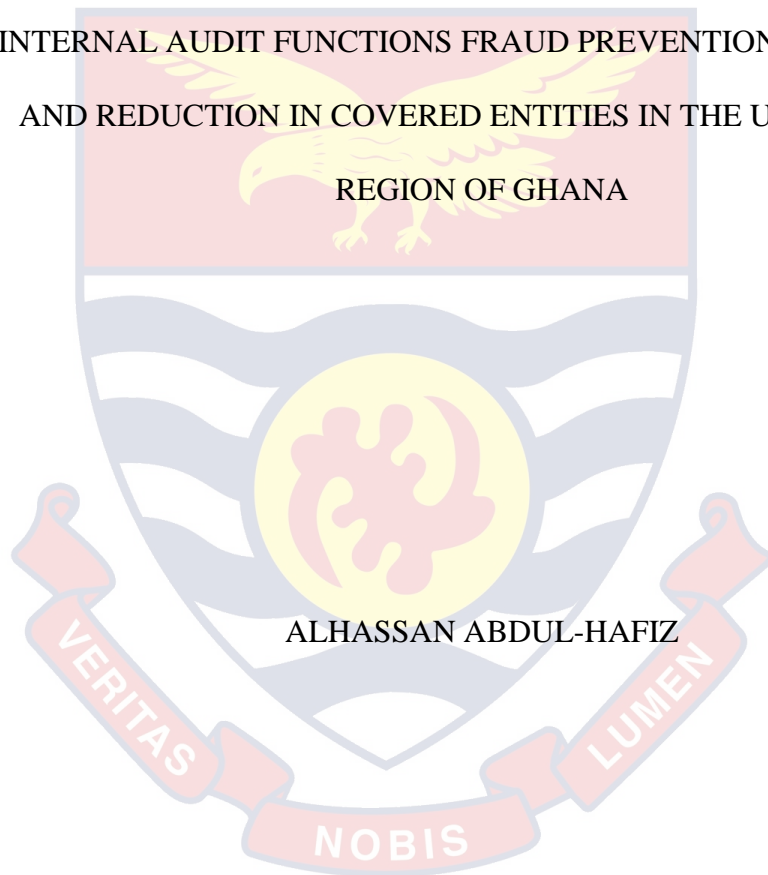


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INTERNAL AUDIT FUNCTIONS FRAUD PREVENTION DETECTION
AND REDUCTION IN COVERED ENTITIES IN THE UPPER WEST

REGION OF GHANA

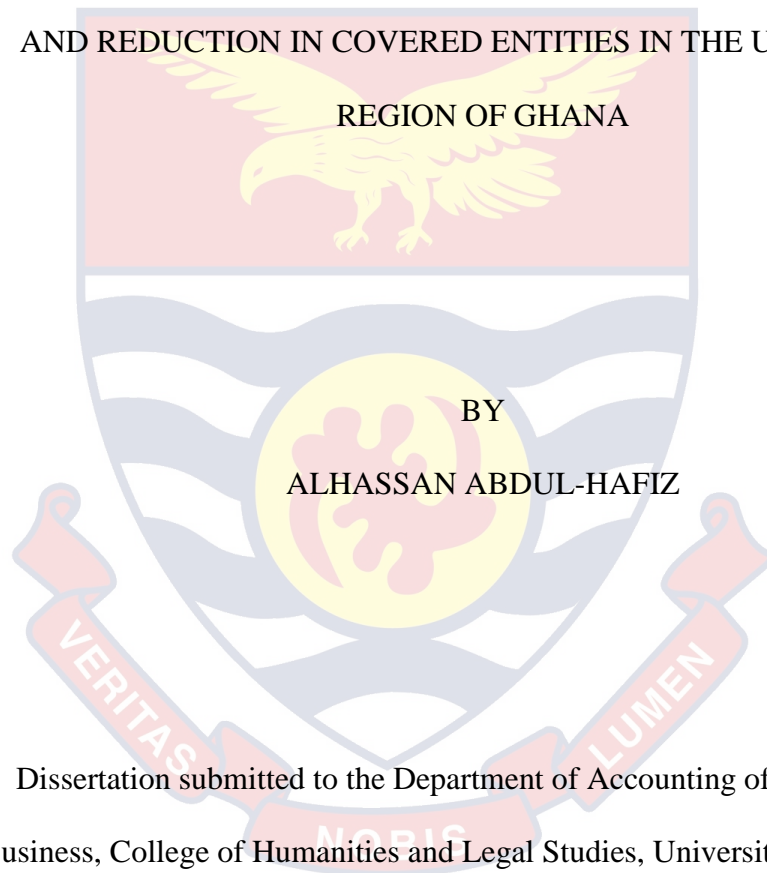


ALHASSAN ABDUL-HAFIZ

2020

UNIVERSITY OF CAPE COAST

INTERNAL AUDIT FUNCTIONS, FRAUD PREVENTION, DETECTION
AND REDUCTION IN COVERED ENTITIES IN THE UPPER WEST



REGION OF GHANA

BY

ALHASSAN ABDUL-HAFIZ

Dissertation submitted to the Department of Accounting of the School of
Business, College of Humanities and Legal Studies, University of Cape Coast,
in partial fulfilment of the requirements for the award of Master of Business

Administration degree in Accounting

OCTOBER 2020

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature.....Date.....

Name: Alhassan Abdul-Hafiz

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:..... Date.....

Name: Rev. Dr. George Tackie

ABSTRACT

In recent times, the function of the Internal Auditor's profession has been modified to include as supervision, consultancy and partnership of management (Fury, 2016). This pattern shift in the function of internal audit enjoins Internal Auditors to play the role of preventing, detecting and reducing fraud in covered entities. It is in this bid that this study looked into internal audit functions and fraud detection, prevention and reduction in covered entities in the Upper West Region of Ghana. This study respondents is made up of internal auditors in covered entities of the Upper West Region of Ghana. Respondents' characteristics were analysed using descriptive statistics. The study discovered that systems of internal control; risk management and governance; enactments, policies, standards, systems and procedures; and reports by internal auditors of any suspected frauds or misuse of public funds to responsible authorities influenced internal auditors' fraud detection, prevention and reduction. The study also revealed that for the past three years, fraud indicators like cash on hand fraud, corruption, and fraudulent expense reimbursement were on the rise in covered entities; while, fraudulent billing, cheque tempering and payroll fraud were found to be decreasing within the covered entities. Meanwhile, fraudulent statements, non-cash fraud, fraudulent registered disbursement, cash larceny and skimming did not record any significant change in occurrence for the past three years. The study recommends that management and internal auditors in covered entities must join hands in combating fraud in these entities.

ACKNOWLEDGEMENTS

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To my parents, Mu'alim Alhassan Saeed, Mrs. Hamzata Alhassan and the entire family for the affection and support they registered for me throughout the years.

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Lastly, Mrs. Hanifata A-Hafiz, have been very supportive as a true spouse, and for which she is owed a debt of gratitude for the rest of her life. Thank you.

DEDICATION

To my parents, Mu'alim Alhassan Saeed, Mrs. Hamzata Alhassan, my wife,

Mrs. Hanifata A-Hafiz and our son A-Hafiz A-H. Mwinila-Naa.

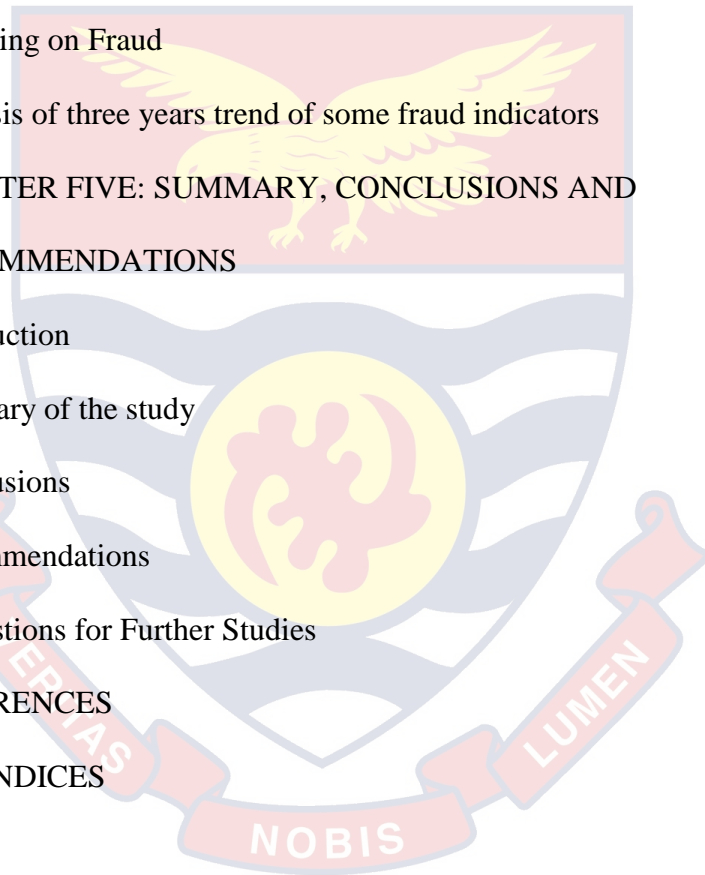


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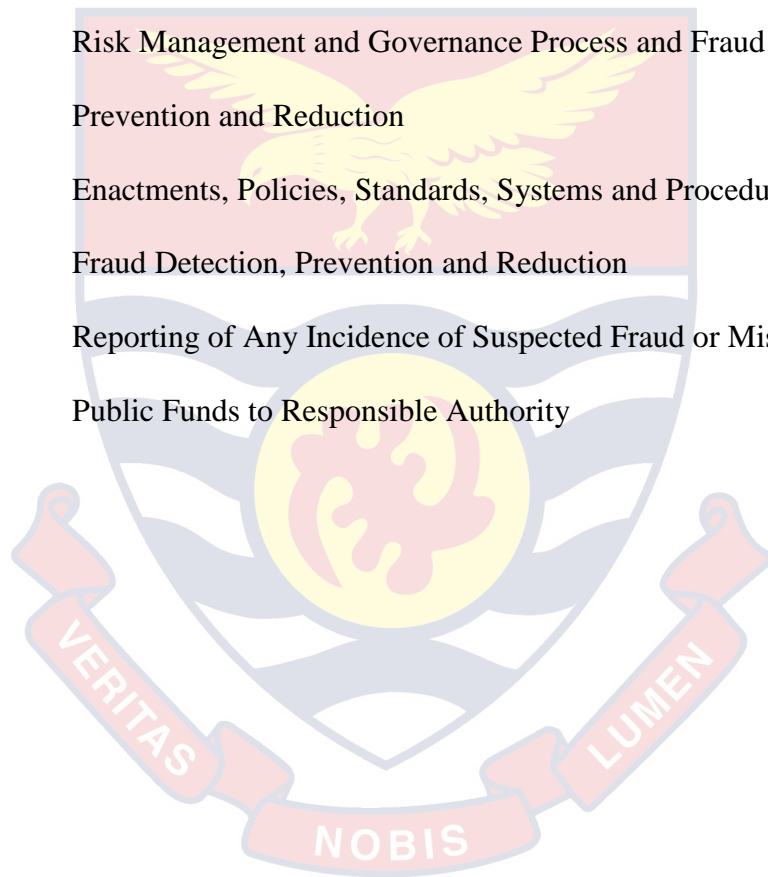
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LIST OF ACRONYMS

ACFE	Association of Certified Fraud Examiners
ANAO	Australian National Audit Office
AT	Agency Theory
ETE	Erickson's Theory of Expert
FPMs	Fraud Prevention Mechanisms
IAA	Internal Audit Agency
IIA	Institute of Internal Auditors
ISSAI	International Standard of Supreme Audit Institutions
IPPF	International Professional Practice Framework
KPMG	Klynveld Peat Marwick Goerdele
MDA	Ministries Departments Agencies
MMDA	Metropolitan, Municipal and District Assemblies
NYSE	New York Stock Exchange
PUFMARP	Public Financial Management Reform Programme
UWR	Upper West Region

CHAPTER ONE

INTRODUCTION

This chapter introduces the research topic with the background to the study, statement of the problem, purpose and the objectives. It further provides information on the research questions, significance, delimitation, limitations and organization of the study.

Background to the Study

In present times, the function of the Internal Auditor's profession has been modified to serve as watchdog, consultant and partner to management by (Fury, 2016). The result of this shift in the internal audit function (self-monitoring function) has been the coming into effect a more practical auditing approach which focuses on risk based audit, in such a way that an Internal Auditor has a responsibility in preventing, detecting and reducing fraud in covered entities.

The role of internal auditing can be identified as involving three main elements; evaluation and improvement of risk management, control and governance processes. Auditors use tools such as financial audits, performance audits and investigative and advisory services to fulfil each of these roles (Deloitte, 2011).

The internal audit function has received increasing attention as an important component of the government financial management and a tool for improving the performance of the Government sector (IMF, 2002). That, governments should charge themselves with continuously improving their performance, particularly with respect to the management of public funds and the stewardship of public assets, which now appears to be a generally accepted

principle of good governance (Ian, 1999). The need for an internal audit functions will usually be governed by size, risk, and complexity of a business. Internal auditing right from its inception till to date remains the single most effective tool for the combat of fraud, where it is accorded the necessary independence as the profession stipulates. This assertion of the writer has been very much attested to by a wide range of Literature as presented as follows.

The ability of any nation to manage fraud helps it to attain its set goals in its developmental agenda. With an increase in fraud cases in recent years, fraud management has received considerable attention from investors, academic researchers, media, the financial community and regulators (Sharma & Panigrahi, 2012). This does not only place responsibility on internal auditors but also presents opportunities for the internal audit profession.

Audit is a technique that has been recognized to provide management with a general situation regarding resources utilization and other services within the organization (Botha & Boon, 2003). It can also be seen as an independent assessment of accounting records with a view to ascertain their accuracy and compliance with relevant rules and regulations and also with the organizational policies and procedures.

Internal audit is seen as an effective tool available to the public sector and organizations to use, to address the threat of fraud (ACFE, 2008). Abbott, Parker and Peter (2012) and Burnaby, Howe and Muehlmann (2009) argued that Internal Audit departments have a critical role in fraud prevention, detection and reduction.

The role of the internal audit is to assist management in examining, evaluating, reporting, and/or recommending improvements to the adequacy and effectiveness of those risk management processes (IIA, 2009a).

Internal auditing is concerned with employing a systematic procedure for investigating business practises or organizational challenges and recommending resolutions (Asare, 2008). The International Standard of Supreme Audit Institutions (ISSAIs, 2007) also asserted that, internal auditing has surfaced as an element of the new accountability and control era.

Public sector auditing in particular sees the usefulness of internal auditing in the management of public expenses, financial accountability, and strengthened governance systems of public organisations (Asare, 2008). The role of the internal audit in public sector fraud prevention, detection and reduction cannot be over emphasized.

Statement of the Problem

The rationale for this study is to identify factors impeding efforts to correct fraud prevention, detection and reduction. A number of studies have been conducted on fraud prevention and detection only, around the globe, to the neglect of fraud reduction. The neglect of fraud reduction leaves a gap in the fight against fraud. Many countries including Ghana have suffered combating fraud due to overlook in fraud reduction.

Secondly, there is little or no literature on fraud reduction to guide experts in the fight against fraud. Ghana is not an exception. Studies have proved that, fraud prevention needs to be the task for the whole organization. In other words, no heed has been paid to fraud reduction.

Meanwhile, Zikmund (2004) posited that, fortified controls are necessary to reduce the perceived chances for fraud, as such, proactive procedures are thus needed to unearth fraud by using strategies like fraud assessment questioning and anonymous hotline, grant workers the opportunity to assist in stopping a fraud, and to simultaneously, intensify the idea of detection, towards the prevention of frauds, that are likely to happen in the future. Thereby, creating a desirable working phenomenon that may heighten employees' utmost good faith, to be fully out for reducing the urge or the intentions for fraud perpetrations (Zikmund, 2004).

It is against this background stated above that, the researcher sought to conduct this study to unearth factors affecting efforts to implement strategies for fraud reduction in Ghana. The study thus seeks to assess whether the potentials of internal audit functions are proactive enough to prevent, detect and reduce fraud in Covered entities in the Upper West Region of Ghana and the achievements made to that effect.

Purpose of the Study

This study seeks to assess whether the potentials of internal audit functions are proactive enough to prevent, detect and reduce fraud in Covered entities in the Upper West Region of Ghana.

Research Objectives

Specifically, the study seeks to:

1. Examine how the systems of controls influence Internal Auditors' fraud detection, prevention and reduction skills in Covered entities.

