work of an auditor is that an auditor gets “100% access” to the employees, documents, files, and transactions. He elaborates that it is fundamental to have access to everything in a company to be able to detect white-collar crime, as the auditor in that way is able to understand not only the organization but the individuals within. The key, of course, is to remember to focus on the individuals.

Eriksrud (2022) also stresses the fact that “we are not employed by the client but are employed to ensure that nothing is wrong”, regularly meeting with the board or owners without the CEO being present aids this. Eriksrud (2022) adds that the auditor’s “alert the board if we think the CEO has too much workload and is struggling, something we regularly see”.

Lønseth (2022), as mentioned previously, misses the part where auditors consider the risk the employees run of being involved as criminal actors. In the same way that auditors consider whether the organization has any control mechanisms that make it easy to commit embezzlement, or control mechanisms that are missing that allow that part of the business to run-business-in-the-business, the auditors need to ask themselves similar questions regarding the employees within the organization. That being said, the audit function has undergone changes and developments over the years. Lønseth (2022) feels that “the auditor has improved in the sense that they are more observant that crime can occur within a company”. Brødholt (2022) accentuates this stating that when the auditor has a personal relationship with the executives at a company, they may have a greater effect in the prevention of white-collar crime.

Based on the research of this thesis, the hypothesis is correct. **To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus.**

5.4.5 Hypothesis 5

The existing research on the topic conducted by Alon et al. (2019), Hurley et al. (2019), Bao et al. (2019), Harvin & Killey (2021), and Mohliver (2019) highlight the impact of relationships with management. The following hypothesis will now be discussed:

H5: The relationship with management can harm the auditor’s ability to disturb crime convenience

Brødholt (2022) highlights that a personal relationship with the company's leadership may contribute to the auditor having a greater effect on the prevention or detection of crimes. However, under certain circumstances, a personal relationship may also increase the auditor's willingness to accept illegal actions by the company.

Holseter (2022) further explains this predicament stating that it is "important to remember that the auditor is always engaged by the owners, and the owners are interested in ensuring that the board has had instructions for the CEO and that the CEO follows the instructions". Forgetting this can have untold consequences. Holseter (2022) explains that "the biggest scammers are strong CEOs who are very charismatic, very nice, very socially adept, always have full control, know pretty much everything, and can out-talk an inexperienced accountant". Eriksrud (2022) adds that over time auditors "develop a relationship with the client and become a 'friend'" and it can then be more difficult to ask the difficult questions. However, if the auditor maintains a skeptical attitude, the auditor can see past the CEO's facade. This action disturbs the 'Opportunity – Commit – Status', 'Motive – Possibilities – Individual/Corporate' and 'Opportunity – Conceal – Decay' aspects of crime convenience.

Based on the research of this thesis, the hypothesis is correct. **The relationship with management can harm the auditor's ability to disturb crime convenience.**

Table 7: A summary of Hypothesis results

Hypothesis	Hypothesis	Result
H1	Boundary conditions exist that enable the auditor to disrupt crime convenience	<i><u>Partially Keep</u></i>
H2	The stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience	<i><u>Keep</u></i>
H3	The auditor's engagement in the establishment and review of internal controls disturbs crime convenience	<i><u>Keep</u></i>
H4	To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus	<i><u>Keep</u></i>
H5	The relationship with management can harm the auditor's ability to disturb crime convenience	<i><u>Keep</u></i>

5.5 Methodological Quality

The methodological theory for qualitative research has been presented in section 3.4. This section aims to present in what way this thesis has aimed to fulfill those requirements. In summary, the key to qualitative research is trustworthiness embodied by credibility, authenticity, transferability, dependability, confirmability, criticality, and integrity (University of Miami, 2020). The thesis presents the changes in the legal framework and in the audit industry throughout the last decade, highlighting the changing environment in which the audit takes place. However, having stated this, the changes in the regulation and in the field has not affected the research presented.

The following was done in an effort to strengthen the trustworthiness of the research:

Summary of Interviews: Approval and Comments

In an effort to achieve these requirements, several things have been done in connection with the research. For trustworthiness to be achieved, one requirement is the importance of hearing different voices. A concern regarding this is that the researchers can influence how the answers of interviews are interpreted and presented, and that the views expressed in the interviews are subject to bias by the interviewers. Attempting to address this concern, the text written about the interviewees and the statements they made (from section 4) were sent in its entirety to the interviewee for approval and for comments. This approval and the comments about the text made by the interviewees are attached in the appendix (see 8.2.3) in an attempt to appease the fact that the participants' opinions are accurately interpreted. The participants' opinions are explicitly stated and quoted in the thesis and are thereafter discussed and analyzed. This was done in an effort to build the confidence that the data is accurately interpreted in our research, as it is stated before the analysis. This thesis quotes and explicitly states the statements made by interviewees, aiming to strengthen the authenticity of the analysis. The result of sending the entirety of the summary and quotes of the interviews was that each individual answered with their approval of the text and four individuals replied with comments and corrections they wished to make, to better portray their intended message and meaning. In summary 5 out of 7 individuals replied with feedback and comments wishing to edit and elaborate on certain comments made during the interviews (see 8.2.3).

Source Credibility

A further characteristic of credibility relates to the credibility of the sources interviewed. As expertise and knowledge adds to credibility, this was carefully considered in the retrieval of information. In order to try to gain insightful and credible information and understanding on the issue at hand, the aim was to interview individuals with large amounts of experience within the field, and at higher levels within their industries. The process of getting in contact with and arranging interviews with these individuals was done by contacting the individuals directly after researching their industry, organization, and role within it. In this way, the researchers were confident that the information obtained, would be relevant and credible.

Content Analysis

Central to this thesis is the collection and analysis of the interviews, the results of which would be discussed in relation to existing research literature. In an effort to achieve a level of trustworthiness, the researchers aimed to do a content analysis of the existing research literature and of each interview. This was aimed to be done by presenting categories and key points in the tables provided in the appendix and throughout the thesis. The content of these were systematically reviewed with a goal to find relevant information about the area of study. At the onset of this thesis, the aim was to compare existing research literature with statements and results from interviews. Having used existing research literature from a wide range of sources, these have been compared with results from a range of interviewees with differing backgrounds and roles in organizations. These articles were carefully chosen to fit the scope of the research question, and individuals were carefully chosen that would best be able to enlighten the topics and measures discussed. Using these differing sources, the information and statements presented, were discussed in relation to each other.

Alternative Hypotheses

One way in which criticality is achieved, is through the formulation of alternative hypotheses. This thesis explores five hypotheses which are discussed and analyzed, incorporating several aspects of the presented existing research literature, analytically combining them into five hypotheses the thesis sets out to discover. Additionally, in order to protect against distortion or conjecture, it is important that the researcher's interpretation is substantiated by evidence (Maxwell, 1996). In an effort to appease this, evidence from the interviews is used to back up statements and conclusions drawn in the discussion.

There are, as in all forms of research, things that can be improved on and strengthened. At the conclusion of this thesis, ways in which the research can be improved and ideas for further research are presented. The procedures for gathering the data are included and described, making it possible for future and other researchers to both use and confirm the statements and results presented. As the names of the individuals interviewed throughout the data collection process are presented in this thesis, the opinions stated can be confirmed by outside sources. It is important to note that the research of this thesis and its results are not aimed to be generalized on the topic or field as a whole.

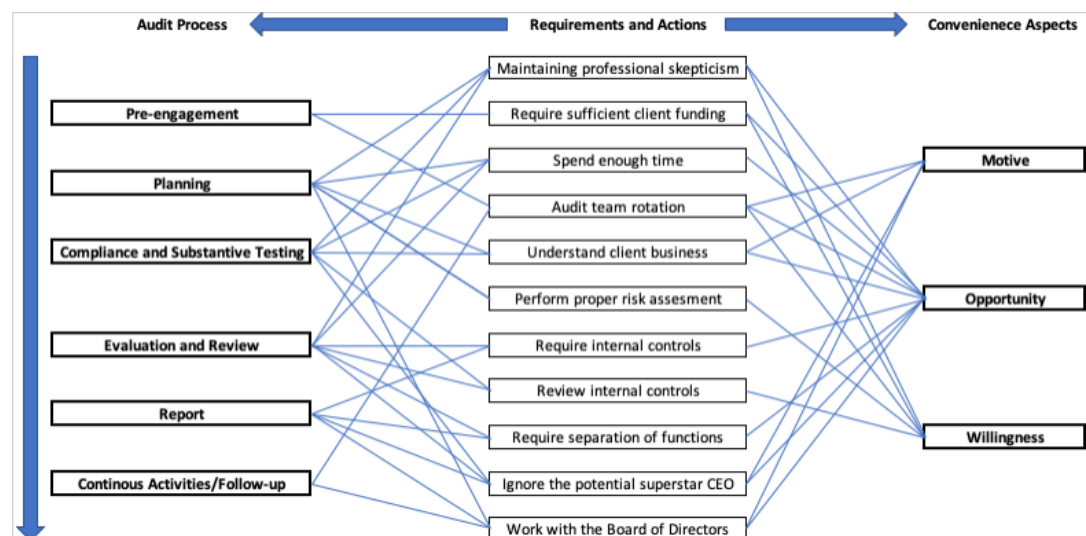
6. Conclusion

6.1 Summary of findings

The main findings from the research in the previous chapters and discussion will be summarized below to highlight the key takeaways from the conducted research. There are several specific measures that an auditor can take in order to curb white-collar crime and disturb elements of convenience theory.

The findings of how an auditor can detect and prevent white-collar crime can be separated into requirements that enable the auditor to curb white-collar crime and specific actions the auditor can take. These findings will be presented as well as the aspect of crime convenience those requirements and actions disturb, and the hypotheses presented.

Table 8: Below is a visual representation of the requirements and actions highlighted in this thesis and the aspects of crime convenience they disrupt. These are shown as to where they belong in the audit process shown on the left-hand side. The audit process steps were presented in research literature by Appelbaum et al. (2018).



6.1.1 Requirements

The following requirements enable the auditor to detect and prevent white-collar crime:

Professional skepticism

Holseter (2022) proposes professional skepticism as a requirement to disturb crime convenience. Svanström (2022) confirms the importance of

professional skepticism. This is supported by several of the research articles and is confirmed by the literature of Harvin Killey (2021), Zager et al. (2015), Gottschalk and Gunnesdal (2018), Martinez (2022), and Schuster (2021). Through the research of this thesis, when the auditor maintains professional skepticism, it is shown that they disturb the **‘Opportunity – Commit – Status’** and **‘Willingness – Choice – Rationality’** aspects of crime convenience.

Sufficient client funding

A topic that applies to the auditors’ work in disturbing crime convenience is the issue of funding. Several of the existing research literature and interviewed individuals discuss the elements of sufficient client funding. It is supported by the literature of Suryanto (2014), Alleyne et al. (2013), and Karim and Siegel (1998) and the interviews with Holseter (2022), Torkildsen (2022), Brødholt (2022), Eriksrud (2022) and Svanström (2022). If the auditor requires more funding, the auditor can do a more thorough audit, and prevent white-collar crime. Sufficient client funding enables the auditor to disrupt the **‘Opportunity – Conceal – Decay’** and **‘Willingness – Choice – Rationality’** aspects of crime convenience.

Spend enough time

In order to fully gain an understanding of the firm and its environment, to see where the firm may feel convenience in committing fraud or other white-collar crime in order to achieve fiscal or other goals, the auditor must spend more time during the audit to gain that understanding, knowledge, and insight. The need to spend more time is confirmed by Suryanto (2014), Alleyne et al. (2013), and Holseter (2022), Torkildsen (2022), Brødholt (2022), and Eriksrud (2022). More time for the auditor means a greater ability to review internal controls, ensure the separation of functions, understanding the client’s business, assessing risk properly. Spending enough time disturbs the aspect of **‘Opportunity – Commit – Access’**.

Audit Team Rotation (Turnover)

Turnover, or audit team rotation, has been covered in this thesis as both a benefit and a negative aspect and the results of the research refutes the information from existing research literature. Gottschalk and Gunnesdal (2018) emphasize the benefits of audit team rotation, or turnover stating that the audit

becomes “less effective in situations where the same auditor has been responsible for several consecutive years” (p. 131). Furnes (2022), however, sees frequent audit team rotation at audit firms as a disadvantage for their work in detecting white-collar crime, as the audit team cannot build competence about the firm when frequently changed. Svanström (2022) elaborates on this issue and Eriksrud (2022) shares some insights into this as well. Audit team rotation is an aspect that has an effect on the overall ability of the auditor to combat white-collar crime and disturb the aspects of crime convenience.

