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INTERNAL AUDITORS AND FRAUD DETECTION IN CAL-BANK

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Abstract

This study investigated the role of internal auditors in preventing and identifying fraud at Cal-Bank Limited in Ghana using a descriptive survey research design with a sample size of 100 respondents. The study found that internal auditors play a vital role in identifying and preventing fraud and that inadequate fraud policies, training, auditing experience, weak book- keeping, and insufficient employee criminal background checks contribute to fraud. Despite using internal control systems and software to combat fraud, the audit department faced challenges such as a lack of audit manuals and frequent management override of internal controls. The study recommends implementing adequate criminal background checks before employing staff and providing the audit department with resources, training, and independence to combat fraud effective.

Keywords

Cal-Bank, Internal Audit, Fraud, Audit Manuals

INTRODUCTION

Background to the Study

Internal auditing can be described as a standard administrative practice that comprises thorough examination of all publicly available records, a physical count of all assets, and a report to the shareholders of the company, the board of directors, management, and external auditors (Kyalo et al., 2016). Globally, many businesses have come to see internal auditing as a key part of proving they are being responsible with their money. Companies in both the developed and developing worlds have established internal procedures to combat the rising tide of financial fraud. Internal auditors that are both competent and professional can-do wonders for a company's bottom line (Aderibigbe & Dada, 2017). There is an immediate connection between the internal review practices used by companies and their financial performance, independent of any external factors (Morgan, 2015).

According to Arens et al. (2020), financial fraud is a major drag on the profitability of businesses worldwide. Estimates put the annual economic cost of fraud at more than $650 billion, a sum borne by businesses all around the world (ACFE, 2016). Firms in today's highly competitive market need to find ways to generate profits despite the internal and external expenses associated with fraud. The cornerstone of an efficient and effective business is the establishment of financial management systems and the hiring of external auditors. For a company to improve its financial standing, it must rely on its own internal systems (Nila & Viriyanti, 2018).

Fraud scandals has hit major corporations like Enron, American Insurance Group, WorldCom, and Tyco, because it is one of the most challenging and unsolved matters for businesses, governments, and NGOs around the world. Shareholders were left asking how they could have been caught off guard in the wake of massive fraud scandals like those at Enron, Tyco, American Insurance Group, and WorldCom. It was also clear that the deception they experienced was not the work of a lone perpetrator. Every year, billions of dollars are lost due to fraud in the banking business (Fatoki, 2015). Researchers in Nigeria have shown that fraud played a significant role in many banks' financial difficulties and poor performance (Austin, 2018). Some banks in Ghana, including Capital Bank and UT Bank, have failed due to fraud (Agbigbi, 2016). Accordingly, it appears that fraud has severely damaged the foundations of the international monetary system (Agbigbi, 2016).

None of the financial institutions studied were found to be completely safe from fraud, and studies also

suggest that the average organisation loses between 5% and 7% of its yearly income due to fraud (Samociuk et al., 2019). Banking fraud might be greatly reduced if management took the time to develop preventative measures, identify common fraud schemes, and set up efficient control mechanisms. The risk of fraud can be mitigated in the most efficient way by conducting an internal audit (Association of Certified Fraud Examiners, 2018). This is due to internal audit's one-of-a-kind function of advising management and the board on how to recognise, assess, and counteract threats to the organization's security (Institute of Internal Auditors, 2021). Although individuals in charge of governance and management are ultimately accountable for fraud management, internal auditors can evaluate and follow the probability of misrepresentation as well as the risk of exposure to fraud according to International Professional Practice Framework Standards. In order to detect fraud, internal auditors need to have a wide range of skills and competence. Given this context, the review's essential goal is to investigate the capability of the internal auditor in the battle against and recognition of monetary misrepresentation.

Statement of the Problem

The banking industry in Ghana has played an important role in the country's economic development and continues to do so now. Recently, however, fraud has become an increasingly serious problem in Ghana's financial system, causing the failure of a number of institutions. There is a high occurrence of fraud in the banking sector due to insufficient application of internal controls, according to Sharma and Panigrahi (2021). Bank of Ghana in 2018 established Consolidated Bank of Ghana Limited to assume control of five failing banks experiencing financial difficulties as a result of allegations of fraud against senior bank officials. Recent panic withdrawals by certain bank clients, as well as the researcher's own observations, suggest that individuals in Ghana are losing interest in the banking industry (Ghana Banking Survey, 2018).

Multiple studies have been conducted on the topic of internal audit and fraud detection, but the outcomes have either been inconclusive or have neglected to integrate certain aspects of internal audit dimensions in the banking industry. A forensic accounting study was conducted on the detection and prevention of fraud in the public sector by Michael and Rotich (2015), Okoye and Gbegi (2020), and Moses and Lucky (2019). While Hakami et al.'s (2020) research on fraud detection concentrated on the Gulf Cooperation Council, Linnea and Magdalena's (2018) study of Swedish service firms employed a qualitative approach. Internal Audit and Internal Control Systems of Banks in Turkey is the subject of Argun's (2018) study. According to Okonkwo et al. (2021), ineffective internal control systems are a primary cause of fraud in the banking industry. Le and Tran (2018) additionally demonstrated that the COSO framework was originally conceived of as a means of fraud prevention.

The factors influencing auditors' fraud detection abilities, GN bank (now GN savings and Loans) had an effective control system to detect and prevent fraudulent acts and practices in the Ghanaian context, Owusu et al., (2017). High implementation costs for internal control systems in banks, according to a study by Agbigbi (2016), are a major cause of their ineffectiveness. According to research by Yakubu (2017), the likelihood of an internal auditor detecting fraud is influenced by factors such as the auditor's experience, education level, in-administration preparing, information on data and innovation, the association in which the respondent works, and the control climate.

Le and Tran (2018), along with other studies like Ebrahim, Abdullah, and Faudziah (2018), Subhi and Alaswad (2020), Hysen et al., (2017), Teku, Michael, Edward, Koffour, and Gentle (2019), and others, failed to adequately incorporate the responsibilities internal auditors play on fraud detection in banking businesses. Finally, it appears that the role of internal auditors in the detection and prevention of fraud at Cal-bank of Ghana has not been the subject of any research. This calls for an analysis of internal auditors' and fraud detection at Cal Bank in Ghana.

Purpose of the Study

The purpose of the study was to look at how internal auditors can help with fraud detection and prevention in Ghana's banking sector.

Research Objectives

There are four sub-goals that make up this overarching goal. The study had four distinct goals, which are:

1. assessed the role of internal auditors in detecting and preventing fraud in CAL-bank of Ghana
2. identified the causes of fraud prevalence in CAL-bank of Ghana
3. evaluated the internal control systems utilised by internal auditors to detect and prevent fraud in CAL-bank of Ghana
4. assessed the challenges that internal audit department of CAL bank face in detecting and preventing fraud

Research Questions

Based on the research objectives, the study sought to address the following research questions:

1. What role do internal auditors play in detecting and preventing fraud in CAL bank of Ghana?

2. What are the causes of fraud in CAL bank of Ghana?
3. What are the internal control systems internal auditors utilised in detecting and preventing fraud in CAL bank of Ghana?
4. What challenges do the internal audit department of CAL bank face in detecting and preventing fraud?

Hypothesis
The hypothesis below is formulated to achieve the first specific objective of the study.
H_0: There is no significant relationship between internal auditor's role and fraud prevention and detection in financial institutions.

Significance of the study
Internal auditors, management, and directors at Ghanaian financial institutions will find this study of significant interest and benefit. The study's findings will assist internal auditors in banks in implementing various techniques for detecting and avoiding fraud and errors. Furthermore, it is believed that the study's findings would help internal auditors better their ability to detect fraud, increase their efforts to meet consumer expectations, and remain competitive in an ever-changing and dynamic corporate world. In terms of policy and procedures, the study's findings are expected to be useful to Cal-bank management in maintaining an augmented regulated setting by assisting management and employees in developing and maintaining an environment that can help employees have a positive mindset toward internal control systems. Finally, the study will contribute to knowledge, assisting future studies on the same problem. This study may be used by researchers as a secondary information of literature for their research work.

Delimitation of the Study
This study examined empirically internal auditors and fraud detection in financial institutions in Ghana. Contextually, the study sought to cover causes of fraud, roles of internal auditors in detecting fraud, and the challenges faced by auditors in detecting fraud. Geographically, the study is delimited to internal auditors of Cal-bank in Ghana.

Limitation of the Study
The study's limitations were primarily caused by the tools utilised to collect data. Because the questionnaire asked auditors to assess their role in fraud detection and prevention, they can pretend to have unwanted skills and functions. The bank staff responses can be influenced by fear of losing their job and hostile relationship from their employers. The effect of these can significantly affect the authenticity of the findings. The researcher however ensured the staff of their anonymity. The research respondents were assured that, the report of this study will be used for only academic purposes and nothing else. This helped to obtain candid views of the internal auditors in the bank under study.