2. Assess the relationship that exists between risk management and governance process and internal auditors' fraud detection, prevention and reduction potentials in Covered entities.
3. Ascertain the level of influence that enactments, policies, standards and procedures lent to internal auditor's fraud detection, prevention and reduction exposure in the Covered entities.
4. Examine whether internal Auditors' report against an employee or a Principal Spending Officer involved in suspected fraud or misuse of public funds, does influence internal Auditors fraud prevention, detection and reduction possibilities.
5. Analyze a three year trend of data, to generalize as to whether there have been any remarkable achievements, of a tolerant level in Internal Auditors fraud prevention, detection and reduction in Covered entities, due to the influence of internal audit functions.

Research Questions

1. To what extent do the systems of controls influence Internal Auditor's fraud prevention, detection and reduction skills in Covered entities?
2. What is the relationship between risk management and governance process and Internal Auditor's fraud prevention, detection, and reduction potentials in Covered entities?
3. What level of influence has enactment, policies, standards and procedures lent to Internal Auditor's fraud prevention, detection, and reduction exposure in Covered entities?
4. What is the effect of internal Auditors' report against an employee or a Principal Spending Officer involved in suspected fraud or misuse of public

funds, on internal Auditors fraud prevention, detection and reduction possibilities.

5. Have the identified internal audit functions been able to achieve any remarkable level of tolerance in fraud prevention, detection and reduction or not, for the past three years in Covered entities?

Significance of the Study

The results of the study would enable managements of Ghanaian Covered entities to come out with pragmatic policies for supporting the internal audit unit's efforts in fraud prevention, detection and reduction. The study would also draw government's attention to the pivotal role of internal audit in fraud prevention, detection and reduction, and actualization of government policies.

The study would further serve as a secondary reference material for researchers who may be conducting a study on the same or similar topic. Being a pioneering study on internal audit's role in Ghanaian Covered entities' fraud prevention, detection and reduction, it would enable later comparison with other studies to identify developmental and possibly, cultural influences on the objectives of this study.

Delimitation

The study was focused on the internal audit's functions in fraud prevention, detection and reduction in Covered entities of Ghana. The economy of Ghana is made up of the public and private sectors. The study is however limited to the Covered entities. The time bound nature and the limited resources available for this study necessitated narrowing the scope

both geographically and economically. Hence, the study is limited to Upper West Region Covered entities in Ghana.

Limitations

The researcher was faced with the challenge of non-availability of enough Covered entities to enable him collect a large sample of data to draw a valid and most reliable conclusion. The reason being that, one Internal Auditor is shared by several entities at a time, with others also centralized and based at the head office not even in the region but as far as Accra. In addition to this, some of those reached also allowed junior staffs that are not experienced to be the respondents instead. Coupled with other challenges not mentioned, it thus becomes eminent that, the work has been frustrated to some extent, that may unable the researcher to portray the true picture as might have been the case, hence, a serious limitation in scope.

Organization of the Study

Chapter One introduces the research topic with the background to the study, statement of the problem, purpose and the objectives. It further provides information on the research questions, significance, delimitation, limitations and organization of the study.

Chapter Two discussed the transformational process of public sector internal auditing, its management and responsibilities in Ghana. The study also looked at the overview of fraud in the public sector. It went on further and looked at the empirical review of related theories and literature of the study variables.

Chapter Three examined the methodology which included the design, and strategy adopted in undertaking the research. The population and sample, the research instruments and the procedures applied in data collection.

Chapter four discusses the results of the study that will be presented. Chapter five summarizes the results and conclusions, based on which recommendations are made.



CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter reviews existing literature relevant to the present study. It reviews theories that established relationships between the independent and dependent variables of the study as well as relevant empirical literature on those relationships. The various questions to be applied are examined as well. This chapter also made submissions of serious disappointments experienced by the government in its attempt to establish a dedicated system that would enhance transparency and accountability. Where the then Audit Service in itself failed, as the staff themselves were involved in financial scandals that emerged as topical issues in the mid-1980s and culminated into enactment of the present Internal Audit Agency Act to enhance safeguards of the public purse. Please read on.

Theoretical Review

The theoretical review of this study is made up of agency theory (AT) and Erickson theory of expert (ETE). The AT used in this research work is to unveil the rationale of creating internal audit function in an organization, while the ETE is introduced to provide mechanisms of fraud detection, which may thus leads to fraud prevention.

Agency theory

Agency theory is used to establish a relationship where one or more principals assign another individual or individuals to be their agent(s) for the conduct of given service(s) for them. In order to facilitate this relation, certain decisions making authority needs to be delegated to the agent (Jensen &

Meckling, 1976). In this sort of relationship, the principal does employ the agent to carry out given task(s) because of time or knowledge constraints on the part of the principal. This interaction is mostly common between shareholders/owners and management and also between managers and employees.

The rationale behind the agency theory is basically intended for the facilitation of the decentralisation of ownership and management, including intentions as well as desires inherent in human attitudes (Eisenhardt, 1989; Jensen & Meckling, 1976). The common focus to both the principals and agents may be utility maximization, which is absolutely personal satisfaction oriented, and thus tilted towards maximization of self-economic benefits, which cannot be lined up with a firm's set target. Zeckhauser and Pratt (1985) pointed out that, various persons may pursue varying targets, and which could culminate into confliction of goals between a principal and an agent. Due to lack of credibility in the substances communicated to the principal from the agent, misunderstanding thus sets in between them, as the principal fails to line up the agent's attitude with the firm's goals. The more frustration issue is, how to address this situation due to the impossibilities involved, since efforts, performance and the relation between efforts and performance cannot be measured. This relationship is thus seriously challenged by information asymmetry.

In a large organization, the principal's desire is to certify that, agents must always apply their mandate in contributing to the decision making process in a manner, to enhance smooth achievement of the organisational objectives, to accord the firm a good reputation. The agent being a free person

and with the discretions to do good or bad, would always decide to pursue a personal agenda set, and it is always different from the firm's agenda. As such, agents mostly carry out dubious practices, to enable the wrong agenda achieves its objective. The dubious practices may include deliberate actions or inactions of the agent, and which always lead to misstatement regarding the realities of processes being carried out, and do have implications of indirect unlawful gains to accrue to the agent without the principal's notice, due to hidden or suppressed information as well as actions, from the principal, by the agent (Jensen, 1978). Flowing from this, Jensen posited that, the principal could manage the irregularity by the use of a "monitor" so that, the hidden information or actions perpetuated by the agent, would be reported. Since the hidden information and actions do satisfy only the agent, leaving the principal disappointed. Hence, the principal has to bring in a third party for monitoring, and this favours auditing and internal auditing in particular.

The chief executive officer of the firm represents the principal, and must see to it that, all is right with the firm through monitoring. Hence, the lower level management, are delegated as agents to act as internal auditors in monitoring. Adams (1994), viewed internal audit as a monitoring tool to resolve the problem of the information asymmetry in this regards.

In normal terms, internal audit refers to ensuring accounting information's accuracy, timeliness as well as its completeness (Courtemanche, 1991) or viewed differently as examining accounting information to ascertain and report the soundness of an accounting system for being in compliance with particular criteria (Arens & Loebbecke, 2000). Normally, the annual

statement has historic information for the purpose of projecting accounting profit.

Management and the external stakeholders are very much comfortable with the economic profit approach model of assessing a firm's value. As the future cash flows are projected with the surety that, these future cash flows will materialise (Strikwerda, 2012). The problem of information asymmetry and its resulting goal conflict may cause the governing body of a firm to lose control of the firm. As such, the being of an internal audit function in a firm to reduce the problem of information asymmetry alongside the other measures is purposeful, if resolved on by the governing body. Another monitoring tool is the Audit Committee needed to provide additional monitoring function as posited in a study by Goodwin-Stewart and Kent (2006).

Erickson theory of expert

ETE pointed out the different determinants for expert performance. Ericsson, Krampe and Tesch-Romer (1993) posited that, expert performance projects the mastery tendencies of the proficiency or the prevailing execution levels, in relationship to the knowledge that masters, teachers, mentors and coaches grasp, and thus do apply in training.

Ericsson (1996) again pointed out the different constructs that described expert performance as resulting from conscious practice, parental direction, encouragement, coach/teacher role, report and the stage of life, at which the conscious practice commenced. The determinant basically set as the centre of attention by Ericsson is that of conscious practice, notwithstanding the presence of other determinants that are inherently linked to the conscious practice, and for that matter are considered to be part.

With regards to conscious practice, Erickson further pointed out that it should be serious, striving, and given absolute attention during performance, for it to be perceived as being consciously done. The quantum of a standardised conscious practice maximized by an individual in a given field, results into the achievement of expert performance (Erickson, 1996).

According to Gobet and Campitelli (2007), conscious practice is a structure advocating that, the strength utilised in seeking the understanding and talents of a given field, that leads to extreme performance is basically tied to object-targeted, striving and intrinsically not an easy practice.

In the training process, actions are arranged into a hierarchy of mental presentation in long time memory. And are thus, the frameworks presented to act as the mental domains for motor regulation and performance. With regards to receiving training, mental delineations are actively more orderly, and improved through physical or mental training (i. e., action observation training or motor imagery training) in the talents acquisitioning exercise (Kim, Frank & Schack, 2017). When this keeps going on and on, the amount of conscious practice gradually adds up (Ericsson, 1996).

In accordance with Erickson's proposition, the years attained, after which a person begins to act consciously in a given field, determine that person's expert performance. In this regards, the implication would thus be that, if one's conscious practices delayed in commencement it would not be practicable to attain the same standards of performance exhibited by those of the same age group, but who began earlier. The group that delayed cannot attain the same performance standard like the others, as the amount of conscious practice gathered would be limited to compete with those who

began earlier, granted that, the determinant is the amount of conscious practice gathered.

One other key determinant of expert performance in accordance with Erickson is by the determination of a coach. The coach sees to it that, significant teaching is done, through the show of practice programmes suitable for the trainees' progress (Ericsson & Charness, 1994). The Coaches give precise directives relative to the most suitable, as well as the most recent ways of doing things that are applicable, and performance is eventually evaluated, by considering others of liked nature and in the same field to provide meaningful report. This is to determine whether remedial learning is needed (Ericsson, 1996).

The improvement of performance can be attained through consistent provision of reports on the state of progress made by the one on the task being carried out. Erickson supported that, when no report is provided, no communication would be available to lead a person thinking of progressing in performance. Reports, surely, urge a person's practice. Target attainment is mostly related by reports, as they tell the probabilities pertaining to whether performance is below or above standards. The same reports also provide unforeseeable circumstances relative to the mistakes responsible as the impediment on efforts made to meet set target, and direct the most suitable remedial actions for enabling target achievement.

According to Gobet and Campitelli (2007) conscious-practice structure did produce several studies, though highly inconsistent. In that, the concept of individual difference has been used to refute the basis of this study in argument on the premises that, personality trait is that, which could influence

higher expert performance of others over their peers, and not the required deliberate practice.

However, the above submissions have made it explicit that, consistent practice can support internal auditors to come down with the exposure required to achieve expert performance in fraud detection. The coach's effort appraised in Erickson's theory could be related to the mentor's own. As such, any internal auditor that is under the training of a coach or mentor is capable of coming down with the needed talent that is vital for fraud detection.

Conceptual Review

The Ghanaian internal auditing Framework

The Auditor-General's department was charged with the responsibility of carrying out the self-monitoring function (i.e. internal audit function) in all State's departments. As this function was made an integral part of all public entities as from 1979 upwards to 1989 per directives of the Financial Administration Decree, 1979, SMCD 221, prior to the transfer of same responsibility to the Controller and Accountant-General. At this stage, internal audit played the principal function of overseeing the actions of the accounting staff, backed by MDAs and MMDAs (Gartey, 2003).

The Audit Service had a definite pattern in which officers solely undertook internal auditing functions. Pre-auditing was incessantly carried out with the motive of assuring management and the citizens of the fact that financial transactions were undertaken in conformity with existing regulations and procedures (Asare, 2009). Reports in the mid-1980s on a number of financial scandals, disclosed some financial loss caused to the state by officers of the Audit Service, who acted both as Internal and External auditors of the

Ghana Education Service. This thus revealed some of the inherent challenges of the then system of internal auditing to include theft, ineffectiveness and lack of integrity of the Audit Service (Gartey, 2003).

The inability of previous systems in safeguarding the public purse, as scandals in the mid-1980s became eminent and were witnessed to by the public, saw no alternative for redeeming the said purse, but a proactive, dedicative and a strengthened independent body like the policing, consulting and objective system, that demands transparency and accountability from public officers as custodians of the state's funds, as being done currently.

Hence the coming into force of the Ghanaian Internal Audit Agency (IAA), which was established by the Internal Audit Agency Act, 2003 (Act 658). The IAA was tasked to ensure the coordination, facilitation and provision of assurance for internal audit units in Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs). The ultimate goal of the internal audit is to ensure accountability and performance in the public sector of Ghana (Nomo, 2009).

The creation of the Internal Audit Agency (IAA) was predicated on the need for the Government to put in place a structure that could support the eventual transfer of budgetary authority and expenditure control to the public sector. These initiatives are part of the Government's effort under the Public Financial Management Reform Programmed (PUFMARP).

For decentralization to be felt and seen, budgetary allocation and funding to decentralized departments was increased. A lot of resources both human and financial are allocated to these departments. There is the need to safeguard these resources by enactment of laws, rules and regulations. The

policing of these rules and regulations are done through internal audit department by internal auditors, therefore there is the need to strengthen these departments.

With the increased emphasis on accountability, transparency and improvement in public sector performance, especially in developing countries where the various stakeholders such as the media and the civil society are becoming more interested in how funds are apportioned and expended, it is imperative that governments are seen, to have assumed responsibility coupled with an efficient and effective financial control mechanism.

Internal Audit Agency is the Regulatory body of internal auditing

The Internal Audit Agency Act, 2003 (Act 658) established the Internal Audit Agency to act as an oversight body, coordinating, facilitating and providing quality assurance for internal audit activities within MDAs and MMDAs. This was followed as part of the measures of the public sector reforms developed in several developing countries in response to the citizenry's agitation for prudent utilization of public funds. Internal auditing as part of public sector auditing helps to manage public expenditure, ensure financial accountability, and strengthens governance systems of public institutions (Abbey, 2010).

Hence, the government in a bid of making internal auditing proactive to serve its purpose, approves these functions for Internal Auditors within internal audit units of covered entities in Ghana, per section 83(3) of the Public Financial Management Act, 2016 (Act 921) as follows:-

Internal auditing responsibilities

“Internal auditor of an internal audit unit of a covered entity shall:

1. Appraise and report on the soundness and application of the system of controls operating in the covered entity;
 2. Evaluate the effectiveness of the risk management and governance process of a covered entity and contribute to the improvement of that risk management and governance process,
 3. Evaluate compliance of a covered entity with enactments, policies, standards, systems and procedures.
 4. Section 83(9) states that “The Internal Auditor of a covered entity shall report to the Principal Spending Officer concerned of any incidents of suspected fraud or misuse of public funds”.
 5. Section 83(10) also states that “Where the Internal Auditor of a covered entity suspects that a Principal Spending Officer is involved in fraud or misuse of public funds, the Internal Auditor shall report the matter to the Director-General of the Internal Audit Agency who shall in consultation with the chairperson of the relevant Audit Committee initiate investigations into the matter”.
- Section 83(11) states that “This section shall, so far as it relates to internal audit, be read and construed as one with the Internal Audit Agency Act, 2003 (Act 658)”.

Public sector internal auditing

It has been asserted by Asare (2009) that public sector Internal Auditors are required to help public corporations to improve their operations. In building a strong public sector governance foundation, public sector internal audit function remains essential. More so, internal audit functions helps in making public sectors accountable and transparent to the public.

It was also argued by Abbey (2010) that since public sector comes in diverse forms, Auditor's independence cannot be down played as long as auditor's credibility means a lot to society. However, the attainment and maintenance of internal auditor's independence within the public sector remains a difficult task. The function of the internal audit can be planned and undertaken at various levels within an entity, or can be carried out in a wider framework, covering a set of similar entities. For every different organizational level, this same principles and rules apply.

According to IIA (2012) good governance attainment is the priority of effectual public sector internal audit. In enhancing good governance which is a key tool in the organization for increasing financial management accountability and transparency, and reducing risk and corruption, internal auditors' role cannot be overlooked in the organization setting. Accordingly, the functions and structure of internal audit must be robust enough, with emphasis on auditors' integrity in offering reliable information, so that the intended objective of the internal audit is achieved (IIA, 2012).

Adequate and competent internal audit staff

The internal audit unit require adequate staffing in order to ensure an effective performance of the unit. Insufficient staffing is associated with poor performance, errors and misapplication of auditing standards which equally have the potential to weaken the effects of other controls. The size and competences of internal audit staff are the two inseparably critical characteristics of internal audit quality. Thus, the absence either of adequate staff size or competent staff nullifies the quality of the output of internal

auditing. These two characteristics must always be present to achieve quality audit.

