**ABSTRACT**

**Objective:** The purpose of the publication is to present auditing as a tool to reduce the risk of fraud and abuse. The article describes the role of auditing in minimizing fraud, its application in business entities and its effectiveness. It presents the role of both internal and external auditing in reducing fraud.

**Methodology:** Both the qualitative and quantitative methods were applied in the publication. The former was used for the purpose of presenting the application of auditing in business practice, and the latter to describe the effectiveness of its operation.

**Findings:** The results of the analysis showed that auditing is an effective tool for reducing fraud and abuse. Significant effectiveness in this regard is exhibited by internal audit services.

**Value Added:** The publication is part of a series of articles describing tools for reducing fraud and abuse. It shows the application of selected tools at the organizational level and their effectiveness. It also helps answer the question concerning the validity of the tools’ implementation and provides a premise for further research to develop a comprehensive model for combating fraud in business entities.

**Recommendations:** Research on the use of auditing as a tool for reducing fraud and abuse should be conducted with a breakdown of entities by industry. This will allow verification of which industry is characterized by the greatest use of auditing in this regard. It will also make it possible to assess the effectiveness of the measures taken to minimize the risk of fraud by industry entities.