Organization of the Study
The research is divided into five major chapters. The first chapter discusses the study's introduction, background, problem statement, purpose of the investigation, research questions, study delimitation, study restrictions, and study organization. The second chapter reviewed relevant literature. It examines theoretical foundations, conceptual reviews, and empirical reviews that are relevant to the study. The third chapter focuses on the approach used for the study. Thus, the research design, study population, sample and sampling techniques, data collection tools, data gathering procedures, and data analysis procedures. The outcomes of the field data is presented and discussed in Chapter Four. The summary, conclusions, recommendations, and proposals for further research is be covered in chapter five.

LITERATURE REVIEW

Introduction
Here, the researcher identified and evaluated relevant previous studies related to the research. The theoretical framework focused on theories related to fraud. The conceptual review also addressed issues such as the notion and meaning of fraud, different types of fraud, detection and prevention obstacles, internal controls, and fraud prevention measures and systems. The empirical review was conducted in order to compare the findings of this study with those of other comparable studies in order to either corroborate or refute early researchers' findings.

Theoretical Review
There are various theories that are used to explain the existence and management of fraud. Among the popular ones used for this study are: Fraud Triangle theory and the Cognitive Approach theory.

Fraud Triangle Theory

Whenever and everywhere fraud is discussed or analysed, the Fraud Triangle is used. To explain why people do the things they do, criminologist Cressey (1953) proposed this theory. Cressey (1953) argued that the coexistence of three factors pressure, opportunity, and rationalization are necessary for fraud to take place.

Pressure

Most people, according to Crew (2015), need to feel pressured into committing a crime. It's not necessary for this pressure to make sense to everyone looking in, but it does need to be there. Money issues, gambling debts, substance abuse, large medical costs, and greed are all examples of sources of stress cited by Crew (2015). Albrecht, Albrecht, and Albrecht (2008) state that pressure or motivation can be financial or non-financial, and they list some examples of perceived financial pressures that can motivate fraud, such as personal financial losses, falling sales, inability to compete with other companies, greed, living beyond one's means, personal debt, poor credit, the need to meet short-term credit crises, inability to meet financial forecasts, and unexpected financial needs. The desire to present better outcomes than real performance, unhappiness with work, and the challenge to beat the system were all cited as examples of non-financial pressure. Albrecht et al. (2008) argue that CEOs who believe they would be detected and punished are less likely to commit fraud, even in the face of significant constraints.

Financial, non-financial, political, and social pressures are all examples of pressure, according to Murdock (2008). Another kind of non-monetary pressure, according to Murdock (2008), is a lack of personal discipline, which can lead to vices including prostitution, gambling, and substance abuse. Political and social pressure, on the other hand, manifests itself when individuals believe they are unable to appear to fail because of their social standing or reputation. According to the definitions and descriptions given above, felt pressure can be broken down into four distinct types: internal, occupational, external, monetary, and non-monetary.

Opportunity

The second indicator for fraud to take place is a chance that is interpreted as favourable. Opportunity is defined by Wilson (2004) as the freedom from normal fraud prevention measures. Opportunity is defined by Rae and Subramanian (2008) as the capacity and authority of an insider to identify and exploit vulnerabilities in the organization's control structures in order to commit fraud. For fraud to occur, criminals need both the ability and the opportunity to do so. The thinking is that once an individual is in a position of trust, learns where the internal controls are lacking, and has enough information to perpetrate fraud, that individual will commit fraud (Singleton and Singleton, 2010). Cressey (1953) argues that an individual's ability to recognize that a non-shareable problem can be resolved by violating the position of trust is contingent on the individual's prior acquisition of the technical information necessary to commit fraud. He went on to say that people are more likely to commit fraud when they have a smaller chance of being discovered (Cressey, 1953). In addition, Mock and Turner (2005) state that financial fraud cannot take place regardless of how intense the pressure is.

Rationalization

According to Rae and Subramanaim (2018), rationalisation is the process by which an individual excuses dishonest or immoral action. The perpetrator rationalizes his or her theft by telling themselves that they will soon be borrowing the stolen items or that they need the money more than the "giant company" from which they are stealing (Crews, 2015). According to Cressey (1953), most fraudsters are first-time offenders with clean records, and as a result, they view themselves as regular, upstanding citizens who have just gotten unlucky. This, according to Cressey (1953), allows individuals to rationalize the criminal act in their own minds. Fraudsters and trust-breeders, for example, said in a study by Cressey (1953) that they were always aware of the illegality of their actions but fooled themselves into thinking they were legitimate.

In addition, since it is hard to know what someone is thinking, seeing rationalization is a challenge. The fraud triangle theory postulates that there are three primary factors that contribute to the prevalence of fraud in institutions. Pressure/incentive, opportunity, and reasoning are the three factors that truly determine whether or not someone will commit fraud. Since this theory provides a helpful framework for businesses, and notably financial institutions, to assess their susceptibility to fraud and errors, it served as the theoretical foundation for this research (Cressey, 1953). Therefore, the first step in combating and reducing fraud is to have an understanding of its root causes, motivations, and perpetration.

Cognitive Approach theory

This theory was brought to prominence by Donald Broadbent in book titled; Perception and Communication in 1958. Red flags and other informational signals of dishonesty, such as those proposed by the Cressey triangle fraud hypothesis, are commonly used in the detection of fraud. Non-cognitive approaches to fraud and error detection have been called into question by auditing and psychological studies. The ability of internal auditors to spot fraud is the focus of the Cognitive Method Theory. CAT, or Cognitive Approach Theory, is a body of psychological

research on the detection of auditor fraud. This idea proposes that auditors, in their efforts to detect and prevent fraud, should take a cognitive approach. Thus, the theory seeks to shift auditors' attention from information signals indicating the presence of fraud to a more thorough knowledge of the cognitive or mental processes through which persons recognize, evaluate, and assess information that may suggest misrepresentation (O'Sullivan, 2017).

The theory proposes that auditors may overcome the challenge of fraud detection by drawing on their own experiences with deceit to learn how to see red flags. This information is conveyed to auditors in the form of broad detection methods that provide light on the ways in which particular agents or fraudsters may be misrepresenting their activities (Gigerenzer and Todd, 2000). There is a necessity for auditors to have sufficient understanding of a specific environment or field through education and work experience in order to apply the identification techniques to that environment, such as the evaluation of financial accounts. Learning to make the connection between the two types of data requires cognitive processes, as there are few occasions for a professional auditor to do so explicitly in the course of their work (Loebbecke et al., 1989).

According to this idea, in order for auditors to effectively uncover fraud, they must employ the same intentional and misleading technique utilized by deceivers or fraudsters. The investigator (here, the auditor) must solve the inverse issue of identifying the deceit made by the deceiver, as Wilks and Zimbelman (2019) explain. The deceiver solves the difficulty of establishing a deception by employing knowledge about the victim's manner of thinking and behaviour. As a result, the deceiver takes use of information signals by adopting an intentional posture in order to throw off his target. The detector "reverse engineers" the clues provided by the deceiver and assigns them to the various indications of an attempt to mislead. Identification methods are learned through experience. It's not necessarily learned through direct experience with fraud, but rather through general familiarity with deceit. Auditors, like everyone else, are vulnerable to acts of deceit, both as the deceiver and the intended victim (Ceci, et al., 2018).

To deal with potentially deceptive adversaries, social agents like auditors develop expertise in detecting the deceptions produced by others (Vasek, 2016). In the case of fraud detection, auditors evaluate references found in financial statements in the context of management targets assigned and possible strategies used by management to manipulate the information being analysed. In conclusion, CAT examine the mental or cognitive process behind fraud, whereas the fraud triangle does not. Here, in order to spot fraud, the auditor must adopt the mindset of the perpetrator. In order to better comprehend the motivations of those who engage in fraudulent activity, the Auditor draws on both his experience with and knowledge of deception. One of the fundamental foundations of this investigation is a psychological theory.

Conceptual Review

The conceptual review also focused on issues such concept and meaning of fraud, types of fraud, fraud prevention and detection challenges, internal control, and fraud prevention measure and tools.

Concept of Fraud

The term "fraud" has no single definition. It has been defined differently by scholars, researchers and authors. Fraud has been linked to activities such as embezzlement, financial misrepresentation and mismanagement, extortion, illicit amassing of money by dubious methods, act of deceit, bribery, fake information, theft, and hiding of material fact (Olatunji & Adekola, 2017). According to Mutesi (2021), fraud is any act of illegal deceit, dishonesty, or falsification committed by an individual or organisation with the intent to change facts for the purpose of gaining an unfair financial benefit for themselves. Adeyemo (2019) agrees, defining fraud as any criminal act marked by dishonesty, concealment, or violation of trust. These deeds can be performed without resorting to intimidation, violence, or physical force. But according to Osisioma (2017), fraud encompasses any and all of the creative ways that one person uses to benefit at the expense of another. It encompasses a wide range of techniques for unfairly fooling another person, from surprise to trickery to cunning to blatantly lying. Osisioma further posits that, bank fraud encompasses any scheme devised with the specific intent of stealing money from a bank. In summary, fraud in the financial sector can refer to the deliberate use of deception or false information to obtain assets, money, securities, credits, or property from a financial institution.