The empirical findings by Al-Twajry, Brierley and Gwilliam (2003), which sought responses from Internal and External Auditors working in Saudi Arabia through questionnaire and interview responses, revealed the perception of public-monitors (i.e. external Auditors) about how the number of self-monitors (i.e. internal Auditors) influences the standard of internal auditing.

As such, there are many advantages attached to the execution of tasks by a self-monitoring function that has a high numerical strength of working force. One of such advantages accorded an entity is the maximum capacity and ease at which the work force can move from one schedule to the other to enhance effective task execution. This thus encourages the spirit of team work, and an unbiased examination of irregularities.

A larger size internal audit is likely also to be better resourced, and besides may offer other benefits such as broader work scope, higher status of organization and wider staff talent than a smaller unit. Likewise, the quality of internal audit work in audit units with large-sized staff has, all things being equal, a higher probability of performing better audit work than by those with small-sized staff.

Effective internal audit work depends not only on appropriate staffing of the department, but also on good management of that staff. According to Al-Twajry, Brierley and Gwilliam (2003), an audit team requires professional staffs possessing the requisite education, training, experience and professional qualifications to undertake its audit responsibility satisfactorily. Auditors, in

compliance with the IIA standards, are to ensure minimum continuing education requirements and professional standards (IIA, 2008).

According to the IIA's standard 1210, internal auditors must be knowledgeable, skilled and competent to discharge his or her responsibilities to be deemed a proficient auditor (IIA, 2008). In extant literature, auditors' communicative skills (listening, interpersonal, written etc.) have been widely studied in relation to how they aid auditors to perform effectively. These studies have widely discovered that good communicative skills on the part of the auditors were among other determining factors of auditors' professional success.

In addition to the aforementioned areas of internal audit quality, educational level, audit work experience and staff's effort for continuous professional development, adherence to audit standards, among other factors are also determinants of the competences of Internal Auditors. As such, the determinants of the quality of the internal audit works hinges wholly on both the quantity of audit effort and the quality of professional due care exercised (Cohen & Saying, 2010).

The impact of a self-monitoring function builds up, especially, as the proportion of the talented internal auditing personnel to that of the other workers increases. (Arena & Azzone, 2009). It thus implies that, a high numerical strength of talented internal auditing work force, undoubtedly, influences auditors' tasks delivery.

Self-monitor and scam prevention, exposition and reduction task

The authority over management procedures, accurate communication of result, as well as the assumption of effective financial practices remains as a

task for the stewardship only, excluding the monitors (Gramling & Myers, 2003; Lin, Pizzini, Vargus & Bardhan, 2011), (Lin et al., 2011) indicated the basic task in the obstruction as well as the exposition of fraudulent practices to be the sole duty of the governing body of the organization as well as the managers.

The self-monitoring function only stands to facilitate managers' endeavors over ensuring a custom capable of assuring decent culture, justice, and good reputation. These auditors help managers by the assessment of management controls applied in exposing and reducing fraudulent practices, judge the chances of an entity's fraudulent practices hazards appraisal as well as always being part of investigating fraudulent practices.

As managers are charged with the task of creating management procedures to obstruct, expose and reduce fraudulent practices though, these auditors, remain the requisite personnel over judgements of the soundness concerning the implementations of the plans made by the managers.

The opinion of the Institute of Internal Auditors (IIA, 2009a) was not different, as it also viewed the control of hazards to be a unique task for leadership as superior managers and the board of governors. This auditing unit within entities, duty relates to helping managers to scrutinize, assess, produce the results obtained with corrections, to bring sufficient positive changes and sound plans for managing the uncertainties identified (IIA, 2009b); practice advisory 2120-1(1)). In other words, International Professional Practice Framework (IPPF) standard 2120.A2 and 2210.A2 implore the self-monitoring function to assess the chances of fraudulent practices taking place and the control to plans put in place to check fraud's perpetrations.

As such, based on instructions, from the managers, board of governors, auditing committee, and the other authorities concerned, these auditors may carry out various roles to include counselling, consultations, assuring and investigating activities in the entities fraudulent practices control exercise. Competent professional Internal Auditors that are experts and working as a function inside Covered entities are mostly very well equipped with the talents for management control assessment.

The expertise together with their comprehension of the pointers for fraudulent acts helps in their evaluations of fraudulent tendencies threatening entities goals attainments. Their level of proficiency, coupled with their understanding of the indicators of fraud, enables them to assess an organization's fraud risks and do give advice to managers on needful strategies to rely on, upon experiencing the signs of fraud.

Self-monitoring, a very efficacious and a common organizational tracking tool for managers in regulating scam hazards is yielding good results in firms (ACFE, 2014). The outstanding nature of the function of self-monitoring is due to its usefulness in helping managers in locating, assessing and operationalizing hazards administration approaches, and streamlining threats to the firms' goals attainments (IIA, 2009a).

Self-monitoring being a sound control plan to combat scam depicts its importance as an area for study and performance in the sense of scam administration. This thus causes the increasing confidence in managers and examination boards, over the self-monitoring functions in organizations (Hillison, Pacini & Sinason, 1999; Norman, Rose & Rose, 2010).

Writing on the topic, “Prevention and Detection of Fraud as a Task of internal audit,” Coram, Ferguson and Moroney (2007) discovered among other things that, fraud was more probable to be identified and reported by firms with an internal audit unit. Stakeholders recount, based on internal audits’ close awareness of the organizational processes, that internal audit is useful in preventing and or detecting fraudulent organizational activities (Norman et al., 2010).

Abbott, Parker and Peters (2012), perceived the self-monitoring function in entities as vital in scam obstruction, and not only that, but also the much useful tasks done, by exposing as well as reducing resources embezzlement or abuse practices. Perry and Bryan (1997) and Carpenter and Mahony (2001), back the view that, self-monitors that are aware of the kinds of scam in relationship to the frequencies at which they are occasioned, grants them a greater chance of detecting scam hazards signs, and eventually plan for their combats.

The ever growing attention for the soundness of self-monitoring in scam and hazards administration activities resulted into the varying coverage and dimension of self-monitoring, as well as instituting them as a function at an increasing rate now, in many Covered entities (Soh & Martinov-Bennie, 2011). Coupled with the decreeing of legal instruments globally, are the dossier for this combined effects. Promulgation of the Sarbanes-Oxley Act 2002 in the United States of America as an example, clearly relates to establishing a sound self-monitoring division, to ensure the obstruction, exposition as well as bringing out scam in Covered entities.

Due to governance disappointments to firms (like Enron, WorldCom) in the U.S., the New York Stock Exchange (NYSE) resolved to safeguard creditors' investments by instituting fresh administrative body and reporting guidelines (NYSE, 2003). It was thus demanded that, every State entity captured as a listing body, must create a self-monitoring function within the entity (section 303A).

As a result of the sudden inabilities of certain renowned entities to conduct their business operations in the U.K (e.g. Maxwell and Polly Peck), the Cadbury Committee held that, entities must create a self-monitoring function to be perceived as helping and not to be exactly as public monitoring, to supervise the institutional checking system as well as the strategies (paragraph 4.39 of the Cadbury Code).

The Ghanaian Government's approach to the situation at hand was not different, considering the needful function of self-monitoring in addressing organizational scam. The Government thus established methodologies and promulgation of the Internal Audit Agency Act, 2003 (Act 658) to make sure that, the Citizenries' needs providing organizations adopt lawful approaches in resources administration. The self-monitoring personnel in nowadays organizations are critical players in scam combatting practices that help managers, in their endeavours towards fighting to subdue the hazards of scam.

Overview of fraudulent practices in the public sector

Fraud's descriptions

Fraud has been defined by many writers in many ways, and one of such is, Fraud is an illegal, as well as a conscious wrongful representation to prejudice or acting in a way that is potentially prejudicial to another person; that is in the eyes of the Law, by Duffield and Grabosky (2001).

According to these writers, the premises upon which scam can be said to be eminent, depends on the presence of these ingredients as, prejudice or potential prejudicial, misrepresentation, lawlessness and the intent for the act must be submitted before one can prove the existence of fraud.

Misrepresentation encompasses attitudes like misstatement, partial-disclosure, wrongful representation, deceptions, misleading statements or being trickiest. Fraudulent operational details can be planned to consciously confuse the exact manner of operations (Vona, 2008).

It was thus appraised by Duffield and Grabosky (2001) that, misrepresentation may be inferred or made clear via an affirmative action or inaction, and may relate to history or current happenings, or can be wrongful undertakings for the future. In terms of verification, Duffield and Grabosky (2001) perceived scam to be actions that involves deception, like an intention to distort the truth or misrepresentation or concealment of a material fact with the purpose of making unfair gains or depriving another of a right. It is a calculated effort to defraud someone of his or her rightful property or valuable item.

There were also additions by Louwers, Ramsay, Sinason and Strawser (2008), who opined that, scam is made up of knowledgeably creating

substantially wrongful representation of the reality, to consciously induce one to accept a deceptive conduct, to lead to the maximization of losses or damages. Flowing through the above descriptions, scam may be seen as the application of a person's sharp brains in a given domain to empty the scammer's victim's coffers to enrich that of the scammer's, by abusing or wrongly applying the property of an entity intentionally.

Kinds of fraudulent practices

A Self-monitoring officer would conveniently bring out scam, if only he/she is much aware of the different kinds of scam perpetuated via scamming practices. The succeeding discussions include, the kinds of scams that are likely to occasion in Covered entities.

Pan, Seow, Suwardy and Gay (2011) perceived that, scam may be assessed in diverse ways. That is, it may be as if the scammer is an outsider or insider against the entity. Scam committed by staff is escalating and not uncommon. Haugen and Selin (1999) observed that, computerized scam practices exhibited in the percentile range of 85 to 90 are mostly staff/associates or management of the affected entity. Scam executed by insiders has three varying categories for consideration.

In accordance with the opinion of Coggins, Wideman, and Kastantin (2000), a categorization exists for fraudulent reports, as well as scam deals, to include fraudulent financial report and resources swindling scam. The next categorization hinges on managerial range scam: manager or non-manager scam. The final categorization is along the lines of scam in favour of, or scam in opposition to the entity (Jans, Lybaert, & Vanhoof, 2009).

A survey by ACFE (2014) posited that, the differentiation of scam is put into three major captions to include, fraudulent reports, resources swindling scam and dishonest dealing scam. Asset misappropriation, though representing the least loss (a median loss of \$130,000), was one among the three primary categories of occupational fraud, that occurred frequently, making up about 85% of the cases presented by the report. On the contrary, financial statement fraud, which was the least reported, with about 9% of the cases in our latest survey, caused by far the greatest financial impact among the three categories, with a median loss of \$1 million. Corruption lied in the midway between asset misappropriation and financial statement fraud in terms of both frequency and median loss.

Levi (2008) categorizes fraud into victim sector and subsectors. For instance, within the financial services sector, fraud may include cheque fraud, insurance fraud, lending fraud and procurement fraud. Nevertheless fraud in the public sector may come as benefit fraud, procurement fraud and other kinds of scam. Fraud can be grouped into occupational fraud and management fraud. He further categorizes fraud into six types: in the first place is occupational fraud, involving organisational employees. Management fraud follows. Then come investment scams in the third place, which is thinly different from management fraud, and where investors are tricked into investing in fraudulent investments. Fourth is vendor frauds, where organisations overcharge sold goods or rendered service or fail to ship the goods at all. Fifthly, there is also customer fraud and lastly, he classified fraud as miscellaneous- where fraud other than financial gains does not fall under any of the other categories.

Circumstances responsible for fraudulent practices

Scrutineers always show a framework on the occurrence of a scam. The scam's three dimensional structure, normally represents the scam's design developed by a penologists called Cressey. This thus depicts some three ingredients as the drivers of normal individuals into scams perpetrations. The design implies that, a person perpetuates scam on the premises that, a desire pushes, in the presence of a chance, and with the ability to formalize. (Cressey, 1953).

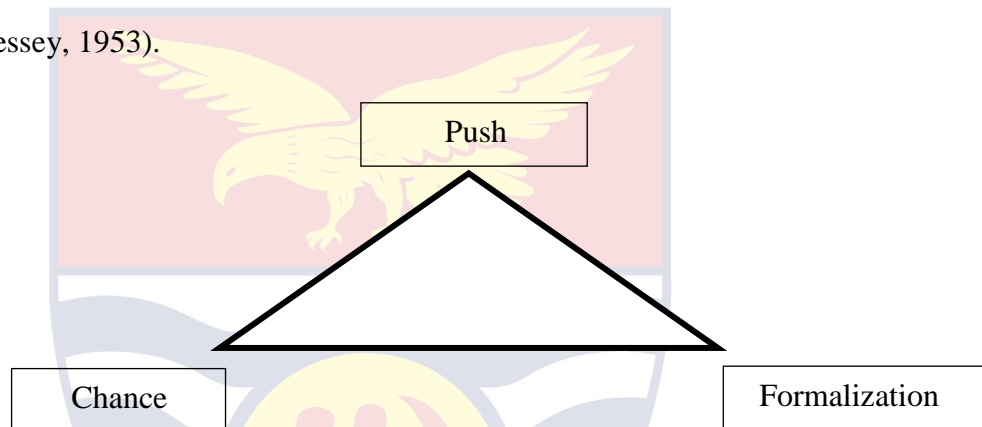


Figure 1: The scam's three dimensional framework

Source: Cressey, 1953

The scam's three dimensional framework depicts push, at the peak; to the bottom are chance and formalization. Push or desire is the necessity that must be addressed and which thus urges one to perpetrate scam (IIA, 2009a). In according with IIA (2009a), push can be the desire to benefit from extra pay as well as ensuring occupational security. This push might be due to several issues ranging from health costs, luxury, and habitual difficulties, just to mention but a few. Mostly, the causes of such situations are non-discussable per the scammer's opinion (Cressey, 1953).

Surveys by Lister (2007) enumerated these situations about the push factor as, the push against one to service a living fashion, a push per a constant

bad service payment model, as well as due to managers' monetary desire, besides outside facilitations like, monetary instability and the unpredictable nature of prices in marketing, to be the driving forces of scam deals. In furtherance, Albrecht, Turnbull, Zhang, and Skousen (2010) thus apprised that, push may be monetary as well as non-monetary, like failure to yield, dwindling rate of turnover, lack of firm's competitiveness, selfishness, unreasonable spending, self-loans contracted, lesser suppliers, no liquidity, monetary plans failure, as well as sudden monetary desires. These are samples of monetary driving forces that may influence one to perpetrate scam.

Desire to produce feedback to be much more desirable over that of real operations outcome, challenging task, and the desire to over discharge as expected in a predetermined setting, all signifies non-monetary scams. In sharing similar views, Murdock (2008) was in concurrence with Albecht et al. (2010) over monetary and non-monetary scam, without limiting their view to this alone, included governmental as well as communal push. Murdock accredited governmental as well as communal push over the perception of some individuals that one must not disappoint, due to their position or societal recognition gained.

Chance is the availability of an entity with weak or no controls to check the entity's operations, and thus leads to the promotion of scammers' activities. The scammers are normally of the belief that, their activities would never be detected to cause their arrest. The chance that drives scam commitments has been accredited to: (1) ineffective management procedures, (2) weak managerial supervision, and (3) the abuse of designation as well as political mandate (IIA, 2009a). Negligence to institute sufficient measures to

expose scammers' practices is responsible for the ever growing chances that paves the ways for scam existence (Cressey, 1953). The continuous occasioning of scam is as a result of the much awareness of the auditing strategies by the scammers (IIA, 2009a). Per the view of Lister (2007), unsound administrative bodies of governors, no data available, as well as no monitoring sequence, are responsible for the available chances for scam practices.

Formalization is based on one's own irrational influence of the mind to a greater extent, and therefore emanates from the very one formalizing a scam practice, the formalization of the defiant practices is, its legalization, this informs the scammer that, the act is a norm and can be practiced without fear. (Harrison, Thomas & Suwardy, 2011).

An instance here is how one formalizes money stealing, which is done by creating the mind-set that, "I had been hard working and thus merit the stolen money." In this wise, an individual justifies an unlawful practice to be lawful for practice. Harrison et al. (2011) opined that, one with the above three mentioned scam driving forces: push, chance and formalization, is much likely to be a scammer.

Effects of fraudulent Practices

Every Covered entity is pruned to scam hazards. Substantial scams have resulted into the collapses of firms and states governance globally, and in absolute terms, tremendous business impoverishment, considerable litigations expenditures, imprisonment of principal personnel, and depletion of the trust for financial intermediaries. Global media reports about scam practices by top level managers and officers in governance have adversely affected the prestige

of labels, and icons of several entities and states' governance settings. (IIA, 2009a).

