An Investigation into Fraud Detection in Financial Reporting Using Sugeno Fuzzy Classification

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Abstract : Always, financial reporting system faces some problems to win public ear. The increase in the number of fraud and representation, often combined with the bankruptcy of large companies, has raised concerns about the quality of financial statements. So, investors, legislators, managers, and auditors have focused on significant fraud detection or prevention in financial statements. This article aims to investigate the Sugeno fuzzy classification to consider fraud detection in financial reporting of accepted firms by Tehran stock exchange. The hypothesis is: Sugeno fuzzy classification may detect fraud in financial reporting by financial ratio. Hypothesis was tested using Matlab software. Accuracy average was 81/80 in Sugeno fuzzy classification; so the hypothesis was confirmed.