Understand client business

Asare et al. (2018) found that auditors often fail to sufficiently modify the standard audit program to fit the firm they are working with, due to “a lack of understanding of the client business” (p. 74). Schuster (2021) states that it is clear that understanding the company’s environment is “necessary for the auditor’s understanding and auditing views through the scrutiny of the structure of the internal controls” (p. 154). Holseter (2022) stressed the importance of understanding the client’s business, stating that “the auditor must understand how the business is organized and how it makes money”, which is further underlined by Furnes (2022) and Lønseth (2022). When the auditor understands the client business and the industry in which they operate, they are able to present opinions and consulting on the targets attainable in the industry based on current firm performance, thereby disturbing the ‘**Motive – Possibilities – Individual/Corporate**’ aspect of crime convenience, something that Svanström (2022) confirms. Additionally, this understanding leads the auditor to see where controls or restriction of access is lacking, thereby disturbing the ‘**Opportunity – Commit – Access**’ aspect of crime convenience, which Eriksrud (2022) highlights.

6.1.2 Actions

The following actions enable the auditor to detect and prevent white-collar crime:

Perform proper risk assessment

Asare et al. (2018) stresses the importance of effectively assessing the risks of fraud in organizations, in order to tailor the audit to that specific firm and their specific challenges. Holseter (2022) and Eriksrud (2022) confirm that when

the auditor understands the business and their processes, they can see where the greatest risks are. Lønseth (2022) emphasizes “risk assessment and understanding the business”, and when this is done, the auditor can “see where fraud can occur”. When the auditor sees where fraud can occur and knows the business well, the potential white-collar criminal, when weighing the cost and benefit of committing crime, will be aware of the fact that getting caught is more likely. By conducting a proper risk assessment, the auditor will map the relevant controls where crime can be committed. Doing a proper risk assessment and checking relevant controls, reduces the employee’s ability to rationalize fraud, disturbing the ‘**Willingness – Choice – Rationality**’ aspect of crime convenience.

Require internal controls

Zager et al. (2015) conclude that external auditors “generally agreed that the establishment of an appropriate number of internal controls in the company have a significant impact on the prevention of fraud” (p. 699). Holseter (2022) states that the auditor is to “ensure that there is a proper internal control”, as deficiencies in the internal control “can increase the risk of embezzlement and errors”. Eriksrud (2022) backs this up stating that a lack of internal controls will lead to the auditor not being “able to detect anything”. By requiring internal controls in the organization, the auditor disturbs the access opportunity of convenience theory, disturbing the opportunity for the individuals as their access becomes limited and controlled, and opportunities for fraud become visible. When the auditor fully understands the client business and their environment, they disturb the ‘**Opportunity – Commit – Access**’ aspect of crime convenience.

Review internal controls

Reviewing internal controls are vital in the auditor’s work. Farrell and Franco (1999) state that “to combat the problem of fraud, a crucial element in deterring theft is strict internal controls” (p. 4). Zager et al. (2015), and Gottschalk and Gunnesdal (2018) corroborate the importance of reviewing the internal controls, as they play a vital role in combating white-collar crime. This is also confirmed by Holseter (2022), Furnes (2022), Torkildsen (2022), Lønseth (2022), and Eriksrud (2022) who confirms the importance of “ensur[ing] that the company has sufficient internal control”, as a lack thereof creates opportunity to commit criminal acts and reduces the perceived detection risk. Internal control

contributes to the rationality aspect of crime convenience, not because internal control detects, but because potential white-collar criminals believe they will be caught. The objective detection risk is the same but the subjective, the perceived, detection risk is heightened, something that will reduce willingness, as one believes one will be caught. The auditors' work in reviewing internal controls disturbs the **'Willingness – Choice – Rationality'** aspect of crime convenience.

Require separation of functions

Farrell and Franco (1999) state that “to combat the problem of fraud, a crucial element in deterring theft is strict internal controls, segregation of duties, and separation of functions” (p. 4). The importance of a separation of functions is backed up by Lønseth (2022), Torkildsen (2022) and Holseter (2022). Holseter (2022) pointed out that the most important way for an auditor to prevent white-collar crime in an organization, is to “ensure that there is an appropriate and sufficiently established division of labor”. By requiring separation of functions, the auditor reduces the access, and hinders opportunity for individuals to perform illicit and dishonest actions, disturbing the **'Opportunity – Commit – Access'** aspect of crime convenience.

Ignore the potential superstar CEO

Harvin and Killey (2021) state the importance to ignore the potential superstar status of the CEO, which potentially can have a negative impact on the strategic risk assessment the auditor does, as the auditor may “unwittingly or consciously” lower the risk assessment as a result of this superstar (p. 509). Holseter (2022) reiterates that “the auditor is [...] interested in ensuring that [...] the CEO follows the instructions”. The auditors work in keeping a close eye with the CEO and ignoring the potential superstar status aids their work in disturbing the **'Motive – Possibilities – Individual/Corporate'** aspect of crime convenience.

This further enables them to critically analyze and view the situation of the audit, and to notice potential situations in which management or the CEO can commit white-collar crime. The importance of looking past the CEO is substantiated by Eriksrud (2022), as these strong leaders “override their own organization and their own controls, so that they can do as they please and manipulate what they want”. Brødholt (2022) further problematizes this, stating

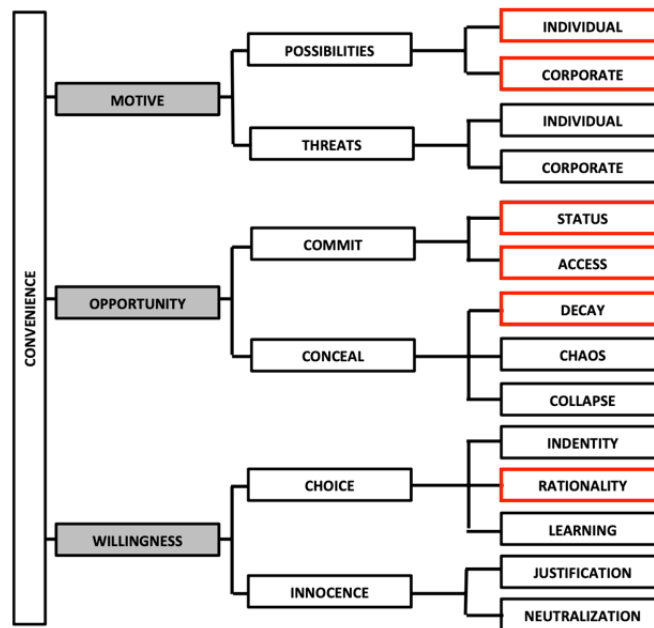
that it may increase the auditor's willingness to accept illegal actions. By being aware of, and disregarding status and reputation of management and leaders in an organization, the auditor disturbs the **'Opportunity – Commit – Status'** aspect of crime convenience, as the auditor disregards the status of the employees.

Work with the Board of Directors

Alon et al. (2019) found that the auditors often supported the executives of the company and not its owners or shareholders. Furthermore, Hurley et al. (2019) stresses the importance of consistently reporting to the board. Holseter (2022), states that it is "important to remember that the auditor is always engaged by the owners, and the owners are interested in ensuring that the board has had instructions for the CEO, and that the CEO follows the instructions". Lønseth (2022) emphasizes the importance of working with the board. Working with the board and owners, the auditor disturbs two aspects of crime convenience. First, as Holseter (2022) stated, the auditor is able to confirm that high-performance goals do not contribute to motive for white-collar crime. Eriksrud (2022) highlights the importance of working with the board and owners, in disturbing motive for white-collar crime, which is further substantiated by Svanström (2022). In this way, the auditor disturbs the **'Motive – Possibilities – Individual/Corporate'** aspect of crime convenience. Second, the auditor disturbs management's opportunity to conceal illicit activity that can decay the organization from within. In this way the auditor further disrupts the **'Opportunity – Conceal – Decay'** aspect of crime convenience by protecting the owners of the organization.

6.1.3 Findings Overview

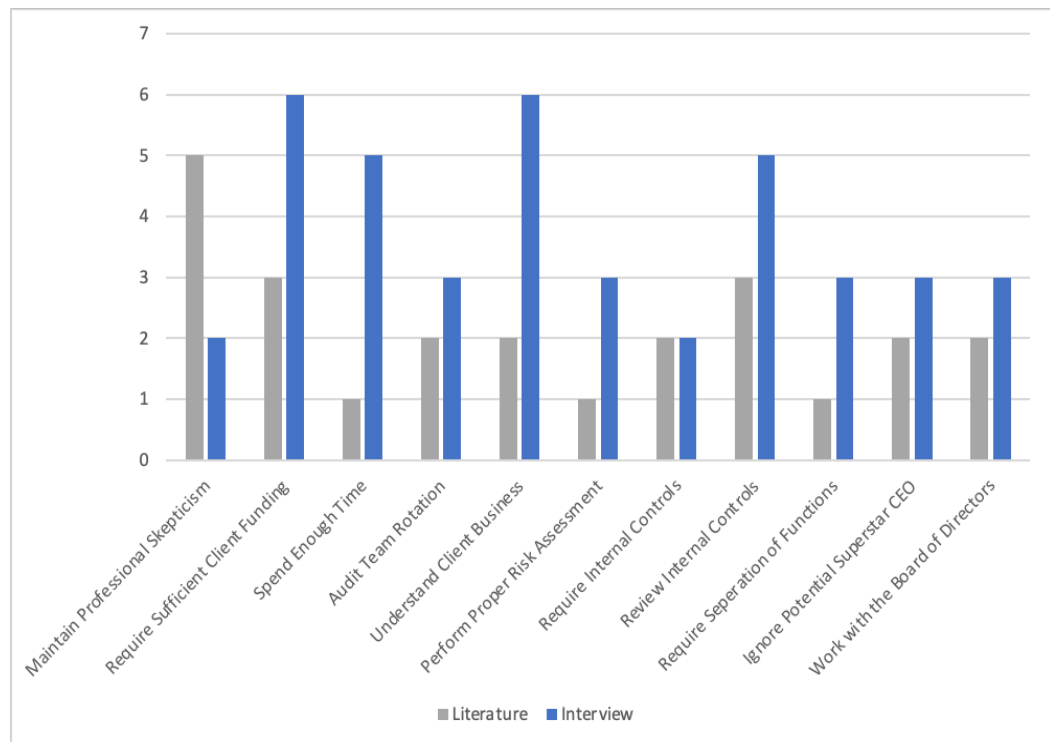
According to the research presented in this thesis, as well as the findings discussed above, the auditors are able to disturb the following aspects of crime convenience:



The findings of how an auditor can detect and prevent white-collar crime were backed up by both presented literature and through the research process of this thesis. The findings that were presented by existing research literature, and corroborated by the interviews conducted through the research process are as follows:

Requirements	Actions
<ul style="list-style-type: none"> • Maintaining Professional Skepticism • Requiring sufficient client funding • Spend enough time • Audit Team Rotation • Understand client business 	<ul style="list-style-type: none"> • Perform proper risk assessment • Require internal controls • Review internal controls • Require separation of functions • Ignore the potential superstar CEO • Consistent reporting to the board and the shareholders/Protect owners, not executives

Table 9. Shows a quantitative indication of what the literature places the most emphasis on, versus what the interviews place the most emphasis on. That is, which of the poles below is the highest, where grey represents the literature and blue represents the interviews.



The visual representation above provides certain insights.

The existing research literature places the most emphasis on maintaining professional skepticism, reviewing internal controls, and requiring sufficient client funding. The interviews place most emphasis on requiring sufficient client funding and understanding the client business, as the most important measures to combat white-collar crime.

6.1.4 Hypotheses

At the beginning of this thesis, 5 hypotheses were stated. The research has found answers to them, with all being confirmed, apart from hypothesis 1 that is partially refuted. The results of the hypotheses will be summarized here and are as follows:

H1: Boundary conditions exist that enable the auditor to disrupt crime convenience

Client Funding

The presented literature highlights the importance of requiring sufficient client funding in order for the auditor to curb white-collar crime. This issue is highlighted by Holseter (2022), Torkildsen (2022), Brødholt (2022), Eriksrud (2022), and Svanström (2022). The results show that auditors who spend more

time in the audit, can more effectively and successfully disturb aspects of the crime convenience, but this is only possible with more client funding. The issue of time and money are interconnected and affect all aspects of crime convenience. When the auditor requires sufficient funding, they are able to spend more time, which more effectively combats white-collar crime. This is a boundary condition that supports the hypothesis.

Audit Team Rotation

The topic of audit team rotation, or turnover, is discussed in existing research literature. The present literature of Gottschalk and Gunnesdal (2018) views turnover as a benefit for the audit process. However, Furnes (2022) sees the high staff turnover at audit firms as a disadvantage for their work in detecting white-collar crime. This is substantiated by Eriksrud (2022) and Svanström (2022). Frequent turnover leads to audit teams to lack understanding of the client organization and environment in which they operate, a detrimental fact in their fight against white-collar crime. Audit team rotation is a boundary condition argued in this thesis, to be detrimental to the auditor's ability to curb white-collar crime.