Types of Financial Fraud

The internal auditor's ability to detect and prevent fraud depends on his or her familiarity with the different schemes that can go wrong. Different academics and researchers have proposed various classifications of fraud. In their taxonomy of fraud, Albrecht and Albrecht (2018) classify six distinct kinds, the first of which is "occupational fraud," which occurs when current or former employees commit fraud. Institutional or corporate management fraud describes the second category. The third type of fraud is investment scams, which are similar to management fraud in that they involve deceiving investors into making investments that turn out to be fraudulent. The fourth classification includes scams perpetrated by businesses that purport to provide goods or services but fail to do so because of inflated prices or non-delivery. One more classification describes fraud perpetrated by a company's customers. Miscellaneous fraud refers to any form of fraud committed for reasons other than financial gain and that does not fit into the preceding categories.

In addition, the ACFE (2016) categorises fraud schemes into three groups: (1) asset misappropriation, which includes things like cash theft, skimming, billing schemes, or exploitation of the organization's assets; (2) identity theft; and (3) financial statement fraud. Fraudulent financial statements, when the organization's finances are manipulated for personal gain, and corruption, wherein individuals abuse their positions of power, are examples of the latter. Misappropriation of assets and financial statement fabrication are the two primary types of fraud identified by Kennedy (2012). To put it another way, his classifications agree with ACFE's (2016)

Whether the fraudster is an employee or an outsider to the company is another way to classify the crime (Pan, et al., 2011). Insider fraud has become increasingly widespread in recent years (Haugen & Selin, 1999). Financial statement fraud, misappropriation of assets, intellectual property and trade secret theft, healthcare, insurance and banking fraud, and consumer fraud are the five forms of fraud identified by Larson (2016). Consequently, fraud can be broken down into subtypes according to factors including the type of offender involved, the targeted industry, and the method used to commit the fraud.

Causes of Fraud

The causes of fraud can also be categorized into the following:

Poor Fraud Policy and Training: Bonsu et al., (2018) state that when fraud policies and training to guide employees are lacking, employees will commit fraud.

Poor Remuneration: Inadequate pay and benefits might also lead to fraud. Inadequately compensated representatives or employees are often tempted to steal some of the management money and put it toward their own use, so that they can better meet their own basic economic demands (Bonsu et al).

Inexperience Personnel: When faced with unexpected extortion, inexperienced workers have little defense against falling for the many traps set by scammers (Bonsu et al). This means they simply cannot take the required precautions against fraud and error since they lack the expertise to do so.

Poor Book-Keeping: Mistakes in keeping the books might sometimes lead to fraud. The purpose of bookkeeping is to record and track monetary transactions for a business. Inadequate execution of this can lead to monetary fraud (Bonsu et al).

Failure to Check Employee's Background: The first line of defense against fraud is generally not an organization's practice of checking and screening its staff (Bonsu et al). Internal or employee fraud is on the rise in Nigeria, as reported by Samuel et al., 2018. As a result, these insider frauds may have been avoided with adequate employment screening and background checks.

Lack of Adequate Annual Auditing: Institutions are victimized by fraudulent acts as a result of failure of conducting auditing regularly (Bonsu et al).

Concept of Internal Control

Klynveld Internal control systems are defined by Peat Marwick Geordeler (KPMG, 2019) as "systems covering the policies, processes, tasks, behaviours, and other aspects of a company that, taken together, promote efficient and cost-effective operations by facilitating timely response to critical risk factors, enhance performance of internal and external reporting, and ensure compliance with applicable laws, regulations, and internal policies." Internal control, as defined by the Committee on the Standards of Conduct (2011), is a process commissioned by an entity's board of directors, management, and other personnel to provide reasonable confidence in the accomplishment of objectives in the following areas: (1) efficiency and the efficacy of operations; and (2) reliability of reporting and adherence to applicable laws and regulations. According to Harrison and Horngren (2018), internal control is the managers' strategy and integrated structure for maintaining authority over the entity. A company's internal control structure is the set of policies and procedures it has put in place to keep its assets safe, its employees obeying those policies, its operations running smoothly, and its books and records being accurate and trustworthy. An efficient internal control system safeguards the plan in two ways: (1) by discouraging and detecting errors before they balloon into major issues, and (2) by reducing the likelihood that accidental mistakes or intentional fraud may cause harm to the plan. Detective controls are able to accomplish this goal by uncovering errors or fraud after they have already occurred. Based on these definitions, we may conclude that internal control is a set of procedures and policies implemented by an organisation to ensure it runs smoothly, maintains accurate financial records, and abides by all relevant legislation. Internal control measures may not be able to eliminate all instances of fraud within an organisation, but they can aid in the process of discovering and preventing fraud.

Approaches to Internal Control

Two major schools of thought exist about internal control systems. We can classify these strategies as either structural or behavioral. When it comes to instituting effective control over organizational operations, the structural approach zeroes primarily on the requisite communication and organizational structures. Alternatively, the behavioral method uses human interaction as a means of establishing order inside an organization (Ansari, 2017). However, as Ansari pointed out, concentrating on one of these strategies leads to a disjointed end product. Structuralist theories, for instance, view exchanges of words and numbers as logical processes. There is consequently minimal opportunity for psychological and behavioral impacts. However, behaviorists contend that success with internal control is more likely once procedures are in place to check the activities of individuals. To more effectively achieve internal controls including financial statement dependability, effective and efficient operations, and compliance with applicable rules and regulations, Ansari developed an integrated strategy that encompasses both structural and behavioral methods.

Audit and the Role of Internal Auditors

A business entity's ability to prevent, identify, and diagnose fraud depends in large part on the results of regular audits. The functions of an internal auditing department fall on the shoulders of internal auditors. It's important to remember that auditors aren't responsible for making sure everything is in order behind the scenes or ensuring that the books are balanced; that duty belongs completely to management (Gramling & Myers, 2013). According to Lin et al. (2021), persons in positions of authority within an organization are primarily responsible for taking measures to deter and uncover fraud. Management relies on auditors to help them discover fraud, avoid mistakes, and enhance internal controls (Awe, 2015). Coderre et al. argued that it is the responsibility of both management and auditors to identify and avoid errors and fraud. The Chartered Institute of Internal Auditors (2021) outlines the duties of internal auditors as follows;

Evaluating Controls and Advising Managers

Everyone in an organization, from the mailroom to the boardroom, has a part in internal control, making the job of internal audit in evaluating these controls crucial. The role of the internal auditor spans from reviewing the organization's overall atmosphere and risk management model to reporting on the efficiency with which management policies are being put into action (IIA, 2021).

Evaluating Risks

As part of their auditing process, internal auditors identify and weigh the importance of critical processes and associated risk factors. The internal auditor's risk assessment is affected by shifting company and macroeconomic indicators. Internal auditing methods have evolved from a reactive, control-based style to a proactive, risk-based strategy. The internal auditor can look beyond the obvious problems and opportunities this way. (IIA, 2021).

Analyzing Operations and Confirming Information

Having the right systems, procedures, and people in place is essential for reaching goals and effectively managing an organization's important resources. Internal auditors collaborate with operational managers to analyze processes and report their findings. To see how the day-to-day activities of any particular department or division contribute to the organization's overall goals, it is imperative that the internal auditor be well-versed on the company's overarching strategic objectives (IIA, 2021).

Reviewing Compliance

To ensure that the organisation is following all relevant rules, regulations, laws, codes of practise, standards, and principles, internal auditors conduct compliance reviews (IIA, 2021). The goals of auditing, as stated by Awe (2017) and Oladipupo (2020), are to reveal and prevent fraud, as well as to aid in the enhancement of accounting and internal control procedures. Despite this, they emphasised the importance of conducting the audit in a way that would reveal any errors, fraud, or serious weaknesses in the client's systems. Similarly, Olatunji and Adekola (2017) list three roles for internal auditors: fraud detection, risk assessment, and prevention. Although it is not the auditor's responsibility to avoid fraud and error, the very fact that a yearly audit assignment is performed may strike fear into the hearts of would-be offenders or fraudsters and so operate as a deterrent.

Another point made by Olatunji and Adekola was that an auditor needs to consider the possibility that major misstatements were introduced into the financial statements due to fraud or error. Potentially deterring fraudsters is the fact that an internal auditor is openly discussing the presence of a fraud risk assessment (IIA, 2017 as cited in Olatunji & Adekola).

Internal auditors, according to Olatunji and Adekola, should develop audit procedures with a reasonable expectation of finding misstatements deriving from fraud or error that are material to the financial statements. This expectation should be based on the auditors' risk assessment. In order to ensure that no fraud or error has happened that could have a major impact on the financial statements, or that if it has, the effect of the fraud has been appropriately represented in the financial accounts, the auditor must collect sufficient acceptable audit evidence.