Fraudulent practices cause businesses as well as States a great deal of losses, through swindling of public resources in values of millions of hard currencies globally. Resources always deprived of the state yearly due to scam, is immeasurable, though surely in millions of dollars (IIA, 2009a). The view of ACFE (2014) is that, the losses to scam is equal to a monetary ice sheet; meaning that, part of the cost is sighted physically, meanwhile, a substantial amount is out of sight and thus cannot be seen.

A guess was made that, about six out of hundred was the part of US organizations revenues that got disappeared in 2002, due to scam practices of workers (Holtfreter, 2004). During a universal study by ACFE (2014), the members speculated that, the part of revenues of ordinary firms that is always missing due to scammers' activities was five out of hundred yearly. The universal amount of money missing as forecasted, due to scam was almost four trillion dollars in relationship to speculations over 2013 Grand total of Global Output.

From the Ghanaian perspective, the prevalence of fraud is not different. Fraudulent practices in Ghana has not dwindled leading to loss of huge sums of revenue generated from the Ghanaian tax payer, which could have been utilized for national development. Synopsis of the infringements reported by the Auditor General's department for 2013, 2014, 2016 and 2017 are summarized in Table one (1) as follows:

Table 1: Reported Scam Linked Issues by the Auditor General of Ghana

Classification of Irregularities	2013 (GHC)	2014 (GHC)	2016 (GHC)	2017 (GHC)
Tax	57,215,082.84	217,186,533.45	42,866,490.70	655,599,736.33
Cash	268,764,476.50	5,089,352.06	2,053,622,215.68	190,560,990.86
Outstanding Debts/Loans	19,133,001.39	13,755,902.51	6,775,974.47	2,695,601.00
Payroll	1,665,500.55	11,426,144.03	4,281,994.51	1,776,893.00
Stores	2,740,788.67	2,373,354.81	35,940,445.43	41,668,682.00
Procurement Contract	127,856,539.47	2,784,226.72	13,006,034.86	-
Rent Payment	333,066.38	171,073.85	9,049,219.49	94,472.00
Total	477,708,455.81	252,786,587.43	2,165,542,375.14	892,396,375.19

Source: Auditor General's Report (2013, 2014, 2016 & 2017).

Internal control systems

Management controls in the public sector include, all the enactments, policies, standards, systems and procedures, provided as statutory guidelines for management to implement, for their own compliance in the process of managing public sector entities, to promote resource accountability. Internal control is also another terminology for management control, which within the public sector are mainly in-built in the public financial management system. The key role of the Internal Audit is to report the functioning of the management control systems to the senior management within the public sector entities and recommend improvements where necessary.

Baltaci and Yilmaz (2006) share the view that internal control and audit must be considered in our bid to reform a fiscal system owing to the crucial role they play in enhancing accountability, transparency and effectiveness. Internal auditing aid both government and related parties to understand the extent of efficiency and effectiveness with which public institutions have delivered on allotted budget. Internal auditing activity is a useful internal assurance instrument in public financial controls and serves as a tool for monitoring and appraising managerial activities prior to external evaluation by External Auditors. Within the public sectors, internal auditors work with management to improve internal controls and to ensure compliance with applicable laws.

Internal audit activities further enhance transparency, fairness, reduce corruption and ensure value for money in public procurement which is a major constituent of government expenditure and is an area that is particularly susceptible to conflicts of interest and corruption by public officials (Asare,

2009). According to Szymanski (as cited in Abbey, 2010), control systems helps to improve the accountability and transparency of public procurement system and hence, enabling management to detect and prevent corruption. It is thus required of such systems to have independent internal control and audit well-coordinated across all control mechanisms.

More so, internal auditing is an essential control tool not only for the procurement of assets or materials in public entities, but also in the management and use of capital goods and other procured materials so as to curb pilferage and abuse or inefficiency in resource utilization.

Governance process

Public sector governance process refers to the means of setting and accomplishing goals. Public sector governance also encompasses activities aimed at ensuring government creditability, establishing equitable provision of services, and assures appropriate behaviour of government officials whilst reducing the risk of public fraud (IIA, 2006).

According to ANAO (2003), public sector governance covers a wide spectrum of organisational management, corporate structures, culture, policies and strategies and its relationship with its various stakeholders. The concept entails also the manner in which public sector organisations deliver their responsibility of stewardship through transparency, accountability and prudence in decision-making, in policy advice, and in programme management and delivery.

Being so broad, public sector governance requires an effective internal auditing function in order to satisfy the demanding responsibilities imposed by stakeholders. The internal audit function can help to improve the governance

processes, by directing how values should be established and by the establishments of sound and sufficient procedures, as well as stewardship of state institutions.

Since Covered entities are operating in a complex environment, there is the need for the reformation of the design of internal auditing framework, methodology, training and coverage to establish transparent, responsible and prudent intelligence gathering, by considering the Covered entities as a whole (Asare, 2009).

Internal audit role in governance can be seen in two fold. In the first place, internal auditing provides independent objective assessment on the appropriateness of the organisation's governance structure and the operating effectiveness of specific governance activities (IIA, 2006).

Secondly, internal auditing acts as catalysts for change, recommending or directing improvements to enforce the organisations governance structure and practices. Standard 2130 of the Institute of Internal Auditors clarifies the role that, Internal Auditors must play in the governance process.

According to this standard, the task of the self-minoring function is to evaluate and provide needful corrective measures to enhance State's administrative procedures to achieve the goals that might be set as follows: encouraging needful conducts as well as a conduct upheld by all in an entity; establishing sound institutional working stewardship, as well as responsibility, to include sound synchronization of performances as well as dissemination of ideas amidst the public-monitoring (i.e. external auditing) as well as the self-monitoring function. Self-monitors work like integral components of State's

institutions and are accountable for their actions on request, by headships of these organisations.

This organization however, was set up with the oversight responsibility for ensuring occupational ethics as well as ensuring standardized auditing performance in all the categories of State's institutions. It is the organization's role to assure a credible auditing role in all the public institutions through standardised as well as setting complete and enhancing policies, effective, as well as time bound feedback on funds, administrative and performance statistics for both the self-monitoring function as well as public-monitoring function.

Respect for rules, procedures, schedules, benchmarks or enactments of funds administrations in all Covered entities: protection of State's properties: disbursing state's funds with respect to value for money: ensure maximum control of threats to organizational goals as well as enhance obstructions and exposition of fraudulent practices (Internal Audit Agency, 2003, (Act 658) of Ghana referred to by Abbey, 2010).

The Agency sends report to the President via one governing body so designated under the President's directives, which functions upon seeking the advice of the members of the State's Council. The members of this governing body are appointed, based on the talents, competences and the exposures attained and which relate to matters of this Agency.

This governing body is made up of a chairperson of the Public Service Commission or representative, the Director-General of the Agency, the Minister for Finance or representative, the Minister responsible for Local Government & Rural Development or their representatives, including some

four others, out of which two are from the self-employed category as well as the other two, also coming from the accounting profession. Any of these two professionals nominated attains at least ten years of proven exposure in a given field to be qualified for nomination via directives of the Ghanaian Institute of Chartered Accountants' Council (Abbey, 2010).

Risk management

The Australian Department of Finance and Deregulation hold the view that, effectiveness and efficiency in resource utilization is among the reason why public sector entity deems risk management an important responsibility. The Department thus defines risk as the possibility of an event or activity to impact negatively on an organisation and prevent it from achieving organisational goals. Risk management was further defined as the steps or measures put in place to combat organisation's potential risks in order to curb their adverse effect on organisational outcomes and if need be tap possible opportunities from them. According to Sarens and De Beelde, (2006), loss risk management embodies three key concepts, namely: loss minimization, maximization of opportunities and preparation for uncertainties.

Proper risk management has been in demand as a result of the complex and dynamic nature of a firms' operating environment, increased societal needs, scarcity of resources among other things. In effect, the strategic management process of any public sector entity which sees to the execution of national development policies must deem risk management as an essential aspect.

The Internal Auditor's role in risk management involves assessing and monitoring the risks that organisation faces, recommending the controls

required to mitigate those risks and evaluating the trade-offs necessary for the organisation to accomplish its strategic and operational goals.

Griffiths (2006) submitted that, internal auditing is an important tool in assessing an organisational level of risk management as it provides for the entity's management board, an independent and objective assurance of the entity's aptness in managing risk, while also reporting when risk are not being properly managed.

Some key risks requiring to be managed in MMDAs are frauds and corruption. It is thus incumbent on the Management to prevent and detect these key risks within the entity by putting in place the right systems and processes in the organisation. One among such systems is the internal audit division, whose task is to furnish management with sufficient objective information, to enable management to notice areas of the risks of fraud and perform its stewardship function by enacting policies and measures to curtail the risks of fraud in the entity.

By improving the control and monitoring of the environment within organisations to detect and curb fraud, internal audit adds value to the organisations (Coram, Ferguson & Moroney, 2007). Internal audit reviews in an organisation helps to deter perpetrators of fraud, since the reviews brings to light any fraudulent activities. Audit Committees or similar bodies are enjoined through the Principle of Good Governance to work closely with Internal Auditors in evaluating and investigating fraud risk, more particularly in the event when prevalence of perpetration is noticed in senior management in connivance with other employees.

Griffiths (2006) suggested the following after identifying the useful role of internal auditing in the investigation process: “Internal Auditors can play a vital role in assisting alleged cases of corruption in public sector organisations by way of interpretation of various rules, explanation of various practices, and sharing some of the confidential information that, they may possess as they usually have more diversified and detailed knowledge of the operations in different parts of the organisation than the investigating Agency staff that are deployed only for a particular case.” However, the inflexibility of the legal framework that details the processes of internal audit and public financial control poses a major challenge to public sector internal auditing in curtailing compliance-based audit.

Moreover, the implications of the movements in line with risk-fashioned self-monitoring were found to mean that, internal auditors should monitor, as well as recommend the right strategies capable of boosting up institutional productivity to the highest level, as well as reducing uncertainties impeding the achievements of institutional goals Asare (2009).

Essence of enactments, policies, standards, systems and procedures

The enactments, policies, standards, systems and procedures are statutory guidelines instituted to enhance internal audit effectiveness, for being the road map for both an organisation’s operations and the parameters within which the auditors seek their compliance intended when auditing organisations.

These organisations survive well upon achievement of goals through predetermined objectives set consciously by management. However, the operations of these organisations towards their objectives also have the

responsibility to operate in compliance with the statutory regulations referred to as the enactments, policies, etc. implying that, the organisations would be free from issues of litigations, only if they attain both their objectives and compliance with these regulations concurrently.

Flowing from the above therefore, management has thus seen the need to implement audit recommendations and also view the auditor as a watch dog and a consultant, whose services are paramount to their organisations. The results attained by organisations through the internal auditors operations and services rendered them, eventually enhances their effectiveness.

It is thus, in the light of this that Arena and Azzone (2009) defined effectiveness as “the capacity to obtain results that are consistent with target objective. In the same context, a programme can be seen as effective if its outcome goes along with its objectives (Ahmad, Othman, & Jusoff, 2009). Therefore, it is quite interesting that, audit effectiveness is the outcome of the auditors’ activities, duties, professional practices and responsibilities through a high commitment with audit standards, enactments, goals, objectives, policies, systems and procedures (Ussahawanitchaki t& Intakhan, 2011).

In the same vein, Shoosmuangpak and Ussahawanitchakit (2009) provided that audit effectiveness refers to “achieving audit’s objective by gathering of sufficient and appropriate audit evidence regarding the financial statements compliance with generally accepted accounting principles”.

In addition to the above, internal audit effectiveness is unattainable without the recognition accorded it by the statutory guidelines represented by the enactments, policies, standards, systems and procedures put in place for organisations to comply with. Internal audit attempts to ensure that, the

organisations do comply with these guidelines exposes internal audit as the watch dog for compliance with the rules, which thus enhances the effectiveness.

Mostly, the soundness, of the self-monitoring function is sustained by the regards accorded it from management, which makes it to perform, in order to be able to donate to institutional targets as well as aims achievements, per the provision of acts of assistance to administration as well as the governing body. A sound auditing role is much necessary for the entity to ensure that, both national resources are expended effectively, efficiently and economically, and to deliver on its authority as assigned.

The purpose of inspections carried out on auditing as a function, is to establish per an unbiased means, the extent to which activities discharged by auditable institutions conform to the corresponding statutory rules and regulations established as guidelines.

There are two main approaches to the concept of internal audit effectiveness. According to the first approach, the effectiveness of internal auditing is determined by the fit between the audit and some set of universal standards extrapolated from the characteristics of internal audit (White, 1976). In another approach, Sawyer (1988), advanced five standards for internal auditing as: interdependence, professional proficiency and scope of work, the performance of the audit and management of the internal audit Department.

Mandate of reporting

Reporting in internal audit should be accurate that is free from errors and distortions and faithful to the underlying facts. The objective should be

fair, impartial, and unbiased and is a result of a fair minded and balanced assessment of all relevant facts and circumstances (Nafuna, 2014).

According to Ahlawat and Lowe (2014), issues that impede the effective functioning of Internal Auditors should be addressed during consultation with the management of organizations. Internal audit quality can be achieved through management support and the two jointly informs the effectiveness of the internal audit function (Mihret & Yismaw, 2007). It therefore suggests that, management's failure to react to findings by internal auditors can dampens internal auditors' interest in their work and thereby stifle quality of further audits (Mihre t& Yismaw, 20007).

Section 83(9) of the Ghana Public Financial Management Act, 2016 (Act 921) states that "The Internal Auditor of a covered entity shall report to the Principal Spending Officer concerned of any incidents of suspected fraud or misuse of public funds", Section 83(10) also states that "Where the Internal Auditor of a covered entity suspects that a Principal Spending Officer is involved in fraud or misuse of public funds, the internal auditor shall report the matter to the Director-General of the Internal Audit Agency who shall in consultation with the chairperson of the relevant Audit Committee initiate investigations into the matter".

Chapter summary

This chapter discussed the definitions and concepts of some variables used in the study and reviewed relevant theories in relation to internal auditing and decentralisation. It further explicated the structure of Internal Audit in Ghana as penned in the Internal Audit Agency Act (658). Also the function of

internal audit in governance process, risk management and management control among others were examined.



CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter submits the research methods applied in the study. It deals with the research processes and other related aspects which include; research approach, research design, study area, population and sampling procedures. The chapter also discusses the data collection procedures, as well as data processing and analysis.

Research Approach

The study looked into internal audit functions and fraud prevention, detection and reduction in the Covered entities. The study approach is quantitative, thus using a set of questionnaire as the quantitative tool to gather data from respondents for the study. The descriptive statistics for research was also employed in the study because, the study sought to give a clear picture of the relationship between internal audit functions and fraud prevention, detection and reduction in Covered entities.

Descriptive statistics was employed in the study because it uncovers and gives vivid account of prevalent conditions of a situation. Troche (2000) is of the view that, qualitative research is needful in developing new ideas and fetching in-depth understanding about a phenomenon, while quantitative research seeks to study about a portion (representative sample) of the population and generalize findings.

Research Design

Specifically, the explanatory research design was adopted for this study. According to Saunders, Lewis and Thornhill (2009), explanatory

research design emphasizes the study of variables with the view of uncovering relationship between or among them. The main aim of explanatory study is to determine the cause and effect relationship between and among variables in a particular setting (Cooper & Schindler, 2006). Pinsonneault and Kraemer (1993) posited that, explanatory research aim is to test theories and detect causal relationships. Therefore, the explanatory design was appropriate for this study, as it seeks to assess whether the potentials of internal audit functions are proactive enough to prevent, detect and reduce fraud in Covered entities of Ghana (Upper West Region) and the achievements made to that effect.

Study Area

Upper West Region was randomly selected as the study area for this research in Ghana. It was the youngest region in the country until 2018. Upper West is bounded to the south by the then Brong Ahafo region, to the East by Upper East region and bordered to the West and North by Ivory Coast and Burkina Faso respectively. Ghana as a country which also recognizes internal audit as a means of promoting good governance and ensuring accountability of fiduciaries for resources entrusted them, ensures internal audit practices throughout the regions.

Realizing the role of internal audit in fraud management in the various Covered entities, the government of Ghana in 2003 enacted the Internal Audit Agency Act, 2003 (Act 658), to ensure that the public service agencies use acceptable procedures in managing funds. The increasing focus on internal audit in fraud and risk management practices has led to the changing scope and size of internal audit, and the establishment of internal audit functions in a growing number of organisations and the establishment of various institutions

such as Institute of Internal Auditors Ghana (IIAG, 2015) and Institute of Chartered Accountants Ghana to provide, promote, and sustain internal auditing in Ghana.