Professional Skepticism

Harvin & Killey (2021), Schuster (2021), Zager et al. (2015), Martinez (2022), Gottschalk and Gunnesdal (2018) and Gottschalk (2011) all highlighted the importance of maintaining professional skepticism. This is confirmed by the research results by Holseter (2022) and Svanström (2022) who state that an auditor who maintains professional skepticism can more easily determine where white-collar crime can occur. Mr. Holseter further mentions that professional skepticism aids in ignoring the potential superstar status of the CEO. If the auditor maintains a skeptical attitude, the auditor can see past the CEO's facade. Professional skepticism enables the auditor to disturb crime convenience.

Spend enough time

The need to spend enough time is confirmed by Suryanto (2014), Alleyne et al. (2013), and Holseter (2022), Torkildsen (2022), Brødholt (2022), and Eriksrud (2022). More time for the auditor means a greater ability to review internal controls, ensure the separation of functions, understanding the client's

business, assessing risk properly. When the auditor spends enough time, they have the potential to disturb the aspects of crime convenience.

Understand Client Business

Asare et al. (2018) and Schuster (2021) highlight the problems that occur when the auditors do not understand the client business. The importance of this is further accentuated by Holseter (2022), Eriksrud (2022), Svanström (2022), Furnes (2022) and Lønseth (2022). Understanding the client business leads to the auditor's ability to disturb the 'Motive – Possibilities – Individual/Corporate' and 'Opportunity – Commit – Access' aspects of crime convenience.

The findings of the research are that there are several boundary conditions that enable the auditor to combat white-collar crime. However, the boundary condition of audit team rotation is proven to impede the auditor's ability to combat white-collar crime. Hypothesis 1 is supported by research in that: Requiring sufficient funding, professional skepticism, spending enough time and understanding the client business are boundary conditions that exist and enables the auditor to prevent and detect white-collar crime.

H2: The stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience

Existing literature on the topic highlights several important aspects regarding auditor responsibility, stating not only the legal basis of that responsibility, but also some measures that auditors can take to embody that responsibility. This is accentuated by Holseter (2022), Furnes (2022) and Torkildsen (2022). The auditor, by being present at client organizations, will increase the sense of responsibility, enabling them to see areas of risk and improvement. Lønseth (2022) states that by spending the time necessary to understand the client business, and being present at the client organization, the auditor is more fully able to understand and see the areas of risk and possible crime.

The findings thereby support hypothesis 2 in that the stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience. This sense of responsibility has the potential to disturb the motive and opportunity aspects of crime convenience.

H3: The auditor's engagement in the establishment and review of internal controls disturbs crime convenience

Review

Another factor brought forth by existing research, points to the importance of reviewing internal controls during the audit. Holseter (2022) emphasizes this when he explains that in the combative work of the auditor, the auditor is to “ensure that there is a proper internal control”. This is confirmed by Eriksrud (2022), Furnes (2022), Torkildsen (2022) and Lønseth (2022) who state the importance of reviewing the internal controls, as they are essential in combating white-collar crime. The review of internal controls disturbs the ‘Willingness-Choice-Rationality’ aspect of crime convenience.

Establish

Existing literature further elaborates on the importance of establishing, or requiring, internal controls. Holseter (2022) states an auditor has the ability to report where there is room for improvement to the general assembly, and thereby can require an establishment of improved or non-existing internal controls. Torkildsen (2022) and Eriksrud (2022) stress the importance of internal controls, and Lønseth (2022) further highlights the importance of requiring internal controls, as the auditor has “influence and say” when it comes to control mechanisms that have a preventative effect. An example found in the research of this thesis is the disturbance on crime convenience through requiring a separation of functions, specifically the ‘Opportunity-Commit-Access’ aspect.

Based on the research of this thesis, the hypothesis is correct. The auditor's engagement in the establishment and review of internal controls, disturbs crime convenience.

H4: To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus

Gottschalk and Gunnesdal (2018) highlight an important aspect within crime convenience, and white-collar crime detection and prevention. Focusing on the individual rather than the transaction, or the criminal act, will aid the auditor in more effective fraud prevention. If the auditor knows and

understands the individual, they are better able to see risks, patterns of behavior or other aspects that may indicate fraudulent behavior. This is further accentuated through the research conducted in this thesis. Holseter (2022), Eriksrud (2022), Lønseth (2022) and Brødholt (2022) elaborate on the importance of focusing on the individual rather than the transaction.

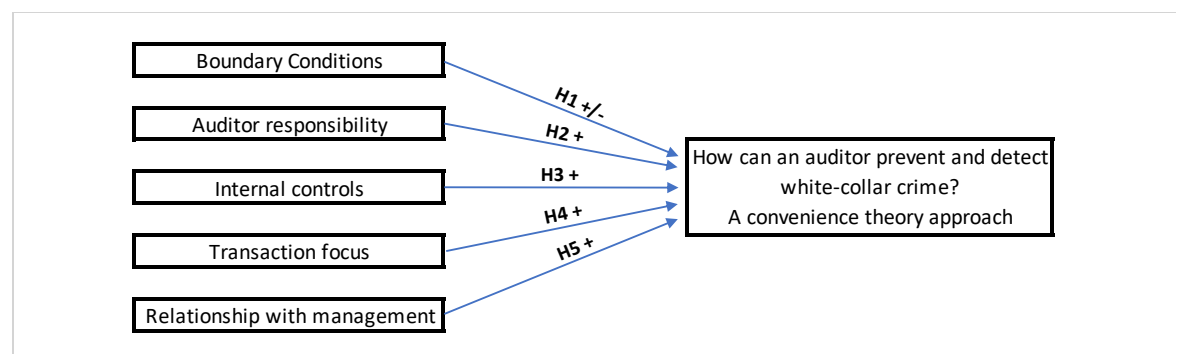
The hypothesis is confirmed. To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus.

H5: The relationship with management can harm the auditor’s ability to disturb crime convenience

The existing research on the topic conducted by Alon et al. (2019), Hurley et al. (2019), Bao et al. (2019), Harvin & Killey (2021), and Mohliver (2019) highlight the potential negative impact of relationships with management. Brødholt (2022) personal relationship may also increase the auditor’s willingness to accept illegal actions by the company. This is confirmed by Holseter (2022) and Eriksrud (2022). However, if the auditor maintains a skeptical attitude, the auditor can see past the CEO’s facade. Therefore, relationships with auditors can harm the auditor’s ability to disturb the ‘Opportunity-Commit-Status’, ‘Willingness - choice - rationality’, ‘Motive - Possibilities - Individual/Corporate’, and ‘Opportunity – Conceal – Decay’ aspects of crime convenience, as the auditor’s professional skepticism and their focus on protecting owners and shareholders, not management, are harmed.

The correctness of the hypothesis is again confirmed. The relationship with management can harm the auditor’s ability to disturb crime convenience.

Table 10: The hypothesis results in the research model



6.2 Effect and Responsibility

At the core of this thesis lies the concept of ‘how can’. Several measures and requirements have been presented in answer to the question of how an auditor can prevent and detect white-collar crime as well as what aspects of crime convenience they disturb.

The requirement of sufficient client funding and the action of spending enough time, are not only interconnected but may, as single measures, have the greatest effect on crime convenience. Furthermore, it is believed that reducing audit team rotation as a single requirement, may significantly contribute to an increased ability to combat white-collar crime and to reduce crime convenience. As single measures, the presented answers to the question of how, may not prove to drastically reduce crime convenience. However, when combined, these actions and requirements are believed to effectively reduce crime convenience.

The question that needs to be asked is who the responsible party is. Who should take the initiative regarding these measures and requirements? These measures and requirements must come from the auditor. The auditor must take the self-initiative to implement these actions and requirements themselves, and the organizations, or clients, must be willing and receptive to these requirements and actions, for a better quality of the audit. One example found through the research in this thesis, is that the auditor meets with the board without the managers and administrative roles in the organization. Are the measures and requirements, either presented in this thesis, or required by regulation and standards actually followed and implemented? This is an important point and mostly rests in the hands of the auditor. This highlights the role the relationship between the auditor and the board or owners of the organization plays. Being able to present the actions and requirements and having the board on the auditor’s side, is vital to be able to effectively combat white-collar crime and disturb crime convenience. However, the responsibility and initiative for implementation mainly lies with the auditor.

Since the external auditors main legal or standard responsibility is not detecting financial statement fraud, an emerging service and field, becomes an interesting factor to consider. It includes the use of accounting, auditing, and investigative skills and is referred to as Forensic Accounting. Forensic accounting is a “three-pronged approach, requiring merging accounting, auditing, and investigative skills to detect or prevent accounting fraud and white-collar criminal activity” (Kaur et al., 2022). Forensic accounting is an accounting field that helps

detect and prevent financial fraud, reduce corruption, and combat financial crimes (Islam et al., 2011). There are still many financial scandals even though regulations and laws have been introduced to reduce this.

Auditors audit financial statements, however, many cases of fraud are not detected. This has increased the demand for forensic accountants (Kaur et al., 2022). In fact, forensic accounting services have been identified as the most effective fraud detection and prevention methods (Kranacher, 2006), and according to a report published by Ernst and Young, to prevent and detect fraud one must incorporate forensic accounting techniques (Kaur et al., 2022). As auditors are not responsible for detecting fraud, organizations should use forensic accountants to combat fraud. As auditing is primarily concerned with error detection and prevention, forensic accounting becomes an effective combative tool as it is more concerned with fraud detection, fraudster detection, litigation support, and economic loss estimation (Ahmed and Ali, 2019). In the research done by Kaur et al. (2022), a positive correlation was determined between forensic accounting and fraud detection and prevention. One of the executives interviewed in the research of this thesis expressed an interest in such a service stating that “there should be a separate service that covers this and does not interfere with the audit, that has its own framework, time and budget, as the time around the year-end audit is full, and this type of work could be done at another time” (Furnes, 2022).

6.3 Suggestions for further research

Most research articles leave several questions unanswered. This, inevitably, leads to opportunities for further research to be conducted based on the research and findings of this thesis. There are some limits to the scope of research conducted for this thesis.

During the research collection phase only individuals in larger global corporations were considered. In order to get a more representative view, and information on the view of those employees, smaller firms could be considered. A further weakness within the analysis and argumentation of this thesis, is that the findings and conclusions cannot be confirmed with statistics and numbers. The proposed measures of how an auditor can combat white-collar crime cannot be statistically and numerically confirmed. By applying numerical evidence, one would more effectively prove the measures proposed. This points out a flaw of the

research design. The most effective would have been a combination of the qualitative and quantitative research methods while maintaining the exploratory approach. Thereby, the thesis could combine findings from this research with statistics, showing the actual effect of the proposed measures.

Furthermore, as mentioned previously, the auditors work and responsibilities, have in the last decade undergone large changes. The world is developing, and new technology and tools are at disposal. Several of the interviewed candidates mentioned the potential effectiveness of new technology and tools in the auditor's work, and this could be an interesting point of further research. Specifically, how technology aids or limits the auditor in fighting white-collar crime. The question must also be asked, what an auditor should be expected to detect and prevent. As mentioned, laws and regulations are in place to guide the work of the auditor, however, where the line is drawn for the auditor's liability and responsibility is a further point that may warrant further research.

Additional suggestions for further research include interviewing differing roles within organizations, such as accountants, and including individuals from smaller and larger organizations in order to get broader perspectives and inputs from differing roles. As the research in this thesis contradict existing research literature on the topic of audit team rotation, this field may deserve further research.

Finally, and arguably most importantly, there is a limitation to this thesis that may deserve further enlightenment. This thesis views the question how an auditor can prevent and detect white-collar crime; however, this highlights measures that improves the probability of detecting or preventing. How much these steps actually raise the probability, or how they work in practice, lies outside the scope of this research, but would greatly add to the field if further researched.

6.4 Final remarks

Existing literature on the topic proposes several measures in answer to the question of how an auditor can curb white-collar crime. Many of these proposed steps are a part of the auditors' tasks according to laws and standards. However, in addition to these responsibilities and tasks, there are also several measures accentuated that existing literature and interviewed individuals mention as further specific steps in answer to this question. Audit team rotation, requiring sufficient client funding, understanding the client business, and maintaining professional

skepticism are emphasized as factors that greatly affect the work an auditor is able to accomplish. The thesis further highlights that time and money are interconnected and aid in the disturbance of several aspects of crime convenience. This is highlighted by Torkildsen (2022), Suryanto (2014), Holseter (2022), Eriksrud (2022) and Brødholt (2022) who specify that an increased availability of time for the auditor means a greater ability to perform other actions that fight white-collar crime, and the client is able to 'pay for' experienced and good auditors. Furthermore, audit team rotation is specified as a factor that affects the auditor. Auditing firms are of the few industries that have around 20% turnover annually (Johnson, 2018). This turnover, or audit team rotation, has been covered in this thesis as both a benefit and a negative aspect. Gottschalk and Gunnesdal (2018) highlight the benefits of audit team rotation. However, Furnes (2022), Eriksrud (2022), and Svanström (2022), see frequent audit team rotation at audit firms as a disadvantage in their work of detecting white-collar crime.

