

BENFORD'S LAW AS A USEFUL TOOL TO DETERMINE FRAUD IN FINANCIAL STATEMENTS

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Abstract:

Benford's law is a mathematical tool and a method of determining whether investigated financial statements contain unintentional errors or fraud. Benford's law says that counterfeit numbers have a slightly different pattern than valid or random samples. Benford's Law is an effective method and analytical technique to help detect accounting fraud. Motives and causes for fraud can be explained by the fraud triangle, which consists of perceived pressure, perceived opportunities and the ability to justify their actions. Benford's law is just one of the possible tools used to detect irregularities, which can also be used in the field of data verification in financial statements.

Keywords: Benford's Law, Accounts, Fraud, Fraud triangle, Forensic Accounting, Forensic Accountant