Upper West is chosen for the study because it also has covered entities with internal auditors carrying out their duties as done across all other regions. The Internal Auditors population is a homogenous group of peculiar characteristics which will enhance more statistical precision.

Population

According to Polit and Hungler (1996) population is the entire aggregation of cases that meet a designated set of criteria. They explained that population is the set of all individuals of interest in a particular study. The definition implies that population refers to the totality of objects or people who have one or more characteristics in common that are of interest to the researcher where inferences are to be made.

The population for this study comprises all Internal Auditors of Covered entities in the Upper West Region which include Ministries, Departments and Agencies (MDA), Metropolitan, Municipal and District Assemblies (MMDA), District Education Offices (DEO), District Hospitals, District Health Management Teams (DHMT), Tertiary institutions and all regional directorates, where the Regional Coordinating Council, Regional Hospital etc. are not left out in the region.

The criteria for selecting these entities among others is premised on the fact that, they always do a great deal of procurements that worth huge sums of money, raise payment vouchers frequently, receive huge sums of money as their allocations from the consolidated fund, own a lot of valuable assets etc.

which needs critical management staff, considering the state of current fraud and corruption risks bothering on state funds as well as property.

The Upper West Region of Ghana has regional level entities, four municipals and seven districts. Table 2 indicates the number of Covered entities at the regional level, in each of the four municipals and each of the seven districts of the Upper West Region. Each of these Covered entities is supposed to have internal audit unit that is well staffed to help prevent, detect and reduce fraud in the public sector.

Table 2: Public sector entities in the Upper West Region

Regional, Municipal and District Level Entities	Number of Entities	Targeted Population
1. Regional level entities	10	10
2. Wa Municipal	6	6
3. Wa West District	2	2
4. Wa East District	2	2
5. Nadowli-Kaleo District	4	4
6. Daffiama BussieIssah District	2	2
7. Jirapa Municipal	2	2
8. Lambussie-Karni District	2	2
9. Lawra Municipal	3	3
10. Nandom District	2	2
11. Sissala East Municipal	4	4
12. Sissala West District	2	2
Total	41	41

Source: Field survey, (2019)

Sampling Procedures

The study was census in sampling as the sample for this study comprised all Internal Auditors of Covered entities in the Upper West Region of Ghana. The Upper West Region of Ghana has the regional level entities, four municipals

and seven districts. The respondents were obtained from the above categorized entities within the Upper West Region.

As at March 31, 2019, there were altogether 41 Covered Entities identified in the Upper West Region to be suitable for the study. Source of the 41 Covered Entities presented were discoveries made from a survey conducted by the researcher in March, 2019.

Since the number of the Covered Entities is manageable, all the 41 entities were included in the study. For each entity, a set of questionnaire was administered to an internal auditor, to elicit the needed data on the subject from that entity. Table 3 indicates the sample distribution for the study.

Table 3: Sample distribution for the study

	Regional / Municipal / District	Sample size
1.	Regional level entities	10
2.	Wa Municipal	6
3.	Wa West District	2
4.	Wa East District	2
5.	Nadowli-Kaleo District	4
6.	Daffiama BussieIssah District	2
7.	Jirapa Municipal	2
8.	Lambussie-Karni District	2
9.	Lawra Municipal	3
10.	Nandom District	2
11.	Sissala East Municipal	4
12.	Sissala West District	2
	Total	41

Source: Field survey, (2019)

Data Collection Instrument

Questionnaires were developed and self-administered to collect the required data for the study. Saunders, Lewis and Thornhill (2009) proffer that

questionnaires are primarily employed in descriptive or explanatory research, as according to Frazer and Lawley (2000), a more economic and timely data can be taken from a dense and widely dispersed population through the use of questionnaire.

The questionnaire for the study is made up of seven parts. In part 1, 7 questions were designed to elicit data on demographic variables of respondents. The objective of this section is to isolate pertinent demographic information on respondents and their organization that can be used in the current research.

The other five parts of the questionnaire were designed to elicit data on; Incidence of suspected frauds experienced in the Auditor's work place or formal/informal reports on fraud information shared with the Internal Auditor from various sources for the past three years in Ghana, showing the trends of occurrence (to generalize as to whether there have been any remarkable achievements, of a tolerant level in Internal Auditors fraud prevention, detection and reduction in Covered entities due to the influence of internal audit functions); how systems of control influence the Internal Auditor's fraud prevention, detection and reduction skills in Covered entities, the relationship that exists between risk management and governance process and Internal Auditors' fraud detection, prevention and reduction potentials in Covered entities, the level of influence that enactments, policies, standards, systems and procedures lent to Internal Auditor's fraud detection, prevention and reduction exposure in Covered entities and effect of the Internal Auditor's report to either the Principal Spending Officer or Director -General of the Internal Audit Agency of any incidents of suspected fraud or misuse of public funds on

Internal Auditor's fraud detection, prevention and reduction possibilities in the public sector.

The questions consist of mainly closed-ended questions with majority of items measured on a four-point Likert-scale. Respondents were instructed to indicate their opinion on the degree of whether internal audit functions are proactive enough to serve their purpose, based on a four point Likert-scale, ranging from "1" (strongly disagree) to "4" (strongly agree).

The study employed the four-point Likert-scale in order to avoid neutral response. Research indicate that, where respondents are provided with no neutral response, they are more apt to reason through the options to come out with an objective response which helped secured valid response and thus better overall results (Schuman & Presser, 1996). Hence, the option of choosing a neutral response was not made available as the scale used was 4-point Likert Scale not 5-point.

Finally, part 7 provides an opportunity for the respondents to present their comments with regards to best development of the constructs to serve their intended purposes of bringing out the right responses suitable for the study, from the targeted respondents. Four closed-ended questions were designed to solicit the respondents' comments. The respondents were asked to comment by ticking "INAPPROPRIATE", "AVERAGLY APPROPRIATE" or "APPROPRIATE" to determine fitness of the constructs made available for the study.

Data Collection Procedures

When conducting a research, it is important that secondary sources are viewed with the same caution as primary sources. It is also important that the dissertation collects empirical findings that reflect the reality of situations. According to Saunders et al. (2009) one needs to be sure that the data will answer the research questions or objectives and the data will be easily accessible.

One way to evaluate primary and secondary sources is to use the concepts of validity and reliability. The degree of reliability measures the extent to which data collection can be trusted (Saunders et al. (2009). All the questionnaires were therefore pretested before being finally developed to get the desired results.

Prior to the actual distribution of the questionnaire, the research instrument was pre-tested on 10 Internal Auditors working within Covered entities that were suitable for the study, in the Upper West Region. Hair, Money, Samouel, and Page (2007) hypothesized that; the sample size for pre-test should not be less than 5 individuals and not more than 30. The authors also added that “pre-test sample size larger than 30 do not provide substantial incremental information for use in revising the questionnaire”. Hence, the pre-test sample size consisting of 10 respondents is adequate. Respondents were mostly personal friends and acquaintances of the researcher.

The pilot study was conducted in the month of April 2019. The respondents were asked to complete the questionnaire and provide comments regarding time taken, clarity of the questions, and length of the questionnaire and suitability of the variables.

After the pre-test, no major modification had been made except minor rewording and formatting. The questionnaire was then refined and ready for distribution. The final questionnaires were distributed to 41 Covered entities representing 41 targeted respondents. The distribution was implemented in the month of April 2019. Once respondents have completed the questionnaires, they were directly collected by the researcher. The data collection process lasted for one month up to May 28, 2019

Data Processing and Analysis

Data secured from the responses to the questionnaire were analysed using descriptive statistics, with the aid of Statistical Package for Social Science (SPSS). Thus, descriptive statistics was generated to explain the demographic characteristics of the variable, as well as examine the relationship between the variant variables of interest and fraud detection, prevention and reduction. In all cases, the mean, standard deviation, maximum and minimum values of responses were analysed for further discussion.

In examining the last objective which sought to analyse three years trend of some fraud indicators, the study employed bar charts with emphasis on frequency of occurrence of those indicators as the main point of analysis.

Chapter Summary

This chapter discussed the research methods applied in the study. It also dealt with the research processes and other related aspects which include; research approach, research design, study area, population and sampling procedures. The chapter also discussed the data collection procedures, as well as data processing and analysis.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter discusses and presents results of the analysis. Since the study adopted a descriptive study design, descriptive statistics were used to analyse the quantitative data. Starting with the descriptive summaries on the demographic variables, this section presents for each of the objectives, descriptive results, in the form of frequencies, mean values and bar charts to explain the outcomes of each objective.

Descriptive Statistics on Demographics

This section displays the summary statistics on the demographic characteristics of respondents. Premised on the total number of 41 covered entities sampled for the study, 41 questionnaires were dispatched and all 41 were duly filled and returned as expected. This represents 100% response rate. Table 4 presents the descriptive statistics of the sex, age, years of experience, organization of auditor, position held in organization, educational level and professional qualification of respondents.

Table 4: Demographic Characteristics of Respondents

Variable	Description	Frequency	Percentage
Sex	Male	39	95.1
	Female	2	4.9
Age	20-25	1	2.4
	26-30	1	2.4
	31-35	9	22.0
	36-40	14	34.1
	41-45	7	17.1
	46-50	2	4.9
	50 and above	7	17.1
Years of experience	1-4	5	12.2
	5-8	14	34.1
	9 and above	22	53.7
Organization of auditor	Local Government	11	26.8
	Ghana Education Service	11	26.8
	Health Service	7	17.1
	Controller & Accountant Gen.	1	2.4
	Ghana Revenue Authority	1	2.4
	Colleges of Education	3	7.3
	Polytechnic	1	2.4
	University	1	2.4
	Others	5	12.2
	Position held in organization	Chief Internal Auditor	1
Principal Internal auditor		15	36.6
Senior internal auditor		10	24.4
Internal Auditor		10	24.4
Others		5	12.2
Educational level	Master's degree	14	34.1
	Bachelor's degree	23	56.1
	other related degree	4	9.8
Professional qualification	Certified Internal Auditor	4	9.8
	Chartered accountant	10	24.4
	Others	6	14.6
	None	21	51.2

Source: Field Survey (2019)

Gender distribution of respondents as shown in Table 4 revealed that thirty-nine (95.1%) were males while only two (4.9%) were females. This means that, out of the forty one covered entities accessed within the Upper

West Region, male respondents were thirty-nine whereas their female counterparts were two only. It is thus emphasized per this submission that, the internal audit work officials are mostly males than females by a wide margin. This is particularly so as the work of internal audit involves the movement of people from one place to the other, and in Africa, females are considered to be home keepers, which makes it difficult for more females to be enlisted in the job of internal audit as per the results in Table 4.

The age distribution also reveals that majority of the Internal Auditors (14 representing 34.1%) were aged 36 – 40 years. The age group 31-35 years, which recorded 9 (22%) respondents followed, and this was closely tracked by the age group 41-45 years recording seven (17%) responses. The least age categories which are 20-25 years and 26-30 years had the least response of one (2.4%) each. Seven (17.1%) Internal Auditors were above 50 years of age, whereas only two aged 46-50 years.

The above age distribution implies that most of the Internal Auditors in Upper West Region are primarily adult with only a few youthful ones, as the cumulative frequency of the response in the adult age groups (36-50 years and above) were thirty respondents as against eleven respondents in the youthful age categories (20-35 years). The fewer of the youth in comparison with the adult was as a result of the researcher's strategy to have the most experienced ones respond, by meeting them personally during the instruments administration. All the same, some still gave them out to junior staff to respond and that is how the few young ones came about.

In addition, Table 4 presents results on the Internal Auditors' number of years of experience. In confirmation of the age distribution, twenty-two

(53%) of the Internal Auditors had worked for nine years and above, fourteen (34.1%) have 5-8 years of working experience whereas only five (12.2%) had 1-4 years working experience. Thus most of the Internal Auditors in the Upper West Region are experienced Auditors, who must be abreast of sound auditing procedures that may help in preventing, detecting and reducing fraud.

The study also sought to identify the type of organization the sampled Internal Auditors work. Table 4 appraises that, eleven (26.8%) Internal Auditors were from the Local Government (MMDAs) and the Ghana Education Service each. Seven (17.1%) of the Internal Auditors were health service personnel, other government jobs had five (12.2%) of the sampled Internal Auditors, and Colleges of Education had three (7.3%). Meanwhile Controller and Accountant General, Ghana Revenue Authority, Polytechnic and University all were represented by one (2.4%) Internal Auditor each.

Table 4 also presents the position held by the Auditors in their respective organizations. The position of Principal Internal Auditor recorded the highest number of respondents: fifteen (36%) respondents. Senior Internal Auditors and Internal Auditors recorded ten (24.4%) respondents each; with five (12.2%) respondents holding other auditing related positions and only one (2.4%) respondent being a chief Internal Auditor. This means that virtually all the respondents were Auditors by profession and thus could provide us with the right responses.

With regards to educational level, Table 4 notifies that twenty-three (56%) of the Internal Auditors, being the dominant group, held bachelor's degree. fourteen (34.1%) held Master's degree, four (9.8%) held other related degree with no response for no educational qualification. The distribution in

the educational level shows that all of the Internal Auditors in the Upper West Region have received formal education in relation to auditing, implying that they have knowledge about Internal Auditors' functions and roles.

The study also sought to ascertain the professional qualification the auditors may have apart from their formal educational qualification. From Table 4, twenty-one (51.2%) respondents had no professional qualification at all. ten (24.4%) were chartered accountants, six (14.6%) had other professional qualification, whereas four (9.8%) were certified internal auditors. Even though, majority of the internal auditors lacked professional qualification, the highly recorded formal education among them at least showed that they had knowledge of auditing. Having given the statistics on the demographics, we proceed to present the outcome on the various objectives set.

Internal Control System, Fraud Detection, Prevention and Reduction

The first objective of the study was to examine how internal control system influences Internal Auditors' fraud detection, prevention and reduction skills in the public sector.

A list of questions was posed and the responses to these items were rated on a four-point Likert-scale, and the mean scores were obtained for analysis. The range of values for assessing the mean score on the Likert-scale was calculated based on the general method (i.e. (max point – min point)/max point). Thus the four point Likert scale was scored based on this range: $(4 - 1)/4 = 0.75$). The ranges were designated as follows for: strongly disagree (1.00 – 1.75); disagree (1.76 – 2.50); agree (2.51 – 3.25); strongly agree (3.25 – 4.00) for the analysis of the results presented in Tables 5, 6, 7 and 8. Table 5

is a summary of overall Auditors' response on how they perceived internal control system to influence their fraud detection, prevention and reduction.

Table 5: Internal Controls, Fraud Detection, Prevention and Reduction

Statement	N	Min	Max	Mean	SD
Internal controls are strategies put in place by management to prevent or minimize fraud to some extent.	41	3	4	3.73	0.45
Internal auditors' presence and review of an organization's internal controls, activates their fraud prevention, detection and reduction skills.	41	2	4	3.34	0.57
Employee's awareness of Internal Auditors presence and ensuring strong controls in place can deter employees from fraudulent deals, for fear of being caught.	41	1	4	3.22	0.72
Internal Auditors do detect fraud in covered entities identified with weak internal controls system in place.	41	1	4	3.20	0.72
Auditors' appraisal of an entity's internal controls may be capable of enhancing their fraud reduction skills.	41	1	4	3.29	0.68
Average				3.36	0.62

Source: Field Survey (2019)

From Table 5, all the indicators, with the exception of the fourth one, received full response of 41 each. This implies that the results obtained are the reflection of the opinion of all the Internal Auditors sampled for the study. The mean score of 3.73 for the first statement indicates that most of the Internal Auditors strongly agreed, per the calculated range, with the statement that, internal controls are strategies put in place by management to minimize fraud.

The minimum and maximum score of 3 (agree) and 4 (strongly disagree) further reveal that none of the Internal Auditors disagreed with this statement. The standard deviation of 0.45 which is far lesser than the mean also implies that there is no much variability between the responses and the mean response of 3.73. Similarly, the mean scores of 3.34 and 3.29 for the second and fifth statements respectively imply that majority of the Auditors strongly agreed to those statements. Though their minimum scores of 2 and 1 respectively reveal that, there were some few who did not agree with those statements about internal control systems affecting fraud detection, prevention and reduction.

With regards to the third and fourth statements, their mean scores of 3.22 and 3.20 respectively denote that most of the Auditors agreed but not strongly agreed with those statements about internal control systems and fraud detection, prevention and reduction. Their minimum and maximum scores of 1 each and 4 each respectively indicate that some Internal Auditors did not at all agree, while others strongly agreed with those statements.