Understanding the client business was emphasized by 6 interviews but only 2 existing research literature articles included in this thesis. This measure has a large effect on auditor effectiveness in combating white-collar crime. When auditor further maintains professional skepticism, their ability to curb white-collar crime is heightened. This is emphasized by 5 interviews and 2 research articles.

These measures, together with all other measures mentioned, further disrupt six specific aspects of crime convenience, a further aim of this thesis.

As crime detection and prevention is not the auditor's main responsibility in conducting the audit, this thesis further highlights the emerging role of forensic accounting. Forensic accounting helps detect and prevent financial fraud, reduce corruption, and combat financial crimes and has been identified as an effective fraud detection and prevention method.

This thesis aimed to highlight how an auditor can prevent and detect white-collar crime. The aim was to find specific actions and requirements an auditor can take in this endeavor. The thesis further highlights the responsibilities of the auditor according to legal frameworks and auditing standards. Presented literature proposes steps that are also backed up by conducted interviews. Further research may perhaps choose to view proposals from smaller organizations and focus on the actual effect on the probability of curbing white-collar crime of the measures proposed. The audit function is viewed, by existing literature and publications, as the most common anti-fraud measure used by organizations

worldwide. However, it is often unclear specifically how an auditor prevents and detects white-collar crime. This thesis, therefore, sheds light on specific actions and corroborates present literature and statements regarding the function of the auditor. This thesis provides evidence of specific measures an auditor can take that curb white-collar crime in organizations in Norway.

7. References

- Ahmed, S. and Ali, M. (2019), "Forensic accounting: a case in point for combating financial crimes of Bangladesh", *International Journal of Accounting*, Vol. 4 No. 23, pp. 1-8.
- Alleyne, P., Hudaib, M., & Pike, R. (2012). Towards a conceptual model of whistle-blowing intentions among external auditors. *The British Accounting Review*, 45(1), 10-23. <https://doi.org/10.1016/j.bar.2012.12.003>
- Alon, A., Mennicken, A., & Samsonova-Taddei, A. (2019). Dynamics and Limits of Regulatory Privatization: Reorganizing audit oversight in Russia. *Organization Studies*, 40(8), 1217-1239. <https://doi.org/10.1177/0170840619850587>
- Andrew, et al. (2022). Detecting Fraudulent of Financial Statements Using Fraud S.C.O.R.E Model and Financial Distress. *International Journal Of Economics, Business And Accounting Research*, 6(1). Retrieved 21 April 2022, from <https://jurnal.stie-aas.ac.id/index.php/IJEBAR>.
- Appelbaum, D., Kogan, A., & Vasarhelyi, M. (2018). Analytical procedures in external auditing: A comprehensive literature survey and framework for external audit analytics. *Journal Of Accounting Literature*, 40(1), 83-101. <https://doi.org/10.1016/j.acclit.2018.01.001>
- Arens, A. and Loebbecke, J. (1997) *Auditing: An Integrated Approach*. Englewood Cliffs, NJ: Prentice- Hall.
- Asare, S., Wright, A., & Zimbelman, M. (2015). Challenges Facing Auditors in Detecting Financial Statement Fraud: Insights from Fraud Investigations. *Journal Of Forensic & Investigative Accounting*, 7(2). Retrieved 21 April 2022.
- Association of Certified Fraud Examiners. (2022). *Report to the nations 2022*. Association of Certified Fraud Examiners. Retrieved from <https://www.acfe.com/report-to-the-nations/2022/>

Bao, D., Kim, Y., Mian, G., & Su, L. (2019). *Do Managers Disclose or Withhold Bad News? Evidence from Short Interest* (Ph.D). Hong Kong Polytechnic University, Santa Clara University, Zayed University, Lingnan University.

Bernardi, R.A. (1994) Fraud detection: the effect of client integrity and competence and auditor cognitive style. *Auditing: A Journal of Practice & Theory*, **13**(Suppl), pp. 68–84.

Bishop, K. (2021). White-Collar Crime: What It Is and How It Affects Society. Retrieved 9 March 2021, from <https://attorneyatlawmagazine.com/white-collar-crime-what-is-how-affect-society>

Braaten, C.N. and Vaughn, M.S. (2019). Convenience theory of cryptocurrency crime: A content analysis of U.S. federal court decisions, *Deviant Behavior*, published online <https://doi.org/10.1080/01639625.2019.1706706>.

Brødholt, H. (2022). Interview - Master thesis [In person]. Microsoft Teams.

Carboni, J. (1995). A Rogerian Process of Inquiry. *Nursing Science Quarterly*, **8**(1), 22-37. <https://doi.org/10.1177/089431849500800107>

CFI. *What is Auditing?*. Corporate Finance Institute. Retrieved 10 February 2022, from <https://corporatefinanceinstitute.com/resources/knowledge/accounting/what-is-an-audit/>.

Cliff, G., & Wall-Parker, A. (2017). Statistical analysis of white-collar crime. In *Oxford Research Encyclopedia of Criminology and Criminal Justice*

Cordt-Hansen, H., Siebke, H., & Knudsen, E. (2010). *Revisorloven med kommentarer* (4th ed.). Den norske revisorforening.

Cornell Law School. (2022). *White-collar crime*. LII / Legal Information Institute. Retrieved 14 February 2022, from https://www.law.cornell.edu/wex/white-collar_crime.

Creswell, J., & Poth, C. (2013). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). SAGE Publications.

DiCicco-Bloom, B., & Crabtree, B. (2006). *The Qualitative Research Interview* [PDF]. John Wiley & Sons, Ltd. Retrieved 18 April 2022, from <https://onlinelibrary.wiley.com/doi/epdf/10.1111/j.1365-2929.2006.02418.x>.

Dictionary. 2022. In *Merriam-Webster.com*. Retrieved February 20, 2021, from <https://www.merriam-webster.com/dictionary/turnover>

Eriksrud, M. (2022). Interview - Master thesis [In person]. Microsoft Teams.

Farrell, B., & Franco, J. (1999). The Role of the Auditor in the Prevention and Detection of Business Fraud: SAS No. 82. *Western Criminology Review*, 2(1). Retrieved 9 March 2022, from <http://wcr.sonoma.edu/v2n1/v2n1.html>.

Federal Bureau of Investigation. *White-Collar Crime | Federal Bureau of Investigation*. Federal Bureau of Investigation. Retrieved 24 February 2022, from <https://www.fbi.gov/investigate/white-collar-crime>.

Finneide, G. K. (2008). *Rapporteringsplikten etter hvitvaskingsloven: Et profesjonelt samfunnsansvar*. Regnskap og revisjon 2008, (1) : 29-37.

Furnes, J. (2022). Interview - Master thesis [In person]. Microsoft Teams.

Gao, P. & Gaoqing Z.. (2019). "Accounting Manipulation, Peer Pressure, and Internal Control." *The Accounting Review* 94(1):127–51. doi:10.2308/accr-52078.

Gillham, B. (2000). *The Research Interview*. Continuum International Publishing Group.

Gottschalk, P. (2011). Prevention of White-Collar Crime: The Role of Accounting. *Journal Of Forensic & Investigative Accounting*, 3(1), 23- 48. Retrieved 12 February 2021 from <https://biopen.bi.no/bi->

xmlui/bitstream/handle/11250/93506/Gottschalk_2011_JFIA.pdf?sequence=1&isAllowed=y

Gottschalk, P. (2018). *Økonomisk kriminalitet* (2nd ed.). Cappelen Damm Akademisk.

Gottschalk, P., & Gunnesdal, L. (2018). *White-Collar Crime in the Shadow Economy*. Springer Nature.

Gottschalk, P. (2020). Modeling the Theoretical Structure of Deviant Convenience in White-Collar Crime. *Deviant Behavior*, 42(11), 1345-1365. <https://doi.org/10.1080/01639625.2020.1746134>

Hammersley, M. (1992). *What's wrong with ethnography?*. Routledge.

Hansen, L.L. (2020). Review of the book "Convenience Triangle in White-Collar Crime: Case Studies of Fraud Examinations", *ChoiceConnect*, vol. 57, no. 5, Middletown, CT: Association of College and Research Libraries.

Harvin, O., & Killey, M. (2021). Do "Superstar" CEOs Impair Auditors' Judgement and Reduce Fraud Detection Opportunities?. *Journal Of Forensic And Investigative Accounting*, 13(3). Retrieved 21 April 2022, from.

Herron, E., & Cornell, R. (2021). Creativity amidst standardization: Is creativity related to auditors' recognition of and responses to fraud risk cues?. *Journal Of Business Research*, 132, 314-326. <https://doi.org/10.1016/j.jbusres.2021.04.018>

Holseter, S. (2022). Interview - Master thesis [In person]. Microsoft Teams.

Hurley, P.J., Mayhew, B.W., & Obermire, K.M. (2019). "Realigning Auditors' Accountability: Experimental Evidence." *The Accounting Review* 94(3):233–50. doi:10.2308/accr-52224.

Innes, M. (2007). *Investigation order and major crime inquiries. Handbook of criminal investigation*, Willan publishing.

International Auditing and Assurance Standards Board (IAASB). (2021). *International Standards*. Retrieved from <https://eis.international-standards.org>

Islam, M.J., Rahman, M.H. and Hossan, M.T. (2011), “Forensic accounting as a tool for detecting fraud and corruption: an empirical study in Bangladesh”, *ASA University Review*, Vol. 5 No. 2, pp. 77-85.

Iversen, M. (2021). Rapport om profesjonelle aktører - Økokrim. Okokrim.no. Retrieved 15 January 2022, from <https://www.okokrim.no/rapport-om-profesjonelle-aktoerer.6399017-411472.html>.

Johnson, M. (1999). Observations on positivism and pseudoscience in qualitative nursing research. *Journal Of Advanced Nursing*, 30(1), 67-73.
<https://doi.org/10.1046/j.1365-2648.1999.01050.x>

Johnson, S. (2018). Employee Retention: The State of Engagement in Public Accounting Firms and Why It Matters. *The CPA Journal*, (December 2018 Issue). Retrieved 18 April 2022, from <https://www.cpajournal.com/2020/01/16/employee-retention-the-state-of-engagement-in-public-accounting-firms-and-why-it-matters/>.

Jupp, V., Davies, P., Francis, P. (2011). *Doing criminological research*. Los Angeles: Sage.

Karim, K., & Siegel, P. (1999). A signal detection theory approach to analyzing the efficiency and effectiveness of auditing to detect management fraud. *Managerial Auditing Journal*, 13(6), 367-375.
<https://doi.org/10.1108/02686909810222384>

Kaur, B. and Bansal, R. (2021), “Forensic accounting: a tool for fraud detection and prevention”, *PIMT Journal of Research*, Vol. 13 No. 4, (ISSN: 2278-7925).

- Kaur, B., Sood, K., and Grima, S. (2022). A systematic review on forensic accounting and its contribution towards fraud detection and prevention. *Journal Of Financial Regulation And Compliance*. doi: 10.1108/jfrc-02-2022-0015
- Kranacher, M.J. (2006), “Creating an ethical culture”, *The CPA Journal*, Vol. 76 No. 10, p. 80.
- Leung, L. (2015). Validity, reliability, and generalizability in qualitative research. *Journal Of Family Medicine And Primary Care*, 4(3), 324-326.
<https://doi.org/10.4103/2249-4863.161306>
- Lincoln, Y. (1995). Emerging Criteria for Quality in Qualitative and Interpretive Research. *Qualitative Inquiry*, 1(3), 275-289.
<https://doi.org/10.1177/107780049500100301>
- Lincoln, Y. S., & Denzin, N. K. (1994). The fifth moment. In N. K. Denzin & Y. S. Lincoln (Ed.), *Handbook of qualitative research* (pp. 575-586). Thousand Oaks, CA: Sage.
- Lønseth, P. (2022). Interview - Master thesis [In person]. Økokrim, Oslo.
- Marshall, C. (1990). Goodness criteria: Are they objective or judgement calls? In E. G. Guba (Ed.), *The paradigm dialog* (pp. 188-197). Newbury Park, CA: Sage.
- Martinez, D. (2022). How Auditors Can Detect Fraud. *New Jersey CPA*. Retrieved 21 April 2022, from https://issuu.com/njscpa/docs/spring_2022_issuu?e=8300098/90932056/.
- Maslow, A.H. (1943). A Theory of Human Motivation. *Psychological Review* 50(4):370–96. doi:10.1037/ h0054346.
- Maxwell, J. (1996). *Qualitative research design: An interactive approach*. SAGE.