Challenges Faced by Internal Audit Profession

It is a long-term struggle for internal auditors to establish the internal audit's independence. Increasing emphasis on proper corporate governance has brought more attention to the work of internal auditors. Quality, innovation, talent, and relevance are identified by Anderson (2018) as the most significant concerns facing the audit profession. Having a quality mindset means beginning each day with the intention of improving upon the previous one (Anderson, 2018). Quality control efforts are unlikely to be successful so long as they are founded on workplace evaluation, performance reports, and language, as Anderson (2018) determined. More importantly, the profession's emphasis on lengthy working hours and hierarchical structure effectively limits the ability of young practitioners to participate in educated decision-making and reform. The second is new ideas, which are important to both the auditing firm and its clients.

According to Anderson (2018), creativity will be the primary mechanism by which internal auditors generate insights. The profession needs to step up and confront its practices if it wants to propel growth, be creative, and be relevant (Anderson, 2018). When conducting an audit, auditors will always look to the underlying data to help build their findings and conclusions about the organization being audited. Due to technology constraints, past audits could only cover a subset of transactions, giving auditors a limited picture of the whole business (Anderson 2018). Cloud-based audit tools, continuous auditing, real-time risk/compliance tracking, real-time practice tracking, cognitive aided decision making, and rigorous data analysis are just some examples of the innovations currently available to the auditing industry. However, the auditing industry continues to struggle with technical limitations because progress and creativity are not widely accepted (Anderson, 2018).

Talent, according to Anderson (2018), is the third type. Financial accountants and auditors are in high demand around the world. Although there are more students than ever before choosing accounting as a major, fewer of them are going on to earn professional certification in accounting and auditing (Anderson, 2018). It's a problem for accountants in general, but for auditors specifically, according to Anderson (2018). It's not just audit services themselves that are getting more complicated; the platforms on which they're delivered are too. Not only does this necessitate highly skilled auditors, but it also necessitates progressive businesses to engage data scientists, human resource professionals, engineers, and IT specialists to keep up with the times (Anderson, 2018).

Anderson (2018) identifies relevance as the last class of difficulties confronted by the audit profession. All audits serve a fundamental purpose, as the audited organization must undergo them in order to keep its financing or to satisfy regulatory obligations; nevertheless, this does not mean that all audits are equally relevant (Anderson, 2018). Relevance is crucial for the happiness and continued employment of the client or employer. Anderson (2018) suggested that when recruiting, firms commoditize the annual audit because owners and organizations view it as a cost or a necessary evil that is irrelevant and brings little or no value to the business. In the auditing industry, commoditization means that choosing an auditor or auditing firm is based solely on price (Anderson, 2018). The auditor's work is irrelevant unless it takes into account the client's specific circumstances, such as the audit committee's (or its equivalent) mandate, management's preferred approach to making decisions, and the industry in which the client operates (Anderson, 2018).

Internal auditors face a variety of problems, which Ngwenya and Kakunda (2014) break down as follows: a lack of audit manuals; inadequate management support; frequent management override of internal controls; a lack of resources; a blurry formal mandate; a lack of a clearly defined reporting structure and professional independence; and a lack of clear career development and training. They argue that internal auditors' happiness on the job is strongly impacted by these difficulties.

Empirical Review

Role of Internal Auditors in Fraud Detection and Prevention

Onoja (2019) examined the use of internal auditing methods and other means of preventing fraud in the local government bodies in Bauchi State. Primary and secondary sources were used to compile the data for the study. The core data for this study came from the internal audit departments of thirteen (13) different local governments, all of which completed online questionnaires independently. The records from the Bauchi state ministry for local government issues served as the secondary sources. Tables, percentages, Chi-square tests, and the Pearson Product Moment Correlation Coefficient were all utilised to examine the data and verify the assumptions. According to the results of the research, the internal audit unit in local government has taken steps to reduce the possibility of fraud, although they do not have complete autonomy to do so. The study found that local government internal audit units in Bauchi state were preventing fraud through internal audit techniques and processes, and that these measures had a positive impact.

Internal controls were analyzed by Ayagre et al., (2014), who focused on the management system and monitoring activities. The study found that senior management employees of the banks in Ghana are strongly committed to promoting internal control systems. The researchers also noted that internal audit divisions serve as the nerve centre of monitoring operations and are frequently viewed as impartial and objective in carrying out their duties.

An empirical study on the likelihood of detecting product process fraud in New Zealand was conducted by Owusu-Ansah et al., (2020). The authors used stratified sampling to collect data from 400 certified public accountants. An internal auditor utilised a conditional logit regression model to investigate drivers of fraud detection in order to determine the elements affecting an internal auditor's likelihood of finding fraud. Results from the regression analysis show that the size of the audit firm, as measured by the number of employees, the length of time the auditor has been in the role, and the number of years of auditing experience, are significant predictors of the likelihood of detecting stock and warehouse process fraud in New Zealand. The analysis also showed that the usual rates of 1% and 5% for auditor tenure and audit firm size are significant.

American accountants, internal auditors, and qualified fraud inspectors' use of fraud prevention and detection strategies was studied by Bierstaker et al. (2018). The results indicate that internal control analysis and enhancement, firewalls, virus and password security, and other similar methods are commonly employed to combat fraud. Survey sampling, data mining, forensic accountants, and digital research tools all get excellent marks for efficiency, but they aren't employed very often. The use of forensic accountants and digital analysis is one of the least common anti-fraud strategies, despite receiving the highest average effectiveness scores. They drew the conclusion that a shortage of company capital may be behind the underuse of such highly efficient methods.

Njoki (2016) conducted research to determine whether or not internal audit functions aid in the detection of fraud in Kenyan insurance firms. The study set out to determine how various proactive fraud audit, policy compliance, risk management, operational control, and financial reporting practices at insurance companies in Kenya affected the detection of fraud. To determine the statistical connection between study variables, a descriptive research strategy was used. The research used a census-style methodology, gathering data from each of Kenya's 41 insurance providers. The primary information was gathered through a combination of closed- and open-ended questions on a standardised questionnaire. Statistical Software for the Social Sciences was used in the analysis (SPSS Version 21). Descriptive statistics were used to summarise the data, and the t-test was used to determine whether or not there was a statistically significant relationship between the dependent and independent variables. Tables showed the results of the analysis. The statistical connection between variables was calculated using a multiple regression analysis. Proactive Fraud Audit, Compliance to Policies, Risk Management, Control of Operation, and Financial Reporting were found to have a statistically significant relationship with insurance fraud detection in Kenya. It was determined that insurance firms would fare better in today's dynamic marketplace if they implemented preventative fraud audit, compliance, risk management, internal control, and financial reporting systems. Insurance firms in Kenya were urged to take steps toward greater openness and accountability by implementing the study's suggested reforms, which include raising awareness among staff and policyholders about the perils of fraud, providing education and training on methods for detecting it, creating risk management strategies, and evaluating the effectiveness of existing internal controls.

Causes of Fraud in Organizations

The authors Vigneshwaran and Yokesh (2018) investigated the root reasons and methods for preventing banking fraud in India. Their research suggests that a number of factors contribute to fraud, including inadequate oversight from upper management, a flawed incentive mechanism, widespread collusion among employees, corporate borrowers, and third-party agencies, a lax regulatory framework, an absence of appropriate tools and technologies for identifying fraud red flags, a general lack of awareness among bank personnel and customers, and a lack of coordination between financial institutions in India and elsewhere. Some of the most common causes of fraud include the lengthy legal procedures required for reporting, as well as other systemic flaws.

Corporate fraud in Ghana's financial institutions was studied by Bonsu et al. (2018), who looked at its root causes, consequences, and potential solutions. Accounting, auditing, and management personnel were surveyed using questionnaires to find out what they think about the root causes of banking fraud and what kinds of measures can be taken to avoid it. It was found that incorrect compensation, a lack of adequate training and fraud policies, and a lack of internal controls all contribute to the prevalence of fraud in Ghana's banking sector. It was determined that the most effective means of combating fraud in financial institutions were the use of password protection at the organizational level, good compensation, background checks of employees, and adequate fraud training.

Khanna and Arora (2019) looked into the causes of bank fraud in India and the use of preventative security measures there. This research aims to examine the many factors that contribute to fraud within financial organizations. The results show that the primary causes of individual fraud are a lack of training, overworked employees, low pay, and a lack of compliance.

Challenges Internal Auditors Faced in Detecting and Preventing Fraud

As fraudulent actions in financial accounting spread across the global economy in the twenty-first century, Eze (2016) examined the shifts and difficulties of auditing in a related study. He used a desktop study method to discover that auditors in Nigeria's public and private sectors lacked the technical expertise necessary to combat fraud caused by information and communication technologies. In order to effectively prevent fraud, auditors will need to be taught and retrained in the ICT context.

Ngwenya and Kakunda (2019) looked at how difficulties with internal auditing in government agencies affected auditors' happiness on the job. The investigation employed a qualitative case study strategy. The research uncovered three major obstacles that internal auditors in the public sector must overcome. There is a shortage of resources, a lack of a defined reporting structure, a lack of professional independence, and insufficient career growth and training opportunities, to name a few of the difficulties auditors face. They hypothesised that internal auditors' happiness on the job was negatively impacted by these obstacles.