The overall mean score of responses to the statements in Table 5 was 3.36 which according to the scale rates as strongly agreed (3.25 – 4.00). This indicates that majority of the Internal Auditors of the Covered entities in the Upper West Region strongly agree that systems of controls influence Internal Auditors' fraud detection, prevention and reduction skills. Thus it can be concluded that strengthened control system is required within Covered entities in the public sectors in order to facilitate Internal Auditors' fraud detection and prevention which is never a fiction, since it has been buttressed by the

following Authors in their submissions as presented as follows in the coming paragraph.

According to Baltaci and Yilmaz (2006) the effort to reform a fiscal system should include internal control and audit due to the crucial role they play in enhancing accountability and effectiveness. Internal auditing provides both government and related parties with powerful tool for understanding the extent to which the public institution in question has delivered on budget and effective services. Internal auditing activity has become an essential internal assurance mechanism in public financial controls and tool for monitoring and evaluating managerial activities prior to external evaluation by External Auditors. Internal Auditors in the public sector work with management to improve internal controls and to ensure compliance with applicable laws.

Risk Management and Governance Process

The study also sought to assess the relationship between risk management and governance process, and Internal Auditors' fraud detection, prevention and reduction potentials within Covered entities. This objective was also achieved by asking respondents to provide response rated on the four-point Likerts scale for seven statements on the nexus between risk management and governance and fraud detection, prevention and reduction. Mean score of responses were used for the analysis based on the Likert scale range established for Table 5. Table 6 summarizes the average responses to each statement under risk management and governance and its relationship between fraud detection, prevention and reduction.

Table 6: Risk Management and Governance Process and Fraud**Detection, Prevention and Reduction**

Statement	N	Min	Max	Mean	SD
Fraud and corruption are considered as key risks that need management attention.	41	1	4	3.71	0.72
Internal Auditors presence and review of an institution's operations could expose them to a lot of risks elements,	41	2	4	3.23	0.58
Internal auditors' constant evaluations of risks may help to suppress key fraud risks.	41	1	4	3.30	0.65
Public sector governance may include activities that ensure appropriate behaviour of government officials in reducing corruption.	41	2	4	3.43	0.55
Internal Auditors presence and review of an organisation's governance could help fortify the organisation's governance process.	41	1	4	3.08	0.80
Internal Auditors continuous evaluations of an entity's governance process could help to close loop holes that facilitate corruption.	41	2	4	3.48	0.55
Strengthened risk management and governance process may therefore help to reduce fraud in Covered entities.	41	1	4	3.48	0.64
Average				3.39	0.64

Source: Field Survey (2019)

From Table 6, it can be observed that the least response level was 39 out of 41 sampled respondents. Thus, the response level was quite good and the responses can be considered a representative of the population. The minimum scores of 1 (strongly disagree) or 2 (disagree) and the maximum scores of 4 (strongly agree) for each statement implies that, for every statement under risk management and governance, there were some level of

disagreement and agreement. The lower values of standard deviation in comparison with the mean values also indicate that overall responses were not widely dispersed from the mean response.

On the question of fraud and corruption being considered as key risks that need to be managed in every organization, the mean response was 3.71 indicating that most of the auditors strongly agreed that fraud and corruption were key risks areas requiring management attention. The second indicator which scored a mean value of 3.23 indicates that most of the Internal Auditors agreed but not so strongly that their presence and review of institutions operations could expose them to a lot of risk element. Similarly, the mean response of 3.30 for the third indicator denotes that Internal Auditors strongly agree that their constant evaluation of risk management and governance process for their effectiveness can equip them with fraud detective skills and capabilities. For each of the indicators 4, 6 and 7, Internal Auditors strongly agreed per the mean responses of 3.43, 3.48 and 3.48 respectively. The mean response for the fifth statement was 3.08, which indicated that majority of the Internal Auditors agreed but not so strongly to the fact that Internal Auditors' review of organizational governance process may enable them address irregularities and thus improve upon organizational governance.

It can be seen from Table 6 that the overall average response for the indicators was 3.39, which falls in the range strongly agree (3.25 – 4.00). This implies that internal auditors within Covered entities in the public sector in the Upper West Region strongly agree that there exist a relationship between risk management and governance and Internal Auditors' fraud detection. It can therefore be concluded that improvement in risk management and governance

process within Covered entities could foster Internal Auditors' ability to detect and curb fraud within these entities.

The above conclusion is supported by Griffith (2006), in asserting that, internal auditing provides independent and objective assurance to an organisation's management that its risks are being mitigated to an acceptable level, and reports where they are not.

According to the IIA (2006), it has also been opined that, internal audit role in governance are broadly identified to be two fold. Firstly, internal auditing provides independent, objective assessment on the appropriateness of the organisations governance structure and the operating effectiveness of specific governance activities.

Secondly, they act as catalysts for change, advising or advocating improvements to enhance the organisations governance structure and practices. The above conclusion has been attested to by these researchers.

Enactments, Policies, Standards, Systems, Procedures, and Fraud Detection, Prevention and Reduction

It was also the study's objective to ascertain the level of influence that enactments, policies, standards and procedures lent to Internal Auditor's fraud detection, prevention and reduction exposure within these Covered entities. Similarly, a list of questions was posed and the responses to these items were rated on a four-point Likert-scale, and the mean scores were obtained for analysis, just as has been done for the first two objectives. Table 7 is the summary statistics of all the responses to the indicators employed in assessing the impact of enactments, policies, standards, systems and procedures on auditors' ability to detect and prevent fraud.

Table 7: Enactments, Policies, Standards, Systems and Procedures, and Fraud Detection, Prevention and Reduction

Statement	N	Min	Max	Mean	SD
Enactment, policies, standards, systems and procedures ensure compliance in the administration of public funds.	41	2	4	3.50	0.64
Internal Auditors presence and constant evaluations of an entity's operations help in the detection of acts of non-compliance.	41	3	4	3.51	0.51
Internal Auditors are able to detect fraud through gross non-compliances of public finance officers.	41	2	4	3.34	0.53
Internal audit functions on the enforcement of statutory regulations, gives them the exposures to mitigate both the incidence of fraud and corruption risks.	41	2	4	3.39	0.59
Internal Auditors constant evaluations of statutory guidelines for compliance, gives them the exposures to identify the areas of fraud risks.	41	1	4	3.17	0.59
Average				3.38	0.57

Source: Field Survey (2019)

The results presented in Table 7 indicate that all the indicators received full response from all 41 respondents. The maximum score of 4 and the minimum score of 1 (strongly disagree) and 2 (disagree) for all items with the exception of the second indicator (having a minimum score of 3 – agree) indicates that, for every statement, there was some level of agreement and disagreement among the Internal Auditors. The standard deviations which are lesser in comparison with the mean responses also imply that the responses did not vary so much from the average responses.

From Table 7, the average response of 3.50 to the first statement means that Internal Auditors strongly agreed to the fact that enactments, policies, standards, systems and procedures may be seen as statutory regulations and

guidelines to public officers to help reduce fraud and corruption. Similarly, Internal Auditors, per the average response of 3.51, strongly agreed to the second statement that Internal Auditors' presence and constant evaluation of these guidelines in an entity could hint them of any non-compliance and make them establish corrective measures, thus helping to prevent fraud. The mean response of 3.34 to the third statement also implies that Internal Auditors strongly agree to the fact that they suspect fraudulent acts in areas of gross non-compliance and thus act swiftly to prevent fraud in such areas.

Moreover, from Table 7, the fourth indicator scored a mean response of 3.39, which likewise denotes that Internal Auditors strongly agree to the statement that their function of enforcing these regulations gives them the exposure to mitigate both the incidence of fraud and corruption risks, thereby reducing fraud. For the fifth indicators, the mean response was 3.17 which meant that Internal Auditors agree but not so strongly to the statement that their constant evaluation of the policies and guidelines helps to equip them with the ability to identify sources of fraud, thus reducing fraud.

From Table 7, the overall average response for all the indicators was 3.38, which falls in the 'strongly agreed' range (3.25 – 4.00). This therefore denotes that Internal Auditors strongly agree to the third objective that enactments, policies, standards and procedures influenced Internal Auditor's fraud detection, prevention and reduction exposure in Covered entities. It can therefore be concluded that the Covered entities should enforce enactments, policies, standards and procedures which can help Internal Auditors to easily detect and curb any fraud related practices.

Pungas (2003) asserts that, the self-monitoring function in all Covered entities, sets their goals in alignment with the objectives set by the managers of those Covered entities.

Reporting on Fraud

The fourth objective of the study was to assess the effect of reporting any incidence of suspected fraud or misuse of public funds to responsible authorities on fraud detection, prevention and reduction. As has been done with previous Tables, there were five indicators (statements) that Internal Auditors provided response to for ascertaining this objective. The mean responses were in each case computed for the analysis based on the Likert scale range earlier adopted for the previous Tables.

Table 8: Reporting of Any Incidence of Suspected Fraud or Misuse of Public Funds to Responsible Authority

Statement	N	Min	Max	Mean	SD
Section 83(9-10) of the Public Financial Management Act 2016 (Act, 921) mandates the Internal Auditor to report an employee or a Principal spending Officer of any suspected fraud or abuse of public funds.	41	2	4	3.61	0.63
If all the employees are made known of this mandate, some may hint the Internal Auditor about hidden issues not known to him.	41	1	4	3.30	0.64
Officers that are potential subjects of this reporting, for fear of being stigmatised are likely to abstain from fraudulent acts.	41	2	4	3.05	0.50
At the instance of the above submissions, the Auditors' reports may serve both as deterrent and preventive measures to fraud perpetrators.	41	2	4	3.46	0.60
The auditor with such reporting mandate may be effective in deterring and preventing fraud.	41	2	4	3.17	0.54
Average				3.31	0.58

Source: Field Survey (2019)

From Table 8, it can be observed that there was full response for all indicators. This implies that responses are the reflection of the entire Auditors' view. Besides, the minimum response of 1 (strongly disagree) and 2 (disagree) and the maximum response of 4 (strongly agree) suggest that for each indicator or statement, there was some level of disagreement and agreement among the Internal Auditors. As has been discovered for the previous Tables, the standard deviations recorded for all response are lower in comparison with the mean responses. This implies that the mean response is not so different from the overall responses.

From Table 8, the first statement received the highest mean response score of 3.61. This implies that Internal Auditors strongly agreed to the fact that if they carry out their mandated function of reporting any incidence of suspected fraud or abuse of public funds, and the perpetrators are punished, fraud could be minimized within Covered entities. The mean response of 3.30 for the second statement equally denotes that Internal Auditors strongly agreed to the fact that if employees are made known of Internal Auditors' mandate to report incidence of suspected fraud, employees may be willing to hint internal auditors of hidden issues, thus boosting their detective capabilities. The average response of 3.05 for the third indicator implies that Internal Auditors fairly but not strongly agreed to the fact that officers who will be reported will abstain from fraudulent acts for fear of being stigmatized.

The fourth statement with the mean response of 3.46 denotes that Internal Auditors strongly agreed to the fact that their reporting mandate coupled with the appropriate sanction could deter fraud perpetrators from undertaking fraudulent acts, thus preventing and reducing fraud. Internal

Auditors fairly but not strongly agreed, per the average response of 3.17, to the fifth statement that their mandate to report any incident of suspected fraud and misuse of public funds could make them effective in detecting, preventing and reducing fraud.

From Table 8, the overall mean response was 3.31 in the range of strongly agreed (3.25-4.00). This implies that Internal Auditors strongly agreed with the objective 4 that Internal Auditors' report to the responsible authorities of any incidents of suspected fraud or misuse of public funds helped to detect, prevent and reduce fraud. It can therefore be concluded that Internal Auditors within Covered entities must cultivate the willingness to reporting fraudulent acts in these entities so as to help bring fraud under check.

These writers per their opinions have similar views for the conclusion drawn above, when they assert that, Management support and internal audit quality are the two most important factors that influence the effectiveness of the internal audit function (Mihret & Yismaw, 2007). Hence, failure by management to respond to internal audit findings and recommendations impacts negatively on the internal audit staff attitude towards the improvement of audit quality, their commitment to develop their career in the public sector internal audit functions and their overall job satisfaction (Mihret & Yismaw, 2007).

Analysis of three years trend of some fraud indicators

The study's fifth objective was to seek respondents' view about whether fraud in respect of some given indicators, have been increasing or decreasing for the past three (3) years due to the influence of internal audit functions. Respondents were to indicate by ticking, "increasing", "decreasing"

or “neither increasing nor decreasing” for each of the indicators: Cash on hand, Corruption, Billing, Expenses reimbursements, Fraudulent Statements, Non-cash, Registered Disbursements, Cash Larceny (The crime of stealing things that Worth only a small amount of money). Cheque Tempering, Skimming (the crime of stealing money from some one’s credit card) and Payroll.

The responses from the Internal Auditors have been generated in the underneath bar charts for each of the indicators. Thus, it is in reference to these bar charts that we are able to tell whether, for the past three years, any of the above listed indicators is increasing or decreasing or neither increasing nor decreasing.

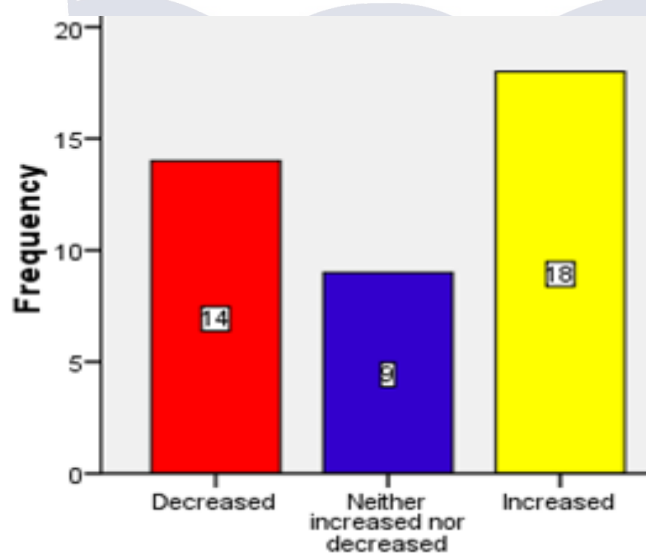


Figure 2: A 3 – Year Trend Bar chart on Cash on hand Fraud
Source: Author’s construct (2019)

From Figure 2, it could be inferred that out of the 41 respondents (Internal Auditors), fourteen (34%) of them indicated that for the past three years, fraud in relation to cash on hand has decreased within Covered entities owing to the functions of Internal Auditors. Eight (19.5%) Auditors indicated that there has been no change in the level of fraud in relation to cash on hand

while the remaining 18 (44%) indicated that fraud in relation to cash on hand, for the past three years was on the rise in Covered entities despite Internal Auditors' functions. It can therefore be concluded that for the past three years, fraud in relation to cash on hand has seen more increase than decrease within Covered entities, thus requiring more intensive audit functions to curb fraudulent activities regarding cash on hand in the forthcoming years.

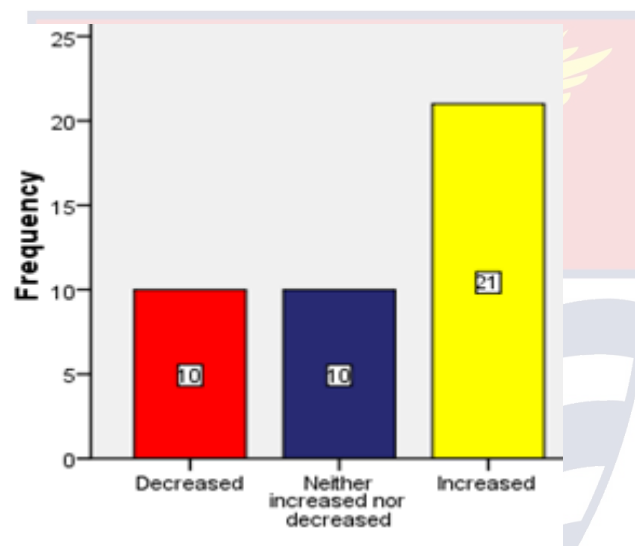


Figure 3: A 3 – Year Trend Bar Chart on Corruption Fraud
Source: Author's construct (2019)

Figure 3 indicates that ten (24.4%) of the Internal Auditors opined that Internal Auditors' functions led to a decrease in the level of corruption during the past three years. Ten (24.4%) of the Internal Auditors were of the view that there has been neither an increase nor decrease of corruption, while 21 (51.2%) of the Internal Auditors observed an increase in corruption for the past three years, despite the efforts of Internal Auditors. It can therefore be concluded based on the majority view that corruption has been on the rise within most Covered entities for the past three years, thus implying the

requirement of more rigorous internal audit activities to bring corruption under check in the forthcoming years.