Mohliiver, A. (2019). "How Misconduct Spreads: Auditors' Role in the Diffusion of Stock-option Backdating". *Administrative Science Quarterly*, 64 (2). pp. 310-336. ISSN 0001-8392

Mortvedt, O. (2020). Økonomisk kriminalitet koster samfunnet minst 145 milliarder. Politiforum.no. Retrieved 15 January 2022, from <https://www.politiforum.no/nyhet-okokrim-okonomisk-kriminalitet/okonomisk-kriminalitet-koster-samfunnet-minst-145-milliarder/158868>.

Müller, S.M. (2018). "Corporate Behavior and Ecological Disaster: Dow Chemical and the Great Lakes Mercury Crisis, 1970-1972." *Business History* 60(3):399–422. doi:10.1080/00076791.2017.1346611.

Pincus, K.V. (1990) Auditor individual differences and fairness of presentation judgements. *Auditing: A Journal of Practice & Theory*, Fall, 150–166.

Polit, D.F., & Beck, C.T. (2012). *Nursing research: Generating and assessing evidence for nursing practice*. (9th ed.). Philadelphia, PA: Wolters Kluwer.

Politiet. (2019). *STRASAK-rapporten 2019, Anmeldte kriminalitet og politiets straffesaksbehandling*. Politiet. Retrieved from <https://www.politiet.no/globalassets/04-aktuelt-tall-og-fakta/strasak/2019/strasak-2.-tertial-2019.pdf>

Revisorloven (2020). *Regjeringen*. Oslo, Norway.

Sandelowski, M. (1986). The problem of rigor in qualitative research. *Advances In Nursing Science*, 8(3), 27-37. <https://doi.org/10.1097/00012272-198604000-00005>

Schnatterly, K.A., Gangloff, K.A., & Tuschke, T.. (2018). "CEO Wrongdoing: A Review of Pressure, Opportunity, and Rationalization." *Journal of Management* 44(6):2405–32. doi:10.1177/0149206318771177.

Schoultz, I. & Flyghed, J.. 2019. "From 'We didn't do it' to 'We've Learned our Lesson': Development of a Typology of Neutralizations of Corporate Crime."

Critical Criminology. published online. 1–19. December 16. doi:10.1007/s10612-019-09483-3.

Schuster, T. (2021). *Auditor Inability to use Professional Skepticism*(Ph.D). Liberty University, School of Business.

Suryanto, T. (2014). Determinants of Audit Fee Based on Client Attribute, Auditor Attribute, and Engagement Attribute to Control Risks and Prevent Fraud: A Study on Public Accounting Firms in Sumatra-Indonesia. *International Journal Of Economics And Business Administration, II*(Issue 3), 27-39.
<https://doi.org/10.35808/ijeba/46>

Sutherland, E.H. (1950). *White-Collar Crime*. New York: Dryden Press, p. 9.

Sutherland, E.H. (1983). *White-Collar Crime – The Uncut Version*. New Haven, CT: Yale University Press.

Svanström, T. (2022). Interview - Master thesis [In person]. Microsoft Teams.

Swanson, R., & Holton, E. (2005). *Research in Organizations: Foundations and Methods in Inquiry* (pp. 30-33). San Francisco, CA: Berrett-Koehler Publishers.

Swedberg, R. (2020). Exploratory Research. In Elman, C., Gerring, J., & Mahoney, J (Ed), *The production of knowledge* (pp. 17-42). Cambridge University Press.

Sykes, G & Matza, D.. (1957). “Techniques of Neutralization: A Theory of Delinquency.” *American Sociological Review* 22(6):664–70.
doi:10.2307/2089195.

Thorne, S. (1997). The art (and science) of critiquing qualitative research. In J. M. Morse (Ed.), *Completing a qualitative project: Details and dialogue* (pp. 117-132). Thousand Oaks, CA: Sage.

Torkildsen, M. (2022). Interview - Master thesis [In person]. Microsoft Teams.

Trochim, W. (2007). The Research Methods Knowledge Base. Retrieved 27 May 2022, from <https://conjointly.com/kb/qualitative-validity/>.

University of Miami. (2020). *How is reliability and validity realized in qualitative research?*. Retrieved 31 May 2022, from <https://sites.education.miami.edu/statsu/2020/09/22/how-is-reliability-and-validity-realized-in-qualitative-research/>.

Vasiu, V.I. & Podgor, E.S. (2019). Organizational opportunity and deviant behavior: Convenience in white-collar crime, *Criminal Law and Criminal Justice Books*, Rutgers, the State University of New Jersey, July, www.clcjbooks.rutgers.edu.

Weick, K. (1995). *Sensemaking in Organizations*. Thousand Oaks, CA: Sage.

Zager, L., Malis, S., & Novak, A. (2015). The Role and Responsibility of Auditors in Prevention and Detection of Fraudulent Financial Reporting. In *3rd GLOBAL CONFERENCE on BUSINESS, ECONOMICS, MANAGEMENT and TOURISM*. Rome, Italy. Retrieved 9 March 2022, from <https://www.sciencedirect.com/science/article/pii/S221256711630291X>.

8. Appendix

8.1 Tables and Charts

Below is a collection of tables referred to throughout the thesis:

Table 1: A visual representation of the categories that the statements of each author affects is displayed:

Author	Combat		How		Aspects of Convenience		
	Prevention	Detection	Requirement	Action	Motive	Opportunity	Willingness
Karim & Siegel (1998)		X	X	X		X	
Farrell & Franco (1999)	X			X		X	X
Gottschalk (2011)		X		X		X	
Alleyne et al. (2013)	X	X	X	X		X	
Suryanto (2014)		X	X			X	
Zager et al. (2015)	X	X	X	X		X	X
Asare et al. (2018)	X	X	X	X		X	X
Gottschalk & Gunnesdal (2018)	X	X	X	X		X	X
Alon et al. (2019)	X			X	X	X	
Bao et al. (2019)		X		X			X
Hurley et al. (2019)	X	X		X	X		
Mohliver (2019)		X		X		X	
Harvin & Killey (2021)		X	X	X	X	X	X
Herron & Cornell (2021)		X	X	X		X	
Schuster (2021)		X	X			X	X
Andrew et al. (2022)	X			X	X		
Martinez (2022)		X	X		X	X	

Table 2: Chart containing proposed answers to the question: ‘How does an auditor prevent and detect white-collar crime’ from existing literature.

Prior Research	PREVENTION	DETECTION
Karim & Siegel		<ul style="list-style-type: none"> · Train auditors in real case studies of detection · Experience in detection leads to more detection · Require sufficient client funding · Audit team rotation
Farrell & Franco	<ul style="list-style-type: none"> · Require separation of functions · Require internal controls 	<ul style="list-style-type: none"> · Review internal controls · Take use of whistleblowing channels

Gottschalk		<ul style="list-style-type: none"> · Replace confirmation focus with suspicion
Alleyne et al.	<ul style="list-style-type: none"> · Take use of whistleblowing channels 	<ul style="list-style-type: none"> · Strengthen auditor responsibility for deviance reporting · Remember wider social interest above appeasing clients · Require sufficient client funding
Suryanto		<ul style="list-style-type: none"> · Require sufficient client funding · Spending enough time
Zager et al.	<ul style="list-style-type: none"> · Require internal controls 	<ul style="list-style-type: none"> · Review accounting substance, not only procedures · Review internal controls · Maintain professional skepticism
Asare et al.	<ul style="list-style-type: none"> · Understand client business 	<ul style="list-style-type: none"> · Understand client business · Perform proper risk assessment · Design and execute audit tests · Consult experts (i.e., forensic auditors)
Gottschalk & Gunnesdal	<ul style="list-style-type: none"> · Apply an offender-based perspective rather than an offense-based perspective · Audit Team Rotation 	<ul style="list-style-type: none"> · Apply an offender-based perspective rather than an offense-based perspective · Review internal controls · Maintain professional skepticism · Audit Team Rotation

Alon et al.	<ul style="list-style-type: none"> · Protect owners, not executives 	
Bao		<ul style="list-style-type: none"> · Ignore board and management reluctance to disclose wrongdoing
Hurley	<ul style="list-style-type: none"> · Consistent reporting to the board and shareholders 	<ul style="list-style-type: none"> · Accept potential harm from reporting fraud to public authorities
Mohriver		<ul style="list-style-type: none"> · Be loyal to the audit task, not to the client · Accept potential harm from reporting fraud to public authorities
Harvin and Killey		<ul style="list-style-type: none"> · Ignore the potential superstar status of the CEO · Maintain professional skepticism
Herron & Cornell		<ul style="list-style-type: none"> · Be creative · Ignore standards
Schuster		<ul style="list-style-type: none"> · Train auditors in real case studies of detection · Maintain professional skepticism · Understand client business
Andrew et al.	<ul style="list-style-type: none"> · Provide proper audit opinion 	

Martinez		<ul style="list-style-type: none"> · Audit team discussion · Maintain professional skepticism
----------	--	---

Table 3: A summary of the hypotheses and the literature they are anchored in:

Hypothesis	Hypothesis	Literature
H1	Boundary conditions exist that enable the auditor to disrupt crime convenience	Karim and Siegel (1998) Alleyne et al. (2013) Suryanto (2014) Zager et al. (2015) Asare et al. (2018) Gottschalk and Gunnesdal (2018) Harvin and Killey (2021) Schuster (2021) Martinez (2022)
H2	The stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience	Karim and Siegel (1998) Farrell and Franco (1999) Zager et al. (2015) Andrew et al. (2022)
H3	The auditor's engagement in the establishment and review of internal controls disturbs crime convenience	Farrell and Franco (1999) Zager et al. (2015) Gottschalk and Gunnesdal (2018)
H4	To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus	Gottschalk and Gunnesdal (2018)
H5	The relationship with management can harm the auditor's ability to disturb crime convenience	Alon et al. (2019) Bao et al. (2019) Hurley et al. (2019) Mohliiver (2019) Harvin and Killey (2021)

Table 4: The research model:

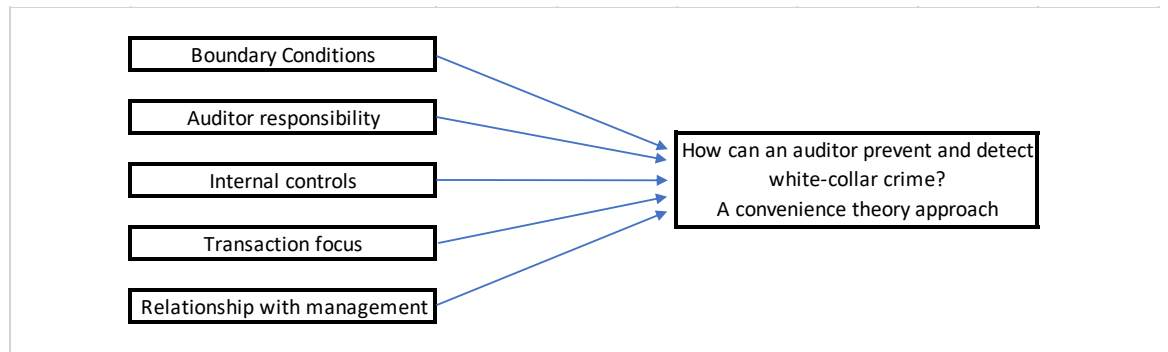


Table 5: A visual representation of the categories that the statements of each interviewee affects is displayed:

Interview	Combat		How		Aspects of Convenience		
	Prevention	Detection	Requirement	Action	Motive	Opportunity	Willingness
Holseter	X	X	X	X	X	X	X
Eriksrud	X	X	X	X	X	X	X
Svanström	X	X	X	X	X	X	X
Furnes	X	X	X	X		X	X
Torkildsen	X	X	X	X		X	X
Brødholt	X	X	X	X		X	
Lønseth	X	X	X	X	X	X	X

Table 6: Chart containing proposed answers to the question: ‘How does an auditor prevent and detect white-collar crime’ from Interviews.