Egbunike and Egbunike (2017) research looked into whether or not internal auditors of public sector entities in Nigeria have difficulties due to issues including auditor independence, compliance with public fund management rules and regulations, and poor segregation of roles. The study used a survey research methodology, and its participants were accountants and auditors working for the Accountant-General and Auditor-General of Nigeria's Anambra State. The research used the Independent-Samples Mann-Whitney U Test method to check the hypotheses. Internal auditors of public sector firms have challenges in areas like independence and conformity with set out laws and regulations of public money management, but incorrect segregation of roles is not one of them, according to the study.

Summary of Literature Reviewed

Several empirical studies have been conducted on the topic under investigation. However, majority of these studies were conducted in the developed world. In the context of the developing world, majority of the studies conducted focused on the private sector with little attention in the banking sector. The reviewed literature further showed clearly the role of internal auditors in fraud detection and prevention in both the developed world and the private sector of the developing world. This has therefore triggered the researcher to investigate the role of internal auditors in fraud detection and prevention in the Ghanaian Banking Sector; using Cal-bank as a case study.

RESEARCH METHODS

Introduction

This section analyzed the research methods employed in this study. It included the research design, the population from which the sample was drawn, the sample and sampling technique, the research instrument, the data collection and analysis procedures as well as ethical considerations.

Research Design

A research design is a blueprint for carrying out research. It describes the steps required to collect the knowledge necessary to address a research challenge (Malhotra & Birks, 2007). This study utilised a descriptive research survey design. According to Gay (1987), the descriptive survey permits the collection of data to test hypotheses or answer questions about the current status of the subject of research. Fraenkel and Wallen (2000) define a descriptive survey as an effort to describe an actual situation without evaluating the relationships between variables.

Since descriptive research entails describing, recording, evaluating, and interpreting existing conditions, the knowledge gained from it can be significant or valuable for diagnosing a situation, they say. In a quick survey study, investigators or researchers deliver a questionnaire to a sample or the complete population in order to describe the attitudes, opinions, habits, or features of the population (Creswell & Clark, 2007). The researcher used the descriptive survey design for this reason. Despite its virtues, this design has a number of flaws. Fraenkel & Wallen (2000) identified various drawbacks related with its application. These include the possibility of overlooking the significance of the data.

According to them, this occurs when a researcher concentrates excessively on the breadth of coverage to the detriment of a sufficient explanation of the implications of those data for pertinent issues, problems, or ideas. Descriptive surveys may also dive into the private lives of respondents, which increases the possibility of incorrect responses and complicates the evaluation of the clarity and precision of questions that elicit the intended results (Fraenkel & Wallen).

Respondents were ensured of their anonymity and the confidentiality of their responses so that they could react freely and objectively, mitigating some of the impacts of the limitations associated with the use of a descriptive survey in the study. In addition, after administering the instrument, the researcher allowed ample time for responders to complete it before collecting it. This was done so responders may express their opinions accurately and candidly.

Research Approach

This study utilised a quantitative research approach. According to Glass and Hopkins (as referenced in Agbigbi, 2016), a quantitative approach necessitates gathering data and translating it into numerical form so that statistical computations can be performed and conclusions can be derived. The quantitative technique was adopted primarily to assist the researcher in quantifying the data collected on the role of internal auditor in fraud prevention and

detection in financial institutions. It also examined the relationship between the job of internal auditors and fraud detection and prevention in financial organizations.

Population

When conducting research, the term "population" refers to the larger group of individuals who share certain characteristics and to whom the researcher wants to apply the findings of the study (Fraenkel & Wallen, 2003). One hundred (100) respondents of Cal Bank – Ghana were included.

Sample and Sampling Procedures

It is generally believed that the primary purpose of sampling is to select element that accurately represent the total population from which the elements were drawn. A census method was used for the study. A census method refers to the complete enumeration of a universe. A universe may be a place, a group of people or a specific locality where data is collected (Farooq, 2013). According to Farooq census method of sample gives higher degree of accuracy in data; it helps the researcher to gather a lot of knowledge and it gives opportunity to have an intensive study about a problem. The researcher engaged 100 respondents from Cal Bank, which is made up of internal auditors and other staff members.

Data Collection Instrument

Questionnaire was used as the main research instrument. *Questionnaire was prepared and administered to the internal auditors of* Cal-Bank. *The questionnaire for the internal auditors comprised of four sections. Section A sought for biographic data. Section B found out* whether internal auditors have oversight responsibility to detect, prevent and investigate fraud *in* the Bank. Section C *explored the causes of fraud in* Cal-Bank. *Section D* evaluated the internal control systems, strategies and measures that internal auditor put in place to detect and prevent fraud occurrence in Cal-Bank. *And Section E* assessed the challenges that internal audit of Cal-Bank face in detecting and preventing fraud.

All other items on the questionnaire, with the exception of those dealing with background information, were constructed on a 4-point Likert-type scale. For example, questions or assertions on the questionnaire produced responses ranging from "strongly agree, agree, disagree to strongly disagree"

Data Collection Procedure

The researcher used one week for the administration and retrieving of the questionnaire. When the day was due, a meeting was held to explain the rationale and purpose of the study, and assurance was given that the data collected was solely for the purpose of research. The questionnaire was then administered to them. Questions that were not clear to the respondents were explained. This was done to ensure that fitting responses are elicited from the respondents.

Data Processing and Analysis

In analyzing the data, the questionnaire was serially numbered for easy identification. The questionnaire was coded to facilitate analysis. Responses to statements were coded using numerical values of 1, 2, 3, and 4 for each of the following: "strongly disagree (1), disagree (2), agree (3), and strongly agree (4)." The Statistical Package for Social Scientist (SPSS 26.0) was used to evaluate all replies for each item in the questionnaire. To evaluate Section A-D, the researcher used descriptive statistics such as percentages, frequencies, mean, and standard deviation. To test the hypothesis, inferential statistics were also used.

Ethical Consideration

Some steps have been taken to ensure respect for agreed ethical principles and procedures, transparency and confidence in the credibility of the report. To accomplish this, I included in the questionnaire's introductory paragraph to remind respondents of privacy and confidentiality. It also omitted questions related to the identity of respondents and their respective establishments. The findings of this study were objectively and honestly reported as these are the most significant and valuable aspect of research ethics. The results of this study were not distorted to fit any personal purpose of the researcher.

RESULTS AND DISCUSSION

Introduction

The purpose of this study was to assess the role of the internal auditors in fraud prevention and detection in Cal-bank of Ghana. The data gathered from the respondents of the bank were analyzed through the computation of descriptive statistics. This chapter presents the interpretations, discussion and inferences that were made from the output.

Demographic Characteristics of Respondents

Variable	Subscale	No.	%
Gender	Male	70	70
	Female	30	30
Age	26-35 yrs	30	30
	36-45 yrs	40	40
	46-55 yrs	30	30
Academic Qualification	1st Degree	30	30
	2nd Degree	70	70
Professional Qualification	ACCA	45	45
	ICA	55	55
Years of experience as an internal auditor	1 to 5 yrs	30	30
	6-10 yrs	40	40
	11-15 yrs	30	30

Table 1: Demographic Characteristics of Respondents

Source: Field Survey, (2022)

Table 1 indicates that 70.0 percent of the respondents participating in the study were males, while 30% were females. Most internal auditors were males and this could be due to the reduction of women in Ghana's accounting programs. It should be noted, however, that the gender disparity reported has been somewhat unintended but not deliberate. Again, about the respondents ' age, 30.0 percent were between 26-35 years, 40.0 percent were between 36-45 years, and 30.0 percent were between 46-55 years. Again, most internal auditors were in the range of 26-45 years.

In addition, it was found that 70.0 percent of internal auditors had a Master's (2nd degree) degree as their highest academic credential. 30.0 percent had bachelor degree (1st degree) 45.0 percent of the respondents had ACCA and 55.0 percent had ICA in terms of technical competence. This implies that all internal auditors were qualified and had the appropriate degree and professional qualifications for the position they held as Cal-bank internal auditors. Consequently, they were in a stronger position to provide the data required for this report.

With respect to years of experience as an internal auditor, 30.0 percent of respondents have work experience of 1-5 years, 40.0 percent have work experience of 6-10 years, and 30.0 percent have work experience of 11-15 years. It follows that within 11-15 years, a large number of the internal auditors had worked. This is important for the study as it is expected that they will be able to provide the appropriate information for the study in terms of their duty to detect and prevent fraud; causes of fraud; internal control mechanisms, methods and measures that they use to detect and prevent fraud; and challenges that they face in the study.

Internal Auditors and Fraud Detection in Cal Bank – Ghana.

The 4-point Likert scale used is interpreted as follows; 1= Strongly disagree; 2=Disagree; 3= Agree; and 4= Strongly agree. The responses given by the internal auditors are shown in Table 2.