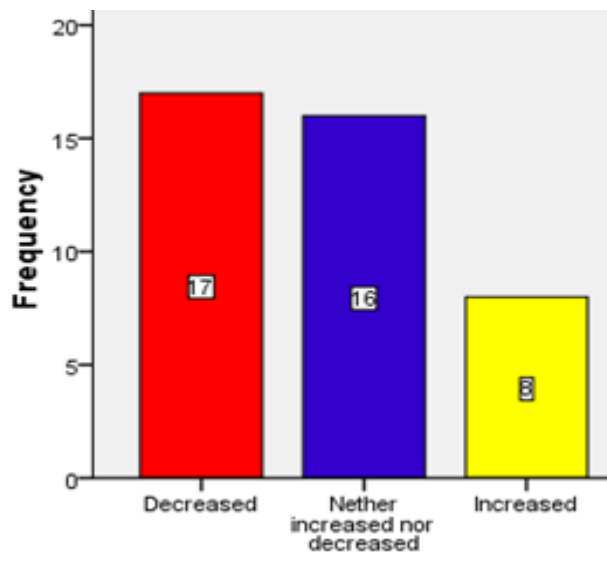


Figure 4: A 3 – Year Trend Bar Chart on Billing Fraud
Source: Author’s construct (2019)

With regards to Billing, Figure 4 reveals that, of the 41 respondents (Internal Auditors), seventeen (41.5%) of them indicated that in the past three years, fraud in relation to billing decreased, while 16 (39%) of them observed neither an increase nor a decrease in fraudulent billing during the past three years. However, eight (19.5%) were of the view that, fraudulent billing increased in the immediately past three years. It can therefore be concluded that, for the past three years, Internal Auditors’ effort was able to bring fraudulent billing under check, culminating into a decreased level of fraud in relation to billing within many Covered entities.

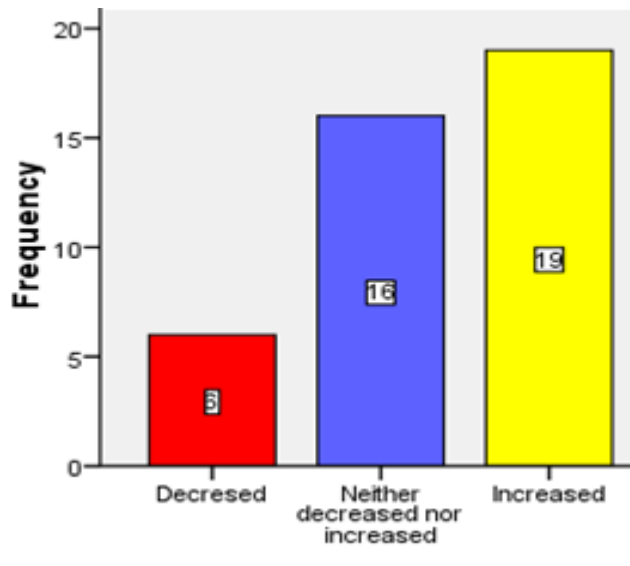


Figure 5: A 3 – Year Trend Bar Chart on Expense Reimbursement Fraud
Source: Author’s construct (2019)

Figure 5 illustrates the three years trend analysis of fraud in relation to expenses reimbursement. It was observed that out of the 41 respondents, six (14.6%) of them indicated that there has been a decrease in the level of fraudulent reimbursements within Covered entities for the past three years. Sixteen (39%) however observed neither an increase nor a decrease in the level of fraudulent reimbursements within Covered entities for the past three years, while nineteen (46.3%) of them opined that the fraudulent reimbursement has been on the increase for the past three years. Thus, it can be concluded that the level of fraudulent reimbursement in Covered entities increased more than decrease for the past three years. Thus Internal Auditors must give attention to expenses reimbursement in order to suppress all related fraud issues in the coming years.

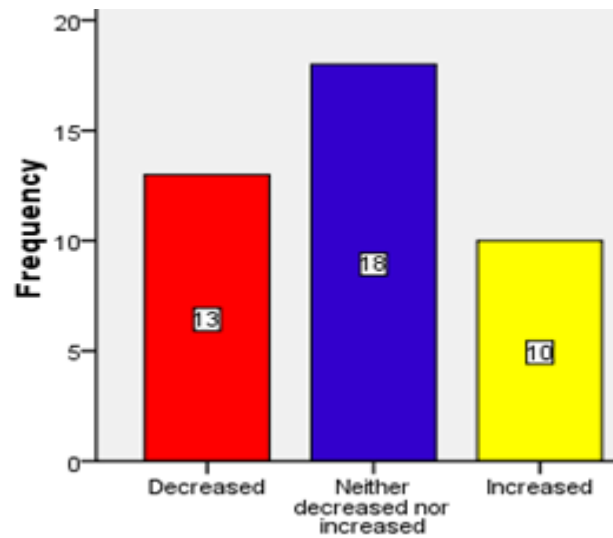


Figure 6: A 3 – Year Trend Bar Chart on Fraudulent Statements
Source: Author’s construct (2019)

It could be observed from Figure 6 that, of the 41 respondents thirteen (31.7%) of them were of the view that fraudulent statements for the past three years decreased within Covered entities while 18 (43.9%) observed neither increase nor decrease in the level of fraudulent statements within Covered entities for the past three years. However, ten (24.4%) observed an upsurge in the level of fraudulent statements reported within Covered entities. It can therefore be concluded based on the majority opinion that, for the past three years, reports on fraudulent statements within Covered entities principally recorded no significant change in its occurrence. There is therefore the need of the Internal Auditors to give attention to reports on fraudulent statements in order to minimize its level of occurrence within Covered entities.

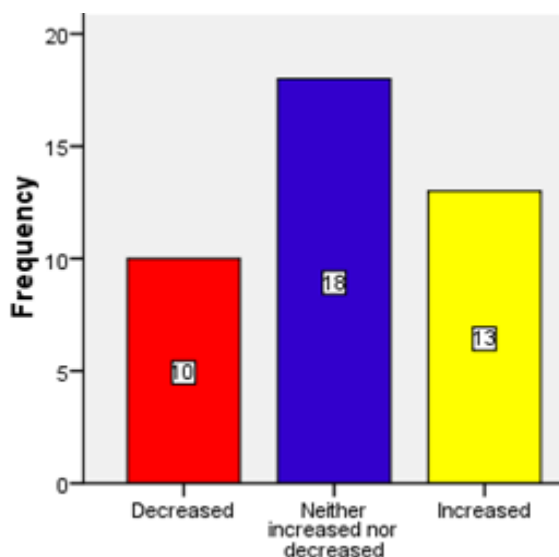


Figure 7: A 3-year Trend Bar Chart on Non-Cash Fraud
Source: Author's construct (2019)

It was observed from Figure 7 that ten (24.4%) of the 41 Internal Auditors observed a decrease in the level of fraud related to non-cash items, while 18 (43.9%) of them observed neither an increase nor decrease (no change at all) in the level of fraud in terms of non-cash transactions. Nevertheless, thirteen (31.7%) recorded a rise in the level of fraudulent non-cash transactions. It can thus be concluded based on majority opinion that the level of occurrence of fraudulent non-cash transactions within Covered entities for the past three years mainly saw no significant change, demanding auditors' attention to minimize the rate of occurrence in the imminent years.

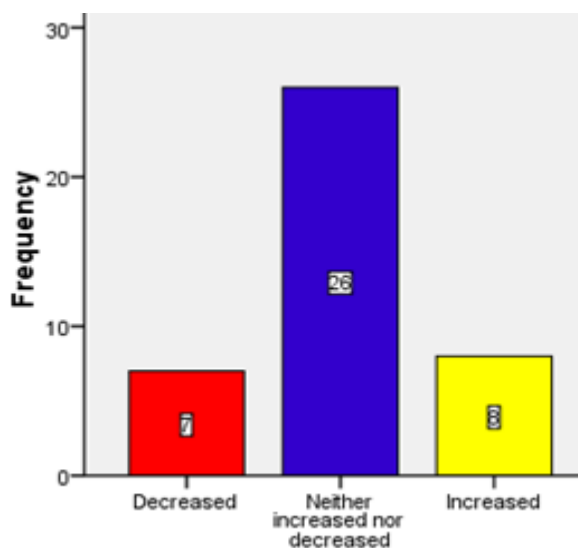


Figure 8: A 3-Year Trend Bar Chart on Registered Disbursement Fraud
Source: Author's construct (2019)

Figure 8 illustrates that, of the 41 respondents (Internal Auditors), seven (17.1%) of them opined that fraudulent registered disbursement for the past three years decreased within Covered entities. while twenty-six (63.4%) of them recorded neither increase nor decrease in the level of fraudulent registered disbursement. Nonetheless, eight (19.5%) observed an increase in the level of fraudulent registered disbursement in the Covered entities for the past three years. It can therefore be concluded for fraudulent registered disbursement, like fraudulent non cash transactions and fraudulent statement that, the majority of auditors were of the view that there has been no significant level of change in fraudulent registered disbursement within Covered entities for the past three years.

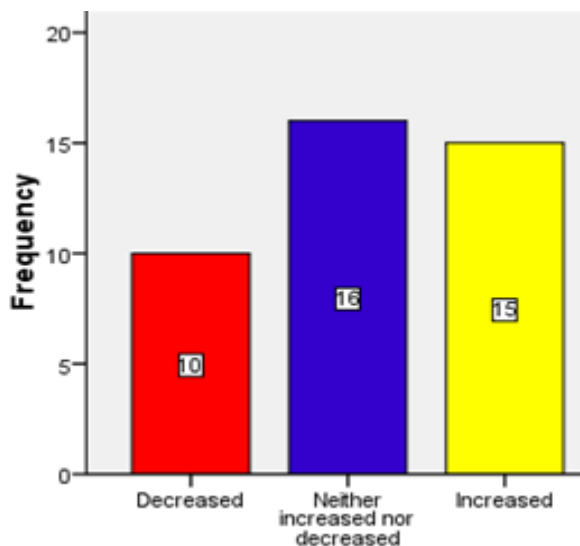


Figure 9: A 3 – Year Trend Bar Chart on Cash Larceny Fraud
Source: Author’s construct (2019)

Figure 9 shows that ten (24.4%) of the 41 Internal Auditors agreed to the fact that cash larceny (cash theft) has been decreasing within Covered entities in the public sector during the last three years, while sixteen (39%) opined that there has neither been an increase nor decrease in cash larceny in Covered entities for the past three years. However, fifteen (36.6%) observed an increase in the level of cash larceny within Covered entities in the public sector for the past three years. Thus, in conclusion, cash larceny, per the majority opinion, recorded no significant change within Covered entities in the public sector during the past three years.

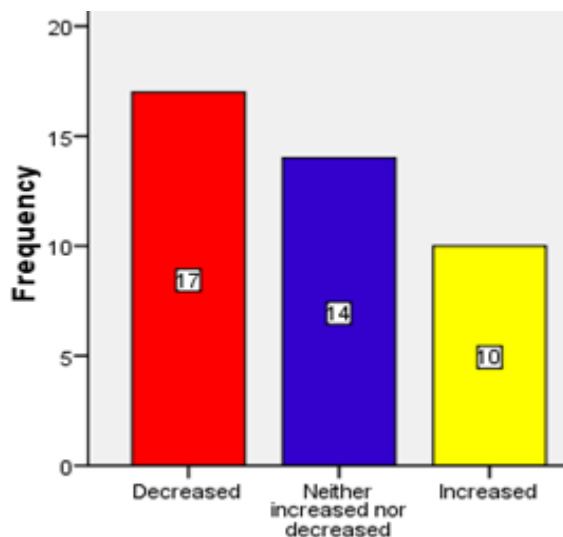


Figure 10: A 3–Year Trend Bar Chart on Cheque Tempering Fraud
Source: Author’s construct (2019)

Figure 10 reveals that, out of the 41 respondents, seventeen (41.5%) of them were of the view that cheque tempering within Covered entities in the public sector for the past three years has decreased, while fourteen (34.1%) observed neither an increase nor a decrease in the level of cheque tempering within Covered entities in the public sector for the past three years. Yet, ten (24.4%) of the respondents were of the view that cheque tempering has been on the rise within Covered entities in the public sector for the past three years. Therefore, based on the majority opinion, it is concluded that cheque tempering, in response to Internal Auditors’ monitoring activities, decreased more than increased in the Covered entities for the past three years.

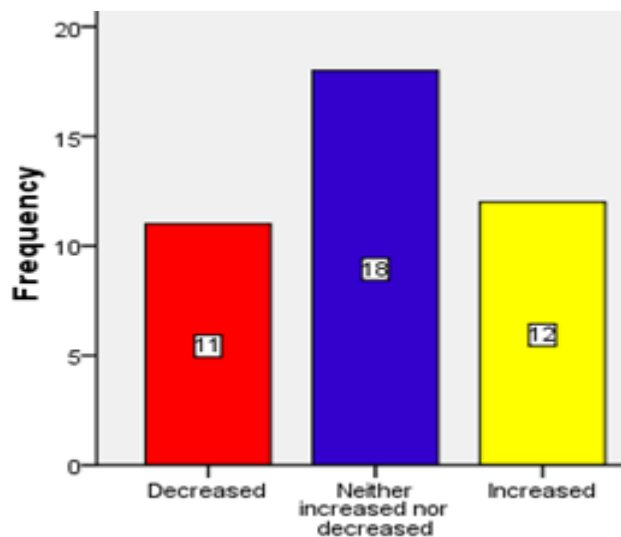


Figure 11: A 3–Year Trend Bar Chart on Skimming Fraud
 Source: Author’s construct (2019)

In Figure 11, it could be observed that eleven (26.8%) of the 41 respondents opined that skimming (stealing money from one’s credit card) decreased within Covered entities in the public sector for the immediately past three years, while eighteen (43.9%) indicated that there was neither increase nor decrease in the activities of skimming within Covered entities in the public sector for the past three years. Nevertheless, twelve (29.3%) of the respondents observed an upsurge in skimming activities within Covered entities in the public sector for the past three years. Thus, it can be concluded, based on the majority opinion that, there was no significant change in the level of skimming activities within Covered entities in the public sector for the past three years.

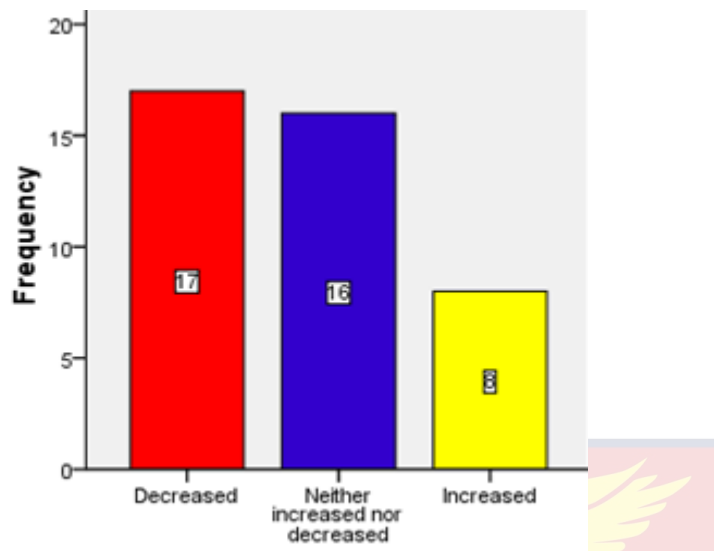


Figure 12: A 3–Year Trend Bar Chart on Payroll Fraud
Source: Author’s construct (2019)

In Figure 12, out of the 41 respondents (Internal Auditors), seventeen (41.5%) of them indicated that fraudulent activities in relation to payroll fraud decreased within Covered entities in the public sector for the past three years, while sixteen (39%) were of the view that there was neither an increase nor decrease in the level of payroll fraud within Covered entities in the public sector during the last three years. Eight (19.5%) however, were of the view that payroll fraud, during the last three years, were on the rise within Covered entities in the public sector. Based on the majority opinion, it is concluded that payroll fraud, in response to Internal Auditors’ effort, decreased more than increased for the immediately past three years within Covered entities in most of the firms in the public sector.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents a summary and conclusions of findings of the study. Besides, this chapter proffers to policy makers and managements of State Enterprises, some recommendations based on the findings.

Summary of the study

The study assessed the relationship between internal audit functions and fraud detection, prevention and reduction within Covered entities in the public sector. Specifically, the study examined how the systems of controls influence Internal Auditors' fraud prevention, detection and reduction skills within Covered entities in the public sector. The second objective assessed the relationship that exists between risk management and governance process and Internal Auditors' fraud prevention, detection and reduction potentials within Covered entities in the public sector. The third objective ascertained the level of influence that enactments, policies, standards and procedures lent to Internal Auditor's fraud prevention, detection and reduction exposure within Covered entities in the public sector. The fourth objective examined whether internal Auditors' report against an employee or a Principal Spending Officer involved in suspected fraud or misuse of public funds, does influence internal Auditors fraud prevention, detection and reduction possibilities.

