Impact of Internal Control System in Preventing, Detecting Accounting Frauds and Errors in Educational Institutions of Khotang District, Nepal

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Abstract

The purpose of this study is to ascertain how internal controls affect fraud, Error detection and prevention in public and private schools. The descriptive research method is applied. Primary data were employed in this study, and a questionnaire with points Likert Scale instrument was used to gather the data. Accountants, Head Teachers, the Chairperson of the school management committee, Teachers and Auditors from the 96 secondary schools in the Khotang District make up the population. By utilizing a random sampling technique, 55 respondents were chosen. This study employs both descriptive and inferential analytical techniques. The study's findings demonstrated the critical role internal control plays in identifying and preventing fraud, error. The study discovered that fraud prevention and detection strategies at both public and private schools are positively and significantly impacted by each of the five internal control components. The five internal control components that make up the independent variables and the dependent variable fraud prevention and detection were found to be strongly positively correlated. There is a strong correlation between the control environment, risk assessment, control activities, information and communication, monitoring activities, fraud, error detection, and prevention. The result shows the strong positive correlation of five internal components are 0.993, 0.982, 0.911, 0.944, and 0.957. This suggests that strengthening an internal control system component will strengthen fraud, error detection and prevention. Furthermore, it is proposed that the effective application of the internal control system in preventing and detecting fraud in schools is hampered by human error, management override, failures, and cooperation between internal and external parties.

Keywords: Internal Control, Internal Check, Internal Audit, Accounting Frauds, Errors

Introduction

Background of the study

The internal control system of an enterprise is made up of all the procedures and guidelines that management has put in place to aid in achieving its objectives. These include preserving asset protection, following internal guidelines, stopping and identifying fraud and mistakes, keeping accounting records accurate and comprehensive, and quickly generating solid financial information (Denise, 2016). To make sure the company is operating efficiently and that the primary organizational purpose is being realized, management uses internal control systems (Abiola & Oyewole, 2013). An organization's growth and profitability can be supported

by the appropriate implementation of internal control systems, which minimize losses and protect resources and other assets (Bett & Memba, 2017)). As a part of internal control, internal audit promotes increased accountability from the company's clients and data providers, which increases financial performance consistency either directly or indirectly (Odek & Okoth, 2019).

Chaudhary and Chaudhary (2022) define internal control as the use of effective internal management to build a system that would produce the financial stability and checks required to support the corrective actions the company plans to take to ensure the achievement of its goals. An internal control system is a collection of resources designed to inspire a person or a team. Because of accounting scandals and financial reporting fraud, internal control systems are becoming a major concern for both developed and developing countries (Omar & Yussuf, 2021).

According to Ayagre et al. (2014), the five interrelated components of internal control systems include monitoring, information & communication, risk assessment, and control environment.

Errors in bookkeeping and accounting are known as accounting errors. It describes errors made by an accountant when entering transactions into a ledger, creating a trial balance, and documenting transactions in the book of the journal (Koirala et al., 2023). Errors are inadvertent mistakes made in financial data as a result of accounting staff members' carelessness and ignorance. These errors are typically the result of carelessness or a lack of accounting expertise. There are two types of mistakes: routine and principle-related. Errors can occur during the recording, categorization, and summary of accounting transactions. Accounting errors are inappropriate actions that violate generally accepted accounting principles (GAAP). It can be difficult to distinguish mistakes from frauds at times, but errors are the product of negligence, incompetence, carelessness, and ignorance, not deliberate actions. It is considered an error and ought to be fixed when there is no evidence of the intended outcome (Bayrakli, Erkan, and Elitas, 2012). Errors of principles occur when transactions are entered in the book of account that do not follow the basic rules of the double entry system (Koirala et al., 2023).

Many businesses become aware of fraud losses on an annual basis. The second most prevalent kind of corruption is fraud. According to the Association of Certified Fraud Examiners, fraud is the second most common type of corruption (ACFE, 2022). According to academics, lying is both illegal and corrupt. Charges of financial fraud have been linked to the financing of illicit operations like drug trafficking and organized crime (Hilal et al., 2022). Theorists have identified opportunistic pressure as a driving force behind fraud (Desai, 2020). Integrity violations in the public and private sectors include fraud and corruption (de Graaf et al., 2018).

Internal control pertains to the protection of the organization's resources, verification of accuracy goals, and compliance with accounting and financial control policies (Dhakal et al., 2023). Internal controls must be established and kept up to date by management. The Public schools undergo more rigorous audits compared to private schools but both sectors struggle with inconsistencies in reporting and auditing practices that can lead to undetected errors and fraud. (Thompson & White, 2021). Public schools demonstrate higher levels of financial transparency but face challenges in stakeholder engagement, while private schools exhibit lower transparency but stronger relationships with donors and alumni (White & Brown, 2021).

In Nepal, the government has invested a large amount of funds in the infrastructure development of public school. 21.56 percent of the total budget is allocated in operational as well as capital expenditures in public schools. 18.63 trillion Nepali currency is allocated in fiscal year 2024 A.D. (Ministry of Finance 2024). Furthermore, about 500 billion Nepali rupees are invested in private schools of Nepal (Dhakal, 2023). For the entire prevention of errors and fraud, the internal control system needs to be looked into. The current study is being carried out in the public and private schools in Nepal's Koshi Province's Khotang district. The study's primary goal is to evaluate efficient internal control mechanisms for safeguarding institutional property, error-free recording systems, and the function of internal control in preventing fraud and mistakes.