Interviews	PREVENTION	DETECTION
Holseter	<ul style="list-style-type: none"> · Require separation of functions · Practice visible presence in client organization · Protect owners, not executives · Require internal controls · Understand client business 	<ul style="list-style-type: none"> · Review internal controls · Require access to everyone and everything · Require sufficient client funding · Understand client business · Perform proper risk assessment · Maintain Professional skepticism · Ignore the potential superstar CEO

Eriksrud	<ul style="list-style-type: none"> · Require internal controls · Auditor independence · Audit Team Rotation · Understand client business · Working with the board 	<ul style="list-style-type: none"> · Perform proper risk assessment · Understand client business · Ignore the potential superstar CEO · Review internal controls · Audit Team Rotation · Require sufficient client funding · Spend enough time
Svanström	<ul style="list-style-type: none"> · Auditor independence · Audit Team Rotation · Working with the board · Understand client business 	<ul style="list-style-type: none"> · Understand client business · Require sufficient client funding · Spend enough time · Maintain professional skepticism · Audit Team Rotation
Furnes	<ul style="list-style-type: none"> · Audit team rotation · Have presence in client organization · Understand client business 	<ul style="list-style-type: none"> · Pay for experience · Understand client business · Require sufficient client funding · Review internal controls · Spend enough time · Audit team rotation
Torkildsen	<ul style="list-style-type: none"> · Understand client business · Require separation of functions 	<ul style="list-style-type: none"> · Require access to everything · Require sufficient client funding · Spend enough time · Review internal controls · Understand client business
Brødholt	<ul style="list-style-type: none"> · Practice visible presence in client organization 	<ul style="list-style-type: none"> · Require sufficient client funding · Spend enough time · Ignore the potential superstar CEO

Lønseth	<ul style="list-style-type: none"> · Require separation of functions · Understand client business 	<ul style="list-style-type: none"> · Understand client business · Perform proper risk assessment · Review internal controls
---------	---	--

Table 7: A summary of Hypothesis results

Hypothesis	Hypothesis	Result
H1	Boundary conditions exist that enable the auditor to disrupt crime convenience	<u>Partially Keep</u>
H2	The stronger the sense of responsibility an auditor has, the greater the chance of disturbing crime convenience	<u>Keep</u>
H3	The auditor's engagement in the establishment and review of internal controls disturbs crime convenience	<u>Keep</u>
H4	To effectively disturb white-collar crime convenience, auditors should shift from a transaction focus to an individual focus	<u>Keep</u>
H5	The relationship with management can harm the auditor's ability to disturb crime convenience	<u>Keep</u>

Table 8: A visual representation of the requirements and actions highlighted in this thesis and the aspects of crime convenience they disrupt. These are shown as to where they belong in the audit process shown on the left-hand side.

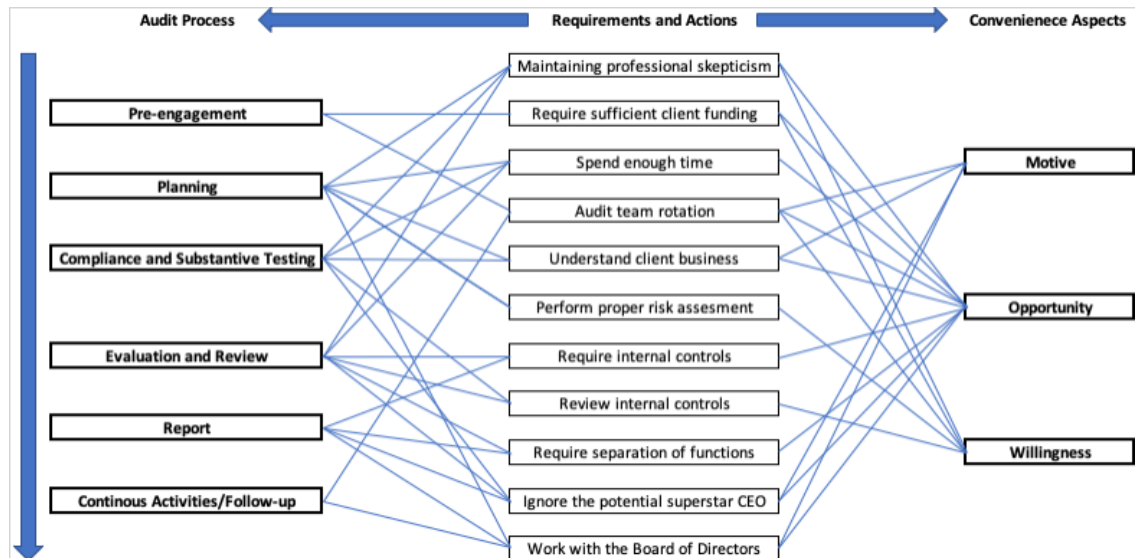


Table 9: Shows a quantitative indication of what the literature places the most emphasis on versus what the interviews place the most emphasis on. That is, which of the poles below is the highest, where grey represents the literature and blue represents the interviews.

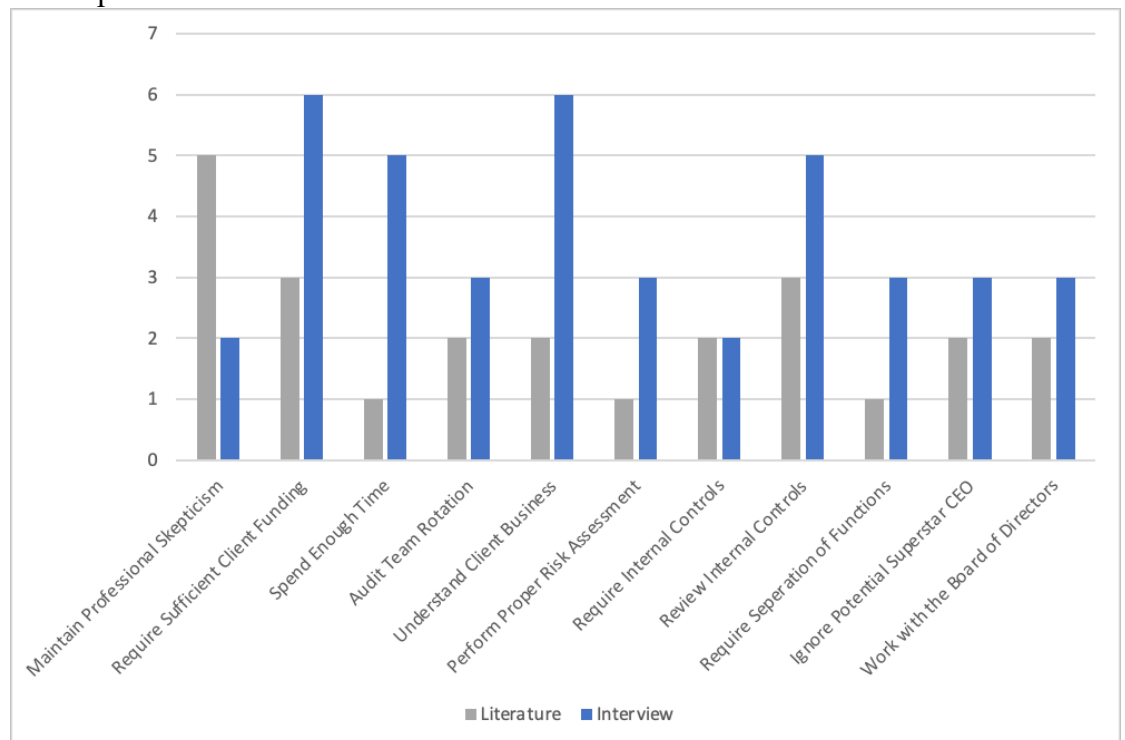
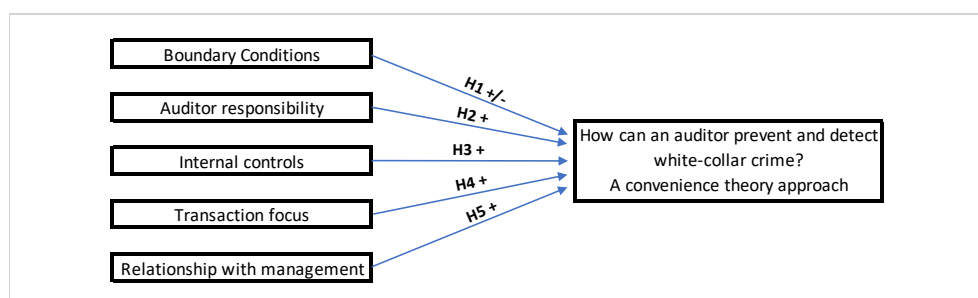


Table 10: The hypothesis results in the research model



8.2 Interviews

8.2.1 List of Interviews with page numbers

Name	Title	Company	Page num.
Sturle Holseter	Partner	Deloitte	34
Marianne Eriksrud	Partner	Deloitte	36
Tobias Svanström	Audit Expert	Umeå University	38
Jostein Furnes	CFO	DNV	40
Morten Torkildsen	Group Compliance Manager	Wilhelmsen	42
Henrik Brødholt	Police Prosecutor	Økokrim	43
Pål Lønseth	Director	Økokrim	44

8.2.2 Interview guide

This is the interview guide, containing the questions sent to each interviewee:

Interview guide – Master Thesis

Research Question:

How can an auditor prevent and detect white-collar crime? A convenience theory approach.

Question:

- How does the auditor detect the executive's crime?
- How does the auditor prevent the manager's ability to commit crime?
- What facilitates the auditor to detect or prevent crime?
- How can / does the auditor remove motive, opportunity, and willingness?
- How does the auditor prevent executives from accessing criminal resources?
- How does the auditor help reduce the unassailable status of top executives?
- How does the auditor prevent top executives from blaming others for their own fraud?
- How does the auditor avoid managers' aggressive humor?
- How does the auditor contribute to transparency?
- How does the auditor ensure their independence?

8.2.3 Confirmation of Quotes by Interviewees

8.2.3.1 Holseter

SH Holseter, Sturlu
RE: Master Thesis | Revised Interview
To: Andreas Sterri, Cc: Kristian Borge

11:31
Details

Hi

Se over dette – gjorde noen justeringer – men det er deres oppgave 😊

Sturlu

Good morning Mr. Holseter,

Thank you again for your time and input for our master thesis. It has helped us tremendously in our work and for that we are truly grateful.

After your comments and suggestions, we have attempted to change the discussed aspects. Please confirm the accuracy and truthfulness of the description and citations. We again hope for your approval, as you gave during the interview, to use your name and title in our thesis as well.

Thank you again and we hope you a wonderful week.

If you have any further comments please do not hesitate to contact us!

Have a wonderful day and thank you again.

Best Regards

Andreas and Kristian

Andreas and Kristian

4.1 Sturlu Holseter, Partner, Deloitte

Mr. Holseter works as a Partner and Office Manager at Deloitte Audit & Assurance. Holseter has broad experience with external audit, internal control, financial reporting, transactions, due diligence, and restructuring.

The most important way for an auditor to prevent white-collar crime in an organization, is, according to the Partner, to "ensure that there is an appropriate and sufficiently established segregation of duties", meaning a separation of functions (Holseter, 2022). An auditor have to obtain an understanding of the different accounts in the financial statements, and check all material records where fraud may occur, especially related to bank transactions and how the control and separation of functions is designed and implemented.

Additionally, Mr. Holseter states that if auditors have a visible presence in the client's organization, it "hinders management's opportunity" to commit crime because an auditor reviews and verifies the organization's dispositions and internal control (Holseter, 2022). Also, the auditor keeps a close eye on the CEO, and checks if the CEO follows the instructions given by the board of directors. The Partner states that it is "important to remember that the auditor is appointed by the owners, and the owners are interested in ensuring that the board has had instructions for the CEO and that the CEO follows the instructions" (Holseter, 2022). The external auditor is appointed by the shareholders, and report to the board and general meeting on the quality of the design and implementation of the internal controls, and the CEO is responsible for implementing a sufficient internal control relevant for the business.

An important task in an auditor's work that can prevent and detect white-collar crime is, according to Mr. Holseter, to "ensure that proper internal controls are designed and implemented, as stated in the auditor's report" (Holseter, 2022). An auditor may identify deficiencies in the internal controls that "can increase the risk of misstatements and errors" (Holseter, 2022). One advantage of having an external auditor is, according to the Partner, that the client has a good sparring partner who can help promote the importance of sufficient internal control. He further states that it is important for an auditor to maintain professional skepticism as "a good auditor who is skeptical, will ask the right questions and assess the design and implementation of relevant controls", and can report where there is room for improvement to the board of directors and general meeting (Holseter, 2022). Mr. Holseter further mentions that professional skepticism aids in ignoring the potential superior status of the CEO. He states that "experience shows fraud often is committed by CEOs and CFOs that are very charismatic, very nice, very socially adept, always have full control, know pretty much everything, and can out-tak an inexperienced accountant" (Holseter, 2022). However, if the auditor maintains a skeptical attitude, the auditor can see past the CEO's facade.