Statements	M	SD
The responsibility of an internal auditor includes detection and prevention of fraud.	4	0.5
Fraud detection and prevention rest solely on management and not auditors.	1	0.5
Both management and internal auditors are responsible for detecting and preventing fraud and errors.	3	0.3
Internal auditors review compliance to ensure adherence to rules, regulations, laws, codes of practice, guidelines and principles.	3	0
Internal auditors detect misstatements arising from fraud or error which are material to the financial statements.	4	0.5
Internal auditors identify key activities and relevant risk factors and assess their significance.	3	0
Internal auditors help improve upon accounting and internal control systems.	4	0.5

Table 1: Internal Auditors Responsibility to Detect and Prevent Fraud

Source: Field Survey, (2022)

Overall Mean = 3.03 Standard deviation = .34

Table 2 indicates the internal auditors ' supervisory duty for detecting and preventing fraud at Cal-bank Limited, with an average of 3.03, it can be concluded that the majority of respondents wanted to find out their role in detecting and preventing fraud with most of the questions put to them. The average standard deviation of .34 suggests that there was no substantial difference between the respondents about their agreement to the statements

made to them. For the individual questions in Table 2 the following conclusions can be drawn.

The finding shows that most internal auditors accepted that their duties as internal auditors include fraud detection and prevention. It could be assumed, with an average of 3.50 and a standard deviation of.53, that the mean falls on a scale of 3 (agree). The standard deviation obtained indicates that in respect of this argument, the respondents differed. This result confirms the outcome of Olatunji and Adekola (2017) who argued that internal auditors ' roles include identifying and advertising measures that prevent fraud.

The majority of respondents have strongly disagreed that identification and prevention of fraud lies exclusively with management and not with internal auditors. For this element, a mean of 1.40 was obtained, and a standard deviation of.52 indicating that the respondents disagreed with the assertion. The explanation for this is that the mean falls on scale 1 (strongly disagree) looking at the scales given in Table 2. Nevertheless, this result contradicts the findings of Lin et al., (2019), who pointed out that the primary responsibility for fraud prevention and identification lies with those responsible for the entity's governance and the management.

The respondents also acknowledged that it is the duty of both management and internal auditors to identify and avoid fraud and errors. This is evident from the mean score of 3.10 for this object, and a standard deviation of.32. The mean is around 3 (agreement) which shows that the respondents agreed with the argument. The result is consistent with Coderre's (n.d.) view that it is the duty of both management and auditors to identify and avoid fraud and error. Similarly, the respondents overwhelmingly agreed that enforcement is reviewed by internal auditors to ensure compliance with rules, legislation, laws, codes of practice, guidelines and principles. It may be inferred, with an average of 3.00 and a standard deviation of .00, which the mean falls into the scale of 3 (accord). The fact that the standard deviation was. 00 suggests that all respondents agreed with the argument, hence there was no difference in the replies reported for the object.

Again, when the respondents were asked if internal auditors identify fraud-related or error-related misstatements that are relevant to the financial statements, they agreed strongly with the assertion. For this item, an average of 3.60 was obtained and a standard deviation of .52 indicating the respondents were strongly in agreement with the assertion. The high standard deviation reported for the item, however, suggests that not all respondents were firmly in agreement with the statement and there were differences in the answers received for that item. Furthermore, it remains that the majority of respondents were firmly in agreement with the argument. The result corroborates IIA's (2017) stance that an internal auditor should determine the risk that fraud or mistake may cause financial statements to contain material misstatements; and that the presence of a risk assessment for fraud and the fact that an internal auditor articulates its presence can also discourage prospective fraud perpetrators (IIA, 2017)

Additionally, the respondents were asked whether the internal auditors identified key behaviors and related risk factors and measured their significance. Unanimously, internal auditors agreed with both assertions. This can be seen from the realized mean of 3.00 and a standard deviation of .00. This also reported an average of 3.60 and a standard deviation .52 for the statement trying to find out if internal auditors are helping to strengthen accounting and internal control processes. Which means most of the respondents were firmly in agreement with that argument. That is because the mean falls to Scale 4 (strongly agreed). These results are consistent with IIA (2021) that internal auditors define main behaviors and related risk factors, and assess their importance as well as help strengthen accounting and internal controls.

It can be argued that the duty of internal auditors to identify and avoid fraud lies with oversight. It is because the respondents agreed with most of the comments that they got in that area. In line with this, the internal auditors accepted that their duties as internal auditors include fraud detection and prevention; and that fraud detection and prevention is not the sole responsibility of the management. The internal auditors have accepted that it is the duty of both management and internal auditors to identify and prevent fraud and error; and that internal auditors' review compliance to ensure compliance with rules, legislation, laws, codes of practice, guidelines and principles. Additionally, they accepted that they recognize misstatements resulting from fraud or mistake that are important to the financial statements as part of their responsibilities; identify key activities and related risk factors, and determine their significance; as well as help develop accounting and internal control processes.

Causes of fraud prevalence in CAL-bank of Ghana

Scale Interpretation:

The alternative responses to the questionnaire with respect to this objective was graded in four levels namely 1 to 4 and interpreted as follows:
Strongly disagree=1;
Disagree=2;
Agree=3;
Strongly agree=4
The responses given by the internal auditors are shown in Table 3.

Statements	M	SD
Poor fraud policy and training.	3.00	.00
Poor remuneration.	1.90	.57
Lack/Inadequate auditing experience.	3.70	.67
Poor book-keeping.	3.00	.00
Lack/inadequate criminal background check of employees.	2.90	.32
Lack of adequate annual auditing.	1.90	.48
Weak internal control system.	1.80	.52

Table 2: Causes of Fraud in Cal-bank

Source: Field Survey, (2022)

Overall Mean Score = 2.60 Standard deviation = .37

Table 3 indicates how the researcher decided to figure out the causes of fraud in financial institutions with most of the questions raised to them. Using a mean of 2.60, it can be inferred that most of the claims were accepted by the respondents. The average standard deviation of .37 suggested that there was no substantial difference between the respondents about their agreement to the statements they got. One may draw the following conclusions from Table 3.

The result depicts that all respondents accepted overwhelmingly that inadequate fraud policy and training led to financial institutional fraud. With an average of 3.00 and a standard deviation of .00 it could be inferred that the mean fell on the 3 (agreement) scale. The small standard deviation obtained suggests that there were no differences in the reported responses and that this assertion was accepted by all respondents. This confirms the findings of Bonsu et al., (2018) that workers will indulge in fraud when fraud policies are not clearly laid down, as well as training to direct staff.

For the object, an average of 1.90 and a standard deviation of.57 were obtained as to whether poor remuneration leads to fraud. That means the respondents disagreed that low pay leads to the fraud. This finding contradicts Bonsu et al (2018) finding that reported excessive remuneration leads to the abuse in Ghana's financial institutions.

Moreover, when the respondents were asked whether poor auditing expertise leads to fraud, they strongly agreed with the assertion to a large extent. For this item, an average of 3.70 was obtained and a standard deviation of.67 indicating that the respondents strongly agreed with the argument to a high degree. Likewise, when the respondents were asked from Table 3 whether bad bookkeeping leads to fraud, they agreed unanimously with the assertion. This is demonstrated by the average 3.00 score and a normal .00 deviation for this item. The mean score appears on the scale of 3 (agreement) as set out in Table 3. That means bad bookkeeping is leading to financial institutional fraud. Such observations corroborate the Bonsu et al (2018) tests. We revealed that some of the causes of fraud are bad bookkeeping and insufficient auditing experience.

On how lack / insufficient employee criminal background check leads to theft, the majority of respondents agreed with the assertion. That can be seen from the realized average of 2.90 and a standard deviation of .32. The realized mean of 2.90 shows that lack /insufficient employee criminal background check leads to financial institution fraud. This finding corroborates with the finding of Bonsu et al (2018), who revealed that checking the employee's criminal record would lead to fraud when ignored. And it's no wonder that cases of insider theft are rising (Samuel et al., 2018).

With the researcher’s quest to find out if lack of proper annual auditing also contributes to fraud, an average of 1.90 and a standard deviation of .48 was obtained. Which means most of the respondents disagreed with that argument. That is because, when approximated to the nearest whole number looking at the scale under Table 3, the mean dropped to Scale 2 (disagreement). Likewise, the respondents accepted that poor internal control structures leads to fraud. Here, the element had an average of 1.80 and a standard deviation of .52. Accordingly, the majority of respondents disagreed.

It can be inferred that the researcher wanted to figure out the causes of fraud at financial institutions and this can be seen in most of the questions presented to the respondents. Results from the responses concluded that inadequate policies and training on fraud; lack/insufficient auditing experience; weak bookkeeping; as well as lack/ insufficient employee criminal background checks lead to fraud. The respondents did, however, deny that inadequate remuneration; lack of sufficient annual auditing; and weak internal control mechanism were causes of financial institutions fraud.

Internal control systems utilized by internal auditors to detect and prevent fraud in CAL-bank of Ghana

Scale Interpretation:

The alternative responses to the questionnaire with respect to this objective was graded in four levels namely 1 to 4 and interpreted as follows:

Strongly disagree=1;

Disagree=2;

Agree=3;
Strongly agree=4
The responses given by the internal auditors are shown in Table 4.