Statement of the Problem

Fraud is a complicated worldwide issue that has an impact on businesses by undermining consumer trust in brands, causing losses, and requiring drawn-out investigations (Olatunji, 2009). Research from the Association of Certified Fraud Examiners (ACFE, 2020) estimates that one-third of all frauds are caused by weak internal controls. A company loses 5% of its yearly revenue due to fraud. Consequently, strengthening internal controls ought to be the primary line of protection against fraud. Efficient internal control systems are critical to safeguarding educational assets and ensuring the reliability and correctness of financial reporting.

Internal controls are designed to keep stakeholders' trust while guaranteeing regulatory compliance and preventing and detecting errors and frauds. Nevertheless, not all schools have the same understanding or application of the effects of these rules on mistake and fraud prevention and control. These controls are crucial in the education sector since public funds, donations, and other financial transactions are handled often and need close supervision. Committee of Sponsoring Organization of the Treadway Commission (COSO 2013). The implementation of efficient internal controls presents unique obstacles for private schools, which depend on contributions and tuition fees, and public schools, which are usually funded by the government. These disparities in funding sources and organizational structures, American Institute of Certified Public Accountants (AICPA 2021). Internal controls play a vital role in education, but how well they are applied in public versus private schools varies greatly. The degree of error and fraud prevention and control is impacted by this variance. Financial irregularities and unethical behavior can result from problems including poor record-keeping, inadequate segregation of duties, and infrequent audits (Muniandy, S. 2022).

Objectives of the Study

The objectives of the study are to identify internal control procedures that are currently in place for fraud, error detection, and prevention in schools and to determine the effects ofInternal Control system (ICS) in the prevention and detection of fraud in schools is related.

Formulation of Hypothesis

The following regression model is used to examine how the internal control system affects fraud detection and prevention. To determine the importance of the effect of independent factors over dependent variables, the following four different hypotheses have been developed.

H_1: The control environment has a major impact on the detection and prevention of fraud and errors in both public and private schools.

H_2: Risk Assessment has asignificant effect to nfraud, error detection and prevention in both public and private schools are significantly correlated.

H_3: Control Activities has a positive and significant association with fraud, error preventionanddetection in public and private schools.

H_4: Information and communication has a significant effect to nfraudprevention and detection in both public and private schools.

H_5: Monitoring Activities have asignificant effect on fraudpreventionandd etectionin public and private schools.

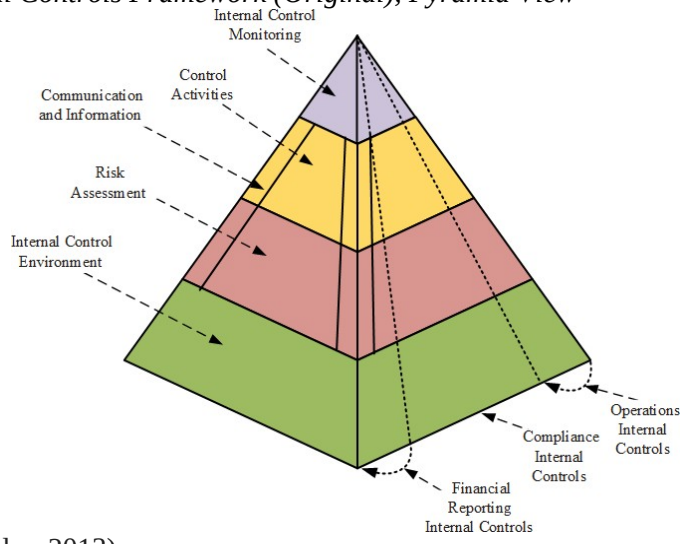
Literature Review

Theoretical Review

The two main variables in this study are the effectiveness of public and private schools (PPS) and internal control mechanisms. Risk assessment, communication, monitoring, control activities, and control environment are among the evaluation criteria for internal control systems. The main focus of the study was financial performance, which is based on an asset's quality, profitability, and liquidity. The year 1992 marked the creation of the Committee of Sponsoring Organizations of the Tread way Commission framework or COSO model.

Figure1

COSO Internal Controls Framework (Original), Pyramid View



Source : (Moeller, 2013)

The COSO Model consists of five components:

1. Control Environment:The control environment, including organizational structure, human resource regulations, supervision responsibilities, ethics, and management commitment, is the foundation of internal control components, ensuring integrity, ethical standards, industry best practices, compliance with legal and regulatory criteria, and shaping employees' perception of

control ,COSO (2013)..The "tone at the top" is a popular definition, suggesting that members should be more considerate of their constituents, Dickins and Fay (2017).

2. Risk Assessment

Risk management is essential for businesses to identify and mitigate potential threats, ensuring they can achieve their goals. It involves goal-setting, identifying obstacles, weighing risks' significance, and developing risk management plansCOSO (2013).. Risk assessment is crucial for evaluating internal and external risks that could impact management, financial reporting, and legal compliance, especially in cooperative organizations, (Takahiro & Jia, 2012).