Holseter (2022) states that an important aspect in the work of an auditor is that an auditor gets "100% access". He informs that it is stated in the letter of commitment, that "we shall have 100% access to persons, documents, and sources that are relevant to our audit", and the company also signs a management representation letter as part of the audit (Holseter, 2022). It is fundamental to have access to everything in a company to be able to detect white-collar crime.

Furthermore, the Partner stresses the importance of understanding of the client's business. The auditor must understand how the business is organized and how it makes money. Throughout this process it is important that "we start from the point of view of owners, the board, the CEO and so on" (Holseter, 2022). Mr. Holseter further emphasizes that it is also important to understand how the delegation of responsibility is in the company, and clarify "who has the responsibility, what responsibility do they have, what control points do you have?" (Holseter, 2022). It is crucial to understand what concerns the shareholders and board of directors have related to fraud risk, hence a fraud risk assessment is made based on their understanding of the business. The auditor then focus their audit work on the relevant areas where an increased risk of fraud and misstatements may occur.

Finally, the Partner at Deloitte highlights some important aspects. First that the audit "requires time from the organization, and they also pay for the audit" (Holseter, 2022). This highlights the importance of auditor independence, citing the potential conflict as the client funds and sets aside time that the auditor requires, and that "the auditor works for the individuals that pay the bill" (Holseter, 2022). For the auditor to be able to conduct a more thorough audit and be better able to detect white-collar crime, the auditor must require more funding from the client. This will lead to the auditor being able to spend sufficient time familiarizing themselves with the organization and the risks.

Holseter (2022) proposes several specific measures to the question of how an auditor can prevent and detect white-collar crime. They include requiring separation of functions, practice visible presence in client organization, protect owners, not executives, require and review internal controls, require access to everyone and everything, require sufficient client funding, understand client business, perform proper risk assessment, maintain professional skepticism, and to ignore the potential superior CEO.

"Disclaimer": This message (including any attachments) contains confidential information intended for a specific individual and purpose, and is protected by law. If you are not the intended recipient, you should delete this message and are hereby notified that any disclosure, copying, or distribution of this message, or the taking of any action based on it, is strictly prohibited. Deloitte refers to a Deloitte member firm, one of its related entities, or Deloitte Touche Tohmatsu Limited ("DTTL"). Each Deloitte member firm is a separate legal entity and a member of DTTL. DTTL does not provide services to clients. Please see www.deloitte.com/na to learn more.

8.2.3.2 Eriksrud

ME Eriksrud, Marianne Lund
RE: Master Thesis | Approval
To: Borge, Kristian, Cc:

Inbox - Yahoo! 09:23
Details

I hereby confirm that I have reviewed the views, opinions and quotes expressed in this text as coming from me and the interview and see them to be correct and true. I agree to the use of this text in the Master Thesis and the use of my name relating to these statements.

Mvh
Marianne Eriksrud

Good morning Ms. Eriksrud,

Thank you for your time and input for our master thesis. It has helped us tremendously in our work and for that we are truly grateful.

As agreed, we are sending you the description and quotes we use from our interview with you, that we use in our thesis (see below). Please confirm the accuracy and truthfulness of the description and citations. We again hope for your approval, as you gave during the interview, to use your name and title in our thesis as well.

Thank you again and we hope you a wonderful week.

Best Regards

Andreas Sterri and Kristian Borge

Marianne Eriksrud is the newest partner at Deloitte Audit & Assurance in Drammen. She has broad experiences with both local and international businesses and is an expert in the real estate industry, having spent 16 years at Deloitte.

According to Eriksrud (2022), the most important task an auditor does is to become familiar with "the risk factors that exist for the company being audited". It is important that "everyone on the team is informed about the risks in the company and that it is not just the partner who has all the information" (Eriksrud, 2022). "The first thing we do at start-up meetings on the topic is to discuss fraud, which risks we see as fundamental, and that risk scenario will determine what actions we take" (Eriksrud, 2022). The determination of areas of risk varies based on the auditors' knowledge of the industry, the people, and the management in the organization. Eriksrud (2022) adds that experience within the various industries significantly aids in that process, having had several cases of fraud detection herself.

Eriksrud (2022) highlights the strong, or high status, CEO saying that it is vital that "the auditor asks the same questions, regardless of the behavior of some top managers". The issue is that these strong leaders "override their own organization and their own controls, so that they can do as they please and manipulate what they want" (Eriksrud, 2022). Although auditors work with the support structure for the leaders, such as controllers, Eriksrud (2022) adds that "it is clear that a strong top manager will be able to override everyone in his organization, and then it is absolutely necessary that we have seen the risks in advance to be able to detect it".

An area that the auditor focuses on is to "ensure that the company has sufficient internal control" as a lack thereof creates opportunity to commit criminal acts (Eriksrud, 2022). Eriksrud (2022) adds that "if the internal control is not in order, we will not be able to detect anything either". Internal control removes opportunity for the potential white-collar criminal as one individual is unable to bypass controls without having to cooperate with someone else in the organization. Managers generally have access to most resources within the company; however, most companies have two-part authorization in banking, highlighting the effect of internal controls. Furthermore, Eriksrud (2022) says that "the more people who have to certify and cooperate in order to commit a criminal act, the lower the risk is of it happening".

The auditor regularly meets with the board or owners without the CEO being present. These meetings often discuss the CEO, their workload, and the expectations they have of the CEO. Eriksrud (2022) elaborates stating that the auditor's "alert the board if we think the CEO has too much workload and is struggling, something we regularly see". Bonus schemes are the first thing an auditor asks about with new clients, discussing them in start-up meetings. There may be several reasons for large bonus schemes, for example in order "to get the right people" Eriksrud (2022). The partner adds that "an auditor cannot directly influence bonus schemes and requirements the board set for top managers", but "we can tell the board that it increases the risk and affects, to a greater extent, our risk assessment and the audit procedures we do and the audit fee" (Eriksrud, 2022).

Eriksrud (2022) highlights auditor independence as an important factor in curbing white-collar crime, highlighting "independence from the client, and being steadfast in important confrontations". It is important to

8.2.3.3 Furnes



Furnes, Jostein

RE: Master Thesis | Approval

To: Andreas Sterri, Cc: Kristian Borge

12:31

[Details](#)

Dear Andreas,

One correction is needed to be precise regarding my title.

I was Group CFO for 6 years (2006-2011) and Finance Director (FD) for BA Maritime for 16 years (2000-2005 & 2012 – to date)

The statements used sounds to be coming from me and I have no objections, although it is difficult to know how they are presented in the bigger context of your thesis. However, as standalone statements they are reflecting my views.

I hereby confirm that I have reviewed the views, opinions and quotes expressed in this text as coming from me and the interview and see them to be correct and true. I agree to the use of this text in the Master Thesis and the use of my name relating to these statements.

Best Regards

Jostein

Good morning Mr. Furnes,

Thank you for your time and input for our master thesis. It has helped us tremendously in our work and for that we are truly grateful.

As agreed, we are sending you the description and quotes we use from our interview with you, that we use in our thesis (see below). Please confirm the accuracy and truthfulness of the description and citations. We again hope for your approval, as you gave during the interview, to use your name and title in our thesis as well.

Thank you again and we hope you a wonderful weekend.

Best Regards

Andreas Sterri and Kristian Borge

Mr. Furnes is the chief financial officer for DNV Maritime. He has worked as CFO for the last 16 years, and has broad experience within finance, budgets, controls, structuring and has worked with auditors during the interim and year-end audit for many years.

The CFO at DNV sees the high staff turnover at audit firms as a disadvantage for their work in detecting white-collar crime in the company. He feels that the audit team cannot build competence about DNV when "you replace the whole team except for a partner for a 3-4 year period" (Furnes, 2022). Then you must start from scratch again, learning the new auditors how the business works and how its controls work, which can be difficult due to DNV's complex business model. Mr. Furnes affirms that "for outsiders, the business models, setup, how things flow, everything from entering into a contract to data flow, the whole process is quite complex", making it difficult for newly educated auditors to understand their business (Furnes, 2022). Moreover, "if they do not fully understand or understand how data flows or understand what is automated or what is manual or the one and the other, then they will also have some limitations in relation to detecting fraud" (Furnes, 2022). Mr. Furnes further highlights that having a more experienced auditor, rather than an associate, will result in a better audit and a more rewarding exchange of opinions for both the company and the auditor because the auditor understands the business and can make faster decisions. This will however cost more for the company due the higher hourly rate (Furnes, 2022).

Since the business model is complex, it is important that an auditor reviews the internal controls, according to Mr. Furnes. He further states that the company has received input on internal controls from the auditor, where the auditor has "mapped up internal controls and suggestions for improvements" (Furnes, 2022). He states, however, that "often it is not part of an audit" (Furnes, 2022). There are still a lot of manual routines that happen at DNV. Therefore, the auditors must have an understanding and insight into how the checks are done (Furnes, 2022). To achieve a better understanding of the company, the auditors "must spend more time, and it will be more expensive for the company, but they have limited time today to do the audit job" (Furnes, 2022). For the auditor to make a greater impact, it will require more funding.

Mr. Furnes believes that the auditor has a preventing effect by having a presence at the company. He states that "I think they contribute to the fact that everyone knows that there will be an audit" (Furnes, 2022). The CFO feels, however, that the audit company has a limited presence at the company. He says that they do "an interim audit, and a year-end audit", and that is limited in uncovering financial crime (Furnes, 2022).

Furnes proposes several specific measures to the question of 'how an auditor can prevent and detect white-collar crime'. They include avoiding turnover, having a presence in client organization, spending enough time, reviewing internal controls, paying for experience, and understanding client business.

8.2.3.4 Torkildsen



Torkildsen, Morten

RE: Master Thesis | Approval

To: Andreas Sterri, Cc: Kristian Borge

11:27

[Details](#)

Lykke til med oppgaven:

Just some small corrections/clarifications (in red below email)

I hereby confirm that I have reviewed the views, opinions and quotes expressed in this text as coming from me and the interview and see them to be correct and true. I agree to the use of this text in the Master Thesis and the use of my name relating to these statements.

Best regards,

MORTEN TORKILDSEN
Group Compliance Officer

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

|

Caution: This email originated from outside of the **Wilhelmsen Organization**. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good morning Mr. Torkildsen,

See More

Best Regards

Andreas Sterri and Kristian Borge

The researchers of this thesis additionally had the opportunity to interview the Group Compliance Manager of Wilhelmsen. He states that it is "always good to have a third party verify the accuracy of the accounts you submit and is vital in terms of shareholder confidence" (Torkildsen, 2022). Mr. Torkildsen stressed the fact that "if you want to find things out, you have to go down to 'the nitty-gritty' and the auditor does not spend much time on that anymore" (Torkildsen, 2022). For white-collar crime to be detected and prevented, Mr. Torkildsen stated that "checks must be made as to whether processes within internal control are actually followed, where they (the auditor) may have to take deep dives in areas to verify processes" (Torkildsen, 2022). An example of an important process to verify is the separation of functions.

Torkildsen also believes that the auditor has every opportunity to gain insight into their work, controls, and risks. The important thing, however, is that the auditor has "access to all of the paperwork and information where risks are continuously assessed by the firm" (Torkildsen, 2022). However, the auditor "simply does not have the time and opportunity to do so when doing their statutory audit based on the fee they are paid" (Torkildsen, 2022). These controls are also what, Torkildsen, believes reduces the convenience of White-Collar crime, as lack of controls provides opportunity for crime, saying "to what extent the auditor has the opportunity to check that the processes are actually followed removes opportunity for fraud" (Torkildsen, 2022). Moreover, as to what extent the auditor can get into the details of the firm further reduces opportunity and increases the probability of detecting and preventing white collar crime. However, as mentioned, this is difficult "based on the fee they are paid" for their statutory audit (Torkildsen, 2022). The way an auditor can prevent embezzlement, fraud and so on, is to "look at deviations in the processes", however because auditors "do not have the time or resources within the framework and budget of the audit assignment" they often are not able to really "dig into it" (Torkildsen, 2022).

In order for white-collar crime to be prevented in organizations, Torkildsen stresses the importance of clear roles and clear definition of functions. He states that if these are unclear "it gives a greater possibility that this type of activity can take place" (Torkildsen, 2022). He concluded the interview by stating that "more resources and more money must be set aside for the audit so that one can take a deeper dive into the risk areas" (Torkildsen, 2022).

In answer to the question of 'how an auditor can prevent and detect white-collar crime', Torkildsen gave us some specific measures. These include, requiring access to everything, requiring sufficient client funding for crime detection, spending enough time to complete the audit, requiring separation of functions, understanding client business, and reviewing internal controls.

8.2.3.5 Svanström



Svanström, Tobias

Re: Master Thesis | Approval

To: Andreas Sterri, Cc: Kristian Borge

Inbox - Yahoo! 13 June 2022 at 15:07

[Details](#)

Hi Andreas and Kristian,

I think this was a very good summary of the interview.