Statements	M	SD
Internal auditors formulate and implement internal control system and control to prevent and control fraud.	3	0.3
Internal auditors use devices and software to detect and prevent fraud.	3	0
Internal auditors provide feedback and suggestions to help improve and strengthen internal control plan.	3	0.3
Internal auditors review and evaluate operations and controls.	4	0.4
Internal auditors exercise “Due Diligence”.	3	0.3

Table 4: Internal Control Systems, Strategies and Measures that Internal Auditors use in Detecting and Preventing Fraud in Financial Institutions

Source: Field Survey, (2022)

Overall Mean Score = 3.22 Standard deviation = .28

A closer look at Table 4 reveals that many internal control schemes, techniques and interventions are used by internal auditors to identify and avoid fraud in financial institutions. By an average of 3.22, it can be inferred that most of the respondents agreed with most of the questions they were asked, to determine that internal control mechanisms, techniques and procedures used by internal auditors, were purposefully to identify and avoid fraud. The average standard deviation of .28 suggested that there was no substantial difference between the respondents about their consent to the statements they made. The following conclusions for the individual questions or statements may be drawn in Table 4.

Some internal auditors concluded from Table 4 that they would devise and enforce an internal control framework to prevent and detect fraud. It is because for the argument an average of 3.10 was obtained which falls on option 3 (agreement) and a standard deviation of .32. All internal auditors have agreed with the statement questioning if internal auditors are using tools and software to identify and prevent fraud. It suggests that the respondents overwhelmingly used tools and software to identify and avoid fraud. It may be inferred, with an average of 3.00 and a standard deviation of .00, that the mean fell into the scale of 3 accordingly. This result is incompatible with the results of Bierstaker et al., (2020), who argued that discovery sampling, data mining, forensic accountants and tools for digital analysis are not widely used despite earning high efficacy scores.

In addition, the respondents agreed to receive input and recommendations from internal auditors to help develop and enhance the internal control program. For this item, an average of 3.10 was obtained and a standard deviation of .32 showing the internal auditors agreed to provide input and recommendations to help strengthen and reinforce the internal control plan. As to whether internal auditors are monitoring and assessing processes and controls, a larger number of respondents were firmly in agreement with the argument. This is evident from the mean score of 3.80 for this item, and a standard deviation of .42. The mean is around 4, which indicates the respondents were strongly in agreement with the argument. Such findings are consistent with IIA (2021) findings which argued that internal auditors are helping to strengthen internal control as well as review and evaluate internal controls.

With respect to the practice of' Due Diligence' by internal auditors, the majority of respondents agreed with the argument. This can be seen from the realized mean of 3.10 and a standard deviation of .32. This result shows that most internal auditors decided to practice due diligence in performing their obligations.

It can be inferred from the above discussions that the internal auditors use internal control mechanisms, techniques, and steps to identify and prevent fraud in financial institutions. That is because they devise and enforce internal control programs to deter and monitor fraud; they use tools and software to detect and prevent fraud; they provide input and recommendations to help improve and enhance the internal control plan; they review and analyze processes and controls; and they practice "Due Diligence".

Challenges that internal audit department of CAL bank face in detecting and preventing fraud

Scale Interpretation:

The scale of interpretation of alternative responses is graded into four levels namely 1 to 4 and interpreted as:
Strongly disagree=1;
Disagree=2;
Agree=3;
Strongly agree=4

The responses given by the internal auditors are presented in Table 5.

Statements	M	SD
Technology limitations.	2.00	.47
Inadequate quality internal auditors.	1.90	.32
Audit is seen as a cost and adds little value to banks.	2.70	.71
Inadequate audit manuals.	2.70	.71
Lack of adequate management support.	1.80	.42
Frequent management override of internal controls.	2.60	.52
Inadequate career development and training programs for auditors.	2.00	.00
Lack of clearly defined reporting structure and professional independence.	2.00	.00
Inadequate/Lack of job satisfaction	2.30	.82

Table 3: Challenges faced by Internal Audit Department

Source: Field Survey, (2022)

Overall Mean Score = 2.22 Standard deviation = .44

Table 5 reveals that the respondents disagreed with most of the comments presented to them in order to find out what the internal audit department's problems are. With a 2.22 means, it can be inferred that most of the claims were disagreed by the respondents. The average standard deviation of .44 shows that there was no substantial difference between the respondents about their dissatisfaction with the statements they got. The following are the information from Table 5 about the individual questions.

The result depicts that most respondents denied that technology limitation was a problem faced by the department of internal audit. It could be inferred with an average of 2.00 and a standard deviation of .47 that the mean falls on a scale of 2 (disagreement). The standard deviation obtained which is higher than the standard deviation of.44 suggests that the responses reported differed and not all respondents disagreed with this assertion. This finding contradicts Vigneshwaran and Yokesh (2018) finding that auditors lack sufficient resources and technology to detect early warning signals of fraud.

For the object, an average of 1.90 and a standard deviation of .32 were obtained about whether insufficient quality auditors were a challenge to the internal audit. It means the respondents disagreed that a drawback to the internal audit unit was a shortage of professional internal auditors.

Again, they agreed with the assertion when the respondents were asked if the audit was seen as an expense and added no benefit to the banks. For this item, an average of 2.70 was obtained and a standard deviation of .71 showing the respondents agreed with the assertion. The high standard deviation, which is higher than the average standard deviation of .44, indicates the group was a heterogeneous group and the responses obtained for that element varied. Yet it still maintains that most respondents agreed with the assertion. This finding confirms Anderson's (2018) disclosure that company owners and organizations generally perceive the annual audit as an expense or a necessary evil that is unnecessary and adds little to no value to the company; as a result, when businesses recruit, they commoditize the procedure.

Similarly, the argument made to the respondents to assess if insufficient audit manual was a challenge to the internal department achieving an average of 2.70 and a standard deviation of .71. When approximated to the nearest whole number, the mean falls on choice 3 (agree). It can also be inferred that most internal auditors accepted that lack or insufficient audit manual was a problem faced by the department of internal audit. Nevertheless, there were differences in the responses reported in the item, and also, due to the high standard deviation reported for the item, not all respondents agreed with the argument. This result is in line with Ngwenya and Kakunda result (2020), who argued that lack of funding is a problem affecting internal auditing.

A mean of 1.80 and a standard deviation of .42 were obtained, in line with the statement that asked whether lack of adequate management support poses a challenge to internal auditing. If approximated to the nearest whole number, the mean falls on choice 2 (disagree). It can also be inferred that the majority of internal auditors did not accept that a lack of sufficient management support was a problem faced by the department of internal audit. This result clearly contradicts Ngwenya and Kakunda's finding (2020) that lacking sufficient management support is an obstacle facing internal auditing. They further raised that this problem greatly affects the quality of the work of the internal auditor.

The internal auditors acknowledged, however, that frequent management overrides of internal controls were a problem for them. A mean of 2.60 was obtained with this, and a standard deviation of .52. When approximated to the nearest whole number, the mean falls on choice 3 (agree). It can also be inferred that the majority of internal auditors acknowledged that they were troubled by repeated management overrides of internal controls. This result contradicts the findings of Cohen and Sayag (2018), who reported that the internal audit unit was outside of influence of management.

In addition, the respondents overwhelmingly disagreed that insufficient career development and training programs for auditors as well as lack of clearly established reporting framework and professional independence were problems facing the department, as both statements had an average of 2.00 and a standard deviation of 0.00.

This means that insufficient career development and training programs for auditors, as well as lack of clearly established reporting framework and professional independence were not issues facing the department of internal audit. Again, the statement made to the respondents as to whether insufficient / lack of job satisfaction was a problem facing the audit department reported an average of 2.30 and a standard deviation of .82. This indicates that lack of work satisfaction was not a challenge faced by internal auditors. These results contradict Ngwenya and Kakunda's (2020) finding that lack of clearly established reporting structure and professional independence, and insufficient career growth and training affect internal auditors.

From the above it can be inferred that a lot of problems faced the internal audit team. Some of the problems were that audit was seen as expense and added little value to the bank; insufficient availability of audit manuals as well as regular violation of internal controls in management. However, the respondents indicated that technological constraints; inadequate internal audit quality; lack of adequate management support; inadequate career development and training programs for auditors; lack of clearly established reporting structure and professional independence, as well as inadequate / lack of work satisfaction were not challenges faced by the internal audit department.

Hypothesis

H_0: There is no significant relationship between internal auditors and fraud detection in Cal-bank limited.
H_1: There is a significant relationship between internal auditors and fraud detection in Cal-bank limited.

The main purpose of this research hypothesis was to determine if there is a correlation between the role of the internal auditor and the prevention and detection of fraud in financial institutions. The study used the Pearson correlation (r). Evaluation of the correlation is used to explain the intensity and direction of the linear relation between the two variables. The co-efficient of Pearson correlation (r) can only assume values from –1 to+ 1. There is a positive correlation (as one variable increases, so does the other) or a negative correlation (as one variable increases, the other decreases). Findings from the analysis are shown in Table 4.6.

		Fraud Prevention/Detection
Internal Auditor's Role	Pearson Correlation	.709**
	Sig. (2-tailed)	.008
	N	100

Table 4: Correlation Analysis between Internal Auditor's Role and Fraud Prevention/Detection
****. Correlation is significant at the 0.05 level (2-tailed).**

From Table 6, the relationship between the position of the internal auditor and the prevention and detection of fraud in financial institutions was investigated using Pearson product correlation co-efficient and moment. Preliminary analyzes were conducted to ensure no infringement of normality, linearity and homoscedasticity assumptions. A strong, positive association occurred between the two variables (*internal auditor's role and fraud prevention and detection)*, r=.709, n= 10, p <.05, with high levels of auditor function correlated with high rates of fraud prevention / detection in financial institutions. It suggests that the more internal auditors fulfill their duties or obligations as required from them, the greater / better fraud in financial institutions will be prevented or identified. The association between the position of the internal auditor and the prevention and identification of fraud in financial institutions was statistically significant with a p-value of below 0.05.

This implies that the role of an auditor is a significant factor affecting the prevention/detection of fraud in financial institutions. The position of internal auditors helps explain (r2=0.503) 50.3 per cent of the variance on fraud prevention/detection in financial institutions in the scores of respondents. It was concluded that the role of internal auditors in financial institutions is positively related to fraud prevention and detection, and that the role of the auditor is a major factor in affecting fraud prevention and detection in financial institutions. Therefore, the study rejected the null hypothesis that there was no substantial relationship between the position of the internal auditor and the prevention and detection of fraud in financial institutions and concluded that the result is consistent with existing literature.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This final chapter summarizes the main findings of the empirical study undertaken on the role of the internal auditor in Cal-bank limited fraud prevention and detection. It also draws conclusions and makes concrete and forward-looking suggestions.This study aimed to investigate the role of internal auditors in the prevention and identification of fraud at Cal-bank limited. The study's main objectives were: to assess whether the internal auditor has oversight responsibility for detecting and preventing fraud; to identify the causes of fraud in Cal-bank; to

evaluate the internal control mechanisms, procedures and interventions in place by an internal auditor to detect and prevent fraud; as well as the challenges the internal audit department faced in fraud detection and prevention in Cal-bank limited. The method used to collect data was questionnaire. The questionnaire questions were drawn up on a Likert-type scale. Data collected have been analyzed with the SPSS Software and presented with Mean scores and Standard deviation.

Summary

The study's key results were as follows: It was found that the internal auditors ' roles include fraud detection and prevention. It has also been revealed that while identification and prevention of fraud does not rely solely on management, bank management still has a duty to counter fraud. Therefore, the study revealed the duty of both management and internal auditors to identify and avoid fraud and errors.

It was also reported that, inadequate policy and training on fraud; lack/insufficient auditing experience; weak bookkeeping; as well as lack/insufficient employee criminal background check contributed to fraud. Low remuneration, lack of sufficient annual auditing; and inadequate system of internal controls did not lead to fraud.

Internal auditors have been found to use a number of internal control schemes, techniques, and steps to identify and prevent fraud in financial institutions. It is because they devise and enforce internal control and control schemes to deter and monitor fraud; they also use tools and software to identify and prevent fraud; they provide input and recommendations to help develop and enhance internal control plans; they review and analyze processes and controls; and they practice "Due Diligence" to prevent fraud.

The report showed once again that the department of internal audit was facing several problems. These problems were: audit was seen as expense and adds little value to banks; insufficient supply of audit manuals, as well as regular management by-pass of internal controls.

Finally, the study revealed that the role of auditors in the prevention and detection of fraud within financial institutions is significant. This suggests that the incidence of fraud within financial institutions would increase without internal auditors.

Conclusions

Results from this analysis may deduce the following conclusions. While the duty of detecting and preventing fraud lies with internal auditors, the ultimate power to prevent and detect fraud is with management. Nonetheless, management assigns those responsibilities to internal auditors.

Additionally, poor fraud policies and training; ineffective auditing experience; poor bookkeeping, as well as lack / insufficient employee criminal background check led to financial institution fraud. That may clarify why banks in Ghana has experienced an upsurge in fraud.

In addition, most financial institutions management view audit as an expense activity that adds very little value to the banks. This impact is provided to the audit department by support management; thus, the audit department lacks audit materials and is plagued by regular management by-pass of internal controls.

Finally, there is a correlation in financial institutions between the position of internal auditor and the prevention and detection of fraud. It has been revealed that the auditors ' position in Cal-bank is positively linked to fraud prevention and detection. Therefore, the null hypothesis that there was no substantial relationship in Cal-bank between the position of internal auditor and fraud detection was rejected.

Recommendations

The following recommendations were made, based on the study findings and conclusions:

1. Adequate criminal background checks are required before banks hire staff at financial institutions.
2. It is also recommended that management should support banks audit department by offering services such as audit manuals, funds, and training to help them conduct their duties.
3. It is also recommended that the audit department be granted independence in performing its duties, and that management should not intervene with their work.
4. Banks Top-management must provide internal auditors with retraining and in-service training to better prepare them for the fraud prevention and detection tasks. Training in information management systems, forensic accounting training and criminal fraud training should be given to auditors.

Suggestion for Further Studies

This research focused only on the role of the internal auditor in the prevention and identification of fraud at Cal-Bank. A nation-wide replication of the current study would be commendable. It, it is hoped, would include a more comprehensive analysis of problems related to the prevention and identification of fraud in financial institutions.

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APPENDIX

AHNUI UNIVERSITY OF SCICENCE AND TECHNOLOGY
SCHOOL OF ECONOMIC AND MANAGEMENT
DATA COLLECTION INSTRUMENT
QUESTIONNAIRE FOR CAL-BANK INTERNAL AUDITORS AND OTHER MEMBERS OF STAFF

SECTION A

Demographic Information

Instruction: please, tick [√] the appropriate box [ ]

1. Sex? a. Male [ ] b. Female [ ]
2. Age? a. 25-35 yrs [ ] b. 36-45 yrs [ ] c. 46-55 yrs [ ]
3. Academic Qualification: a. Diploma [ ] b. Degree [ ] c. Masters [ ]

Others, please specify…………………………………

4. Professional Qualification?
   a. ACCA b. CIMA c. ICA d. CPA
5. Years of experience as an internal auditor?
   a. 1 to 5 yrs [ ] b. 6-10 yrs [ ] c. 11-15 yrs [ ] d. 16-20 [ ]

SECTION B

Internal Auditor Responsibility to Detect and Prevent Fraud

Please, tick [√] the appropriate column to indicate the extent to which you agree or disagree with the following statements

Key: 1=Strongly Disagree 2=Disagree 3=Agree 4= Strongly Agree

Statement	SD	D	A	SA
6. The responsibility of an internal auditor includes detection and prevention of fraud.				
7. Fraud detection and prevention rest solely on management and not auditors.				
8. Both management and internal auditors are responsible for detecting and preventing fraud and errors.				
9. Internal auditors review compliance to ensure adherence to rules, regulations, laws, codes of practice, guidelines and principles				
10. Internal auditors detect misstatements arising from fraud or error which are material to the financial statements				
11. Internal auditors identify key activities and relevant risk factors and assess their significance				
12. Internal auditors help improve upon accounting and internal control systems				

SECTION C

Causes of Fraud in Financial Institutions

Please, tick [√] the appropriate column to indicate the extent to which you agree or disagree with the following statements

Key: 1=Strongly Disagree 2=Disagree 3=Agree 4= Strongly Agree

Statement	SD	D	A	SA
13. Poor fraud policy and training				
14. Poor remuneration				
15 Lack/Inadequate auditing experience				
16 Poor book-keeping				
17 Lack/inadequate criminal background check of employees				
18 Lack of adequate annual auditing				
19. Weak internal control system				

SECTION D

Internal Control Systems, Strategies and Measures Used by Internal Auditors to Detect and Prevent Fraud

Please, tick [√] the appropriate column to indicate the extent to which you agree or disagree with the following statements

Key: 1=Strongly Disagree 2=Disagree 3=Agree 4= Strongly Agree

Statement	SD	D	A	SA
20. Internal auditors formulate and implement internal control system and control to prevent and detect fraud				
21. Internal auditors use devices and software to detect and prevent fraud				
22. Internal auditors provide feedback and suggestions to help improve and strengthen internal control plan				
23. Internal auditors review and evaluate operations and controls				
24. Internal auditors exercise 'Due Diligence'				

SECTION E

Challenges Faced by Internal Audit Department

Please, tick [√] the appropriate column to indicate the extent to which you agree or disagree with the following statements

Key: 1=Strongly Disagree 2=Disagree 3=Agree 4= Strongly Agree

Statements	SD	D	A	SA
25. Technology limitations				
26. Inadequate quality internal auditors				
27. Audit is seen as a cost and add little value to banks				
28. Inadequate availability of audit manuals				
29. Lack of adequate management support				
30. Frequent management override of internal controls				
31. Inadequate career development and training programs for auditors				
32. Lack of clearly defined reporting structure and professional independence				
33. Inadequate/Lack of Job satisfaction				

THANK YOU FOR YOUR TIME

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