While the fifth objective analysed a three year trend of data, to generalize as to whether there have been any remarkable achievements, of a tolerant level in Internal Auditors' fraud prevention, detection and reduction in the Covered entities of the public sector, due to the influence of internal audit functions.

In addressing the above-mentioned objectives, the study reviewed relevant empirical and theoretical literature related to the topic. Empirical works in relationship to internal audit structures, functions, public sector internal auditing and the relationship between internal audit function and fraud prevention, detection and reduction were reviewed. The whole concept of fraud was equally exhausted.

The study adopted the quantitative research approach, and using descriptive research design, the study discussed how certain Internal Auditors' functions related to fraud prevention, detection and reduction.

The population for the study comprised all Internal Auditors within Covered entities in the public sector of Upper West Region in Ghana. Premised on the total number of 41 Covered entities sampled for the study, 41 questionnaires were dispatched and all 41 were duly filled and returned as expected.

Respondents' characteristics were analysed using descriptive statistics. Statistical tools such as frequency tables, bar charts and percentages were used to present the responses.

In examining the influence that internal controls have on Internal Auditors' fraud prevention, detection and reduction skills, the study found that systems of internal control greatly influenced Internal Auditors' fraud prevention, detection and reduction.

In assessing the relationship between risk management and governance process and fraud prevention, detection and reduction, the study discovered that there existed a strong relationship between risk management, governance process and Internal Auditor's fraud prevention, detection and reduction.

The study also found that enactments, policies, standards, systems and procedures influenced Internal Auditors' ability to prevent, detect or reduce risk.

It was also noted in the study that reports by Internal Auditors of any suspected frauds or misuse of public funds to responsible authorities helped them to prevent, detect or reduce fraud in the public sector.

The study also revealed that for the past three years, fraud indicators like cash on hand fraud, corruption, and fraudulent expense reimbursement were on the rise in Covered entities in the public sector; while, fraudulent billing, cheque tempering and payroll fraud were found to be decreasing within Covered entities in public sector for the past three years. Meanwhile, fraudulent statements, non-cash fraud, fraudulent registered disbursement, cash larceny and skimming were found not to have recorded any significant change in occurrence for the past three years.

Conclusions

Since evidence from the study indicated that majority of the internal auditors within Covered entities of the public sector in the Upper West Region strongly agree that systems of controls influence Internal Auditors' fraud prevention, detection and reduction skills, it can be concluded that, within Covered entities, where strengthened control system persist, Internal Auditors' ability to prevent, detect and reduce fraud can be facilitated.

Besides, within Covered entities of the public sector, where risk management and governance can be instituted, Internal Auditors will be effective in preventing, detecting and reducing fraud as it was also clear from the findings that, Internal Auditors in the public sector of Upper West Region

strongly agreed that, there exists a relationship between risk management and governance process and Internal Auditors' fraud prevention, detection and reduction.

The study also makes the inference that, within Covered entities in the public sector where enactments, policies, standards and procedures are entrenched, Internal Auditors function in relation to fraud prevention, detection and reduction will be expedited and vice versa, since Internal Auditors strongly agreed that enactments, policies, standards and procedures influenced Internal Auditors' fraud prevention, detection and reduction exposure within Covered entities in the public sector.

Furthermore, it was revealed from the study that, Internal Auditors strongly agreed that Auditors' report to the responsible authorities of any incident of suspected fraud or misuse of public funds helped to prevent, detect and reduce fraud. It can therefore be deduced that within Covered entities in the public sector where Internal Auditors reported suspected fraud and or misuse of public funds, the probability of curbing fraud will be higher relative to those Covered entities where Internal Auditors condoned with perpetrators of fraudulent activities.

The study also infers, premised on the findings for the fifth objective that, on the average, the incident of most of the corruption indicators within Covered entities in the public sector, has been stabilized due to the influence of Internal Auditors' functions.

Recommendations

On the basis of the findings of this study, the study makes the following recommendations: Management of public sector entities must work

with Internal Auditors to institute robust and strengthened systems of control within the Covered entities, as strengthened internal control systems were found to impact positively on Internal Auditors' fraud prevention, detection and reduction.

Besides, the management must review Internal Auditors' opinion about the effectiveness of their governance process and risk management efforts which were found to foster Internal Auditors' efforts in preventing, detecting and reducing fraud within Covered entities in the public sector.

Furthermore, the study recommends that management within Covered entities of the public sector should enforce enactments, policies, standards and procedures, which the study identified as being helpful for Internal Auditors, to easily detect and curb any fraud related practices.

More so, the management of public sector entities must work with the internal auditors to institute stringent policies to prevent and detect fraud in relation to cash on hand, corruption, expenses reimbursement and cash larceny which were reported by the study to be on the rise in the last three years.

Suggestions for Further Studies

Further studies can focus on a comparative study of public and private sector entities as well as implementation of the core internal audit principles to ascertain which sector's internal audit unit is more effective than the other.

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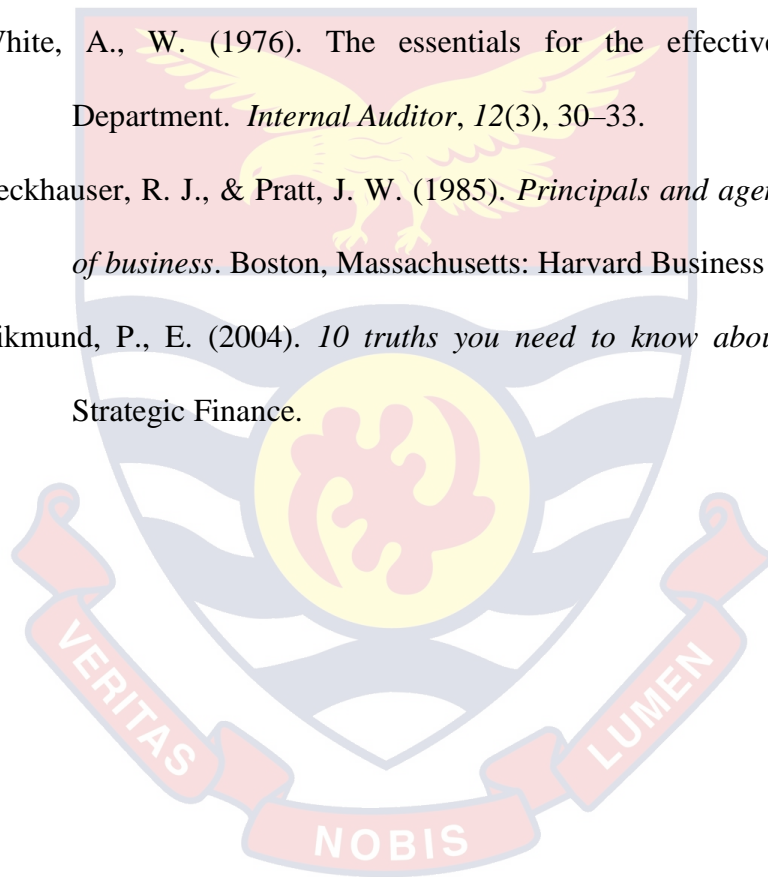
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APPENDIX A

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING

**Questionnaire on Internal Audit Functions, Fraud Prevention, Detection
and Reduction in Covered Entities in the
Upper West Region of Ghana**

Sir/Madam,

The purpose of this instrument is for the solicitation of data for the facilitation of a dissertation production. This work intends to assess whether the potentials of Internal Auditors' functions are proactive enough to prevent, detect and reduce fraud in the public institutions. The dissertation is in part a demand for the award of a Master of Business Administration in accounting.

The data being requested for would only be used to produce the intended dissertation mentioned earlier. This exercise is under the regulation of the essential principles and benchmarks set on researchers' interactions with respondents. Every data gathered per this questionnaire is anonymously done, and would not be shared. Respondent should be rest assured of their privacy, **since individual details do not form part of the data on solicitation.**

Finally be informed that, this research will not need to give out data received from respondents to lead to non-compliance with the confidential principles regulating research works. The data shall not be applied on issues except that, which is known to you.

Thanks in advance.

PART I: DEMOGRAPHICS

Please read each question carefully and choose the appropriate answers *by ticking* $\{\sqrt{\}$ in the appropriate box corresponding to the chosen item.

- 1. Gender;** Male
- Female

2. Age

- 20 -25 years
- 26-30 years
- 31-35years
- 36-40 years
- 41 -45 years
- 46-50 years
- 50 years and above

3. Years of experience in internal audit department

- 1- 4 years
- 5 – 8 years
- 9 and above

4. Which organization do you work?

- Local Government; DA, MDA etc.
- Ghana Education service
- Health Service
- Controller and Accountant General's
Department (CAG-D)
- Ghana Revenue authority
- Colleges of Education

- Polytechnic []
- University []
- Electricity Company []
- State others if any.....

5. Position held in your organization

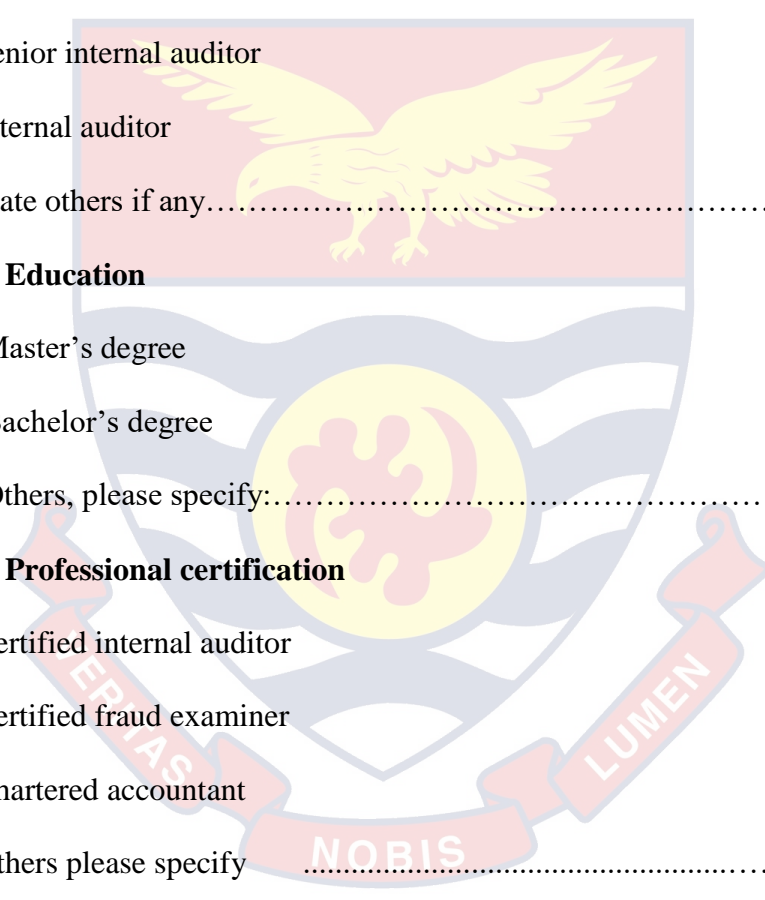
- Chief Internal Auditor []
- Principal internal auditor []
- Senior internal auditor []
- Internal auditor []
- State others if any.....

6. Education

- Master's degree []
- Bachelor's degree []
- Others, please specify:.....

7. Professional certification

- Certified internal auditor []
- Certified fraud examiner []
- Chartered accountant []
- Others please specify.....



PART II: Incidence of Suspected frauds experienced in your work place or formal/informal reports on fraud information shared with you from various sources for the past three years in Ghana, showing the trends of occurrence (here, one is not restricted to only an option, hence, tick as many as possible, if applicable).

Type of fraud experienced:	Trends of occurrence	
	Decreasing By 5% yearly	Increasing by 5% yearly
Cash on hand	[]	[]
Corruption	[]	[]
Billing	[]	[]
Expenses reimbursements	[]	[]
Fraudulent Statements	[]	[]
Non-cash	[]	[]
Register Disbursements	[]	[]
Cash Larceny (the crime of stealing things that worth only a small amount of money)	[]	[]
Cheque Tempering	[]	[]
Skimming (the crime of stealing money from Some one's credit card)	[]	[]
Payroll	[]	[]
State others if any.....		

PART III; Internal control system

The following statements are used to elicit data, to examine how the system of controls influence, internal auditors’ fraud prevention, detection and reduction skills in the public sector.

Please indicate your agreement or otherwise with each of these statements ***by ticking*** $\{\sqrt{\}$ the appropriate number, using the following scale: 1 = Strongly Disagree; 2 = Disagree; 3= Agree; and 4= Strongly Agree.

S/N	Statement	1	2	3	4
1.	Internal controls are strategies put in place by management to prevent or minimize fraud to some extent.				
2.	Internal auditors’ presence and review of an organization’s internal controls, activates their fraud prevention, detection and reduction skills.				
3.	Employee’s awareness of Internal Auditors presence and ensuring strong controls in place can deter these employees from fraudulent deals, for fear of being caught.				
4.	Internal Auditors do detect fraud in covered entities identified with weak internal controls system in place.				
5.	Internal Auditors’ constant appraisal of an entity’s internal controls may be capable of enhancing their fraud reduction skills.				

PART IV; Risk management and governance process:

The following statements are used to elicit data, to assess the relationship that exists between risk management and governance process, and internal auditors' fraud prevention, detection and reduction potentials in the public sector.

Please indicate your agreement or otherwise with each of these statements **by ticking** the appropriate number, using the following scale: 1 = Strongly Disagree; 2 = Disagree; 3= Agree; and 4= Strongly Agree.

S/N	Statement	1	2	3	4
1.	Fraud and corruption may be considered as key risks that need to be managed in every organisation.				
2.	Internal Auditors presence and review of an institution's operations could expose them to a lot of risks elements,				
3.	Internal auditors' constant evaluations of risks may help them in supressing the key fraud risks.				
4.	Public sector governance may include activities that ensure appropriate behaviour of government officials in reducing corruption.				
5.	Internal Auditors presence and review of an organisation's governance could help strengthens the organisation's governance process.				
6.	Internal Auditors continuous evaluations of an entity's governance process could help to close loop holes that facilitate corruption.				
7.	Strengthened risk management and governance process may therefore help to reduce fraud in Covered entities.				

PART V; Enactments, Policies, Standards, Systems and Procedures:

The following statements are used to elicit data, to ascertain the level of influence that enactments, policies, standards, systems and procedures lent to, internal auditor’s fraud prevention, detection, and reduction exposure in the public sector.

Please indicate your agreement or otherwise with each of these statements ***by ticking*** $\{\sqrt{\}$ the appropriate number, using the following scale: 1 = Strongly Disagree; 2 = Disagree; 3= Agree; and 4= Strongly Agree.

S/N	Statement	1	2	3	4
1.	Enactment, policies, standards, systems and procedures ensure compliance in the administration of public funds.				
2.	Internal Auditors presence and constant evaluations of an entity’s operations help in the detection of acts of non-compliance				
3.	Internal Auditors are able to detect fraud through gross non-compliances of public finance officers.				
4.	Internal audit functions on the enforcement of statutory regulations, gives them the exposures to mitigate both the incidence of fraud and corruption risks.				
5.	Internal Auditors constant evaluations of statutory guidelines for compliance, gives them the exposures to identify the areas of fraud risks.				

PART VI; Reporting of any incidence of suspected fraud or misuse of public funds to the responsible authority;

The following statements are used to elicit data, to examine whether internal Auditors' report against an employee or a Principal Spending Officer involved in suspected fraud or misuse of public funds, does influence internal Auditors fraud prevention, detection and reduction possibilities.

Please indicate your agreement or otherwise with each of these statements **by ticking** $\{\sqrt{\}$ the appropriate number, using the following scale: 1 = Strongly Disagree; 2 = Disagree; 3= Agree; and 4= Strongly Agree.

S/N	Statement	1	2	3	4
1.	Section 83(9-10) of the Public Financial Management Act 2016 (Act, 921) mandates the Internal Auditor to report an employee or a Principal Spending Officer of any suspected fraud or abuse of public funds.				
2.	If all the employees are made known of this mandate, some may hint the Internal Auditor about hidden issues not known.				
3.	Officers that are potential subjects of this reporting, for fear of being stigmatised are likely to abstain from fraudulent acts.				
4.	At the instance of the above submissions, the Auditors' reports may serve both as deterrent and preventive measures to fraud perpetrators.				
5.	Internal Auditors with such reporting mandate could make them effective in deterring and preventing fraud.				