I would just like to add that for the consultation and advisory role, the auditor must follow the independence rules. However, some advice is also expected as part of the audit engagement.

Please state that I am a professor at Umeå School of Business, Economics and Statistics and Adjunct Professor at BI Norwegian Business School (instead of top universities in Scandinavia).

If you are using the full name for the other respondents, and want to use mine, that is ok. However, please make it anonymous if any of the other respondents are being kept anonymous.

Could I have one final check before you submit?

Best Regards,
Tobias

Good morning Professor Svanström,

Thank you for your time and input for our master thesis. It has helped us tremendously in our work and for that we are truly grateful.

As agreed, we are sending you the description and quotes we use from our interview with you, that we use in our thesis. Please confirm the accuracy and truthfulness of the description and citations. We again hope for your approval to use your name and title in our thesis as well.

Thank you again and we hope you a wonderful weekend.

Best Regards

Andreas Sterri and Kristian Borge

Tobias Svanström is an expert within the field of auditing, holding a PhD from Umeå University and being a professor in Auditing at top universities in Scandinavia. Svanström has not only researched topics within auditing but has also had his research published in several prestigious and leading journals in the field. He has also published multiple chapters in the book "The Routledge Companion to Auditing".

Professor Svanström points to several ways in which the auditor is enabled to, and actions they can do to curb white-collar crime. He points to the importance of the fraud triangle saying, "it is vital for the auditor to be aware of opportunities, motive and rationalization" (Svanström, 2022). The professor highlights several actions and boundary conditions that enable the auditor to be aware of these aspects.

One such action is working with the owners and board of directors in being aware of incentives for management. Svanström (2022) highlights the importance of understanding "the compensation and bonus schemes of organizations" as these can provide an incentive, or motive, to resort to white-collar crime in order to achieve them. Svanström (2022) believes they can provide a motive for "manipulating numbers to achieve them". The Professor adds that "the auditor may have a role in providing advice, based on their knowledge of the organization or industry, to the owners or board regarding bonuses and incentives to ensure that they do not become unrealistic so that managers resort to crime to obtain them" (Svanström, 2022). He further adds that "realistic expectations are important, as motives are provided when gaps are too big between expectations and reality. Realistic expectations are important." (Svanström, 2022). This role of consultation and advisor can, according to the professor, be a natural role. In fact, Svanström (2022) points to existing research that "has also shown that it is clear that the auditor can take on such a function especially as many times the accountant is the one person who can take on that role" (Svanström, 2022).

It is, therefore, vital that the auditor is able to "ask the uncomfortable questions, and a prerequisite for being able to do so is independence and professional skepticism" (Svanström, 2022). The professor highlights these traits as helpful in combating white-collar crime, as well as "following trends and developments within the organization and industry" in order to fully understand and be aware of opportunities for white-collar crime (Svanström, 2022).

Svanström (2022) mentions audit team rotation as an interesting topic relating to the auditor's ability to curb white-collar crime, as there "is often high turnover". The professor sees that there "is a positive dimension in bringing in new people, gaining new perspectives, and maybe seeing things that have not been emphasized before" (Svanström, 2022). However, Svanström (2022) states that "overall it is more negative with a lot of rotation". The professor highlights that it is in fact detrimental to the auditor's ability to understand the organization fully, as the learning process leading up to client knowledge is disrupted. Svanström (2022) elaborates that "literature has proven that when the assignment manager is rotated, the quality of the audit is reduced in a couple of years to follow, further impacting the auditor's ability to combat white-collar crime negatively". He highlights that there "must not be too much turnover", as the "client knowledge, such as how they earn money and what the incentives are like, is lost" (Svanström, 2022).

The professor highlights sufficient client funding as further boundary condition that enables the auditor to thwart white-collar crime. He believes "it is a problem when there is not sufficient funding as there is not enough time to discuss the audit fully and a lot of the work tends to be delegated to junior staff" (Svanström, 2022). He goes on to say that sufficient funding leads to more experience, or expertise, and more time for the audit. He highlights that as white-collar crime detection and prevention is not the main goal of the audit, it become even more important to have the sufficient funding necessary to spend the time necessary and have the expertise necessary to be able to combat white-collar crime, avoiding the "tick-box mentality" (Svanström, 2022). In all, sufficient client funding "increases the likelihood of discovering and reflecting on the responsibility of combating white-collar crime through reflection and discussion within the team and with the client" (Svanström, 2022).

Professor Svanström proposes several specific measures and boundary



Svanström, Tobias

Re: Master Thesis | Approval

To: Andreas Sterri, Cc: Kristian Borge

Inbox - Yahoo! 20 June 2022 at 15:31

[Details](#)

Hi Andreas and Kristian,

Looks good. One minor issue. It should be several book chapters, including one chapter in "The Routledge Companion to Auditing" (not multiple chapters in the book...).

Best of luck with the thesis. Wish you a lovely summer.

Best Regards,
Tobias

Subject: Re: Master Thesis | Approval

Thank you Professor Svanström.

We hope you had a great weekend. Here is the final text for our thesis. We again want to thank you for your input and time.

All other interviewed individuals are mentioned by First name, surname and job description as well ;)

We hope you have a wonderful week and a wonderful summer.

Best Regards

Andreas and Kristian

Tobias Svanström is an expert within the field of auditing, holding a PhD from Umeå University and being a professor at Umeå School of Business, Economics and Statistics and adjunct professor at BI Norwegian Business. Svanström has not only researched topics within auditing but has also had his research published in several prestigious and leading journals in the field. He has also published multiple chapters in the book "The Routledge Companion to Auditing".

Professor Svanström points to several ways in which the auditor is enabled to, and actions they can do to curb white-collar crime. He points to the importance of the fraud triangle saying, "it is vital for the auditor to be aware of opportunities, motive and rationalization" (Svanström, 2022). The professor highlights several actions and boundary conditions that enable the auditor to be aware of these aspects.

One such action is working with the owners and board of directors in being aware of incentives for management. Svanström (2022) highlights the importance of understanding "the compensation and bonus schemes of organizations" as these can provide an incentive, or motive, to resort to white-collar crime in order to achieve them. Svanström (2022) believes they can provide a motive for "manipulating numbers to achieve them". The Professor adds that "the auditor may have a role in providing advice, based on their knowledge of the organization or industry, to the owners or board regarding bonuses and incentives to ensure that they do not become unrealistic so that managers resort to crime to obtain them" (Svanström, 2022). Svanström (2022) adds that "for the consultation and advisory role, the auditor must follow the independence rules, however some advice is also expected as part of the audit engagement". He further adds that "realistic expectations are important, as motives are provided when gaps are too big between expectations and reality. Realistic expectations are important." (Svanström, 2022). This role of consultation and advisor can, according to the professor, be a natural role. In fact, Svanström (2022) points to existing research that "has also shown that it is clear that the auditor can take on such a function especially as many times the accountant is the one person who can take on that role" (Svanström, 2022).

It is, therefore, vital that the auditor is able to "ask the uncomfortable questions, and a prerequisite for being able to do so is independence and professional skepticism" (Svanström, 2022). The professor highlights these traits as helpful in combating white-collar crime, as well as "following trends and developments within the organization and industry" in order to fully understand and be aware of opportunities for white-collar crime (Svanström, 2022).

Svanström (2022) mentions audit team rotation as a topic relating to the auditor's ability to curb white-collar crime, as there "is often high turnover". The professor sees that there "is a positive dimension in bringing in new people, gaining new perspectives, and maybe seeing things that have not been emphasized before" (Svanström, 2022). However, Svanström (2022) states that "overall it is more negative with a lot of rotation". The professor highlights that it is in fact detrimental to the auditor's ability to understand the organization fully, as the learning process leading up to client knowledge is disrupted. Svanström (2022) elaborates that "literature has proven that when the assignment manager is rotated, the quality of the audit is reduced in a couple of years to follow, further impacting the auditor's ability to combat white-collar crime negatively". He highlights that there "must not be too much turnover", as the "client knowledge, such as how they earn money and what the incentives are like, is lost" (Svanström, 2022).

The professor highlights sufficient client funding as a further boundary condition that enables the auditor to thwart white-collar crime. He believes "it is a problem when there is not sufficient funding as there is not enough time to discuss the audit fully and a lot of the work tends to be delegated to junior staff" (Svanström, 2022). He goes on to say that sufficient funding leads to more experience, or expertise, and more time for the audit. He highlights that as white-collar crime detection and prevention is not the main goal of the audit, it become even more important to have the sufficient funding necessary to spend the time necessary and have the expertise necessary to be able to combat white-collar crime, avoiding the "tick-box mentality" (Svanström, 2022). In all, sufficient client funding "increases the likelihood of discovering and reflecting on the responsibility of combating white-collar crime through reflection and discussion within the team and with the client" (Svanström, 2022).

Professor Svanström proposes several specific measures and boundary conditions to the question of "how an auditor can prevent and detect white-collar crime". These include working with the board, understanding the client business, the issue of audit team rotation, requiring sufficient client funding, spending enough time, and maintaining professional skepticism and independence.

8.2.3.6 Brødholt

HB Henrik Brødholt
SV: Master Thesis | Approval
To: Andreas Sterri, Cc: Kristian Borge

10 June 2022 at 11:44 [Details](#)

Hei dere!

Jeg tok en gjennomgang i vedlagte, dere kan bruke det som jeg har endret til. Hvis dere vil endre noe ytterligere på det vil jeg gjerne se det før jeg gir ok. Masteroppgaven vil være offentlig regner jeg med?

Given the above, I hereby confirm that I have reviewed the views, opinions and quotes expressed in this text as coming from me and the interview and see them to be correct and true. I agree to the use of this text in the Master Thesis and the use of my name relating to these statements.

Mvh
Henrik

[See More from Andreas Sterri](#)

 Sitat
master...R.docx

Mr. Brødholt works as a [police prosecutor](#) in the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (Økokrim). He has previously worked as an auditor at Deloitte as well. He is a certified auditor and lawyer.

Mr. Brødholt states that it is difficult for an auditor to prevent and detect white-collar crime in a company. It is "difficult because the auditor has [many requirements to fulfill](#) and [normally](#) has limited time [per client](#)" (Brødholt, 2022).

Furthermore, the [police prosecutor](#) believes that having a presence in the client's organizations [may have](#) a "disciplinary effect but also a training effect that will contribute to less mistakes and criminal activity because it will feel closer" (Brødholt, 2022). He further states that he thinks auditors "perhaps to a greater extent with smaller companies, can contribute more, where they act as a 'Jack-of-all-trades'" (Brødholt, 2022). In smaller organizations, it is more common to have a more personal relationship with executives at a company. [According to Brødholt, a personal relationship with the company's leadership may contribute to the auditor having a greater effect on the prevention or detection of crimes.](#) [However, under certain circumstances, a personal relationship may also increase the auditor's willingness to accept illegal actions by the company.](#)

Brødholt proposes several specific measures to the question of 'how an auditor can prevent and detect white-collar crime', [such as requiring auditor's to perform further actions directed towards client funding and prevention, and securing funding for this](#)

Henrik Brødholt Deleted: law attorney

Henrik Brødholt Formatted: English (US)

Henrik Brødholt Deleted: to do a lot

Henrik Brødholt Formatted: English (US)

Henrik Brødholt Formatted: English (US)

Henrik Brødholt Deleted: very

Henrik Brødholt Formatted: English (US)

Henrik Brødholt Deleted: As he has previously worked as an auditor, he understands that auditors just do enough to justify meeting the standards they are obligated to meet. Auditors have an audit fee, and companies will perhaps not "pay much more for an auditor" (Brødholt, 2022).

Henrik Brødholt Formatted: English (US)

Henrik Brødholt Deleted: law attorney

Henrik Brødholt Formatted: English (US)

Henrik Brødholt Formatted: English (US)

Henrik Brødholt Deleted: has

Henrik Brødholt Deleted: , and "maybe they know each other over a beer in the club, etc." (Brødholt, 2022). When they know each other, they have a greater effect, however, "it can also swing both ways that you know each other well", according to Mr. Brødholt (2022).

Henrik Brødholt Deleted: .

Henrik Brødholt Deleted: They include requiring sufficient client funding for crime prevention, requiring sufficient client funding for crime detection, and having presence in client organization.

Henrik Brødholt Formatted: English (US)

8.2.3.7 Lønseth

PL Pål Kulø Lønseth
Re: Master Thesis | Approval
To: Andreas Sterri, Cc: Kristian Borge

Dear Mr. Sterri,
Sorry for late response.

Quotes are fine and approved.

Thanks

The best of luck with the Master Thesis

Best regards

Pål K. Lønseth
Director
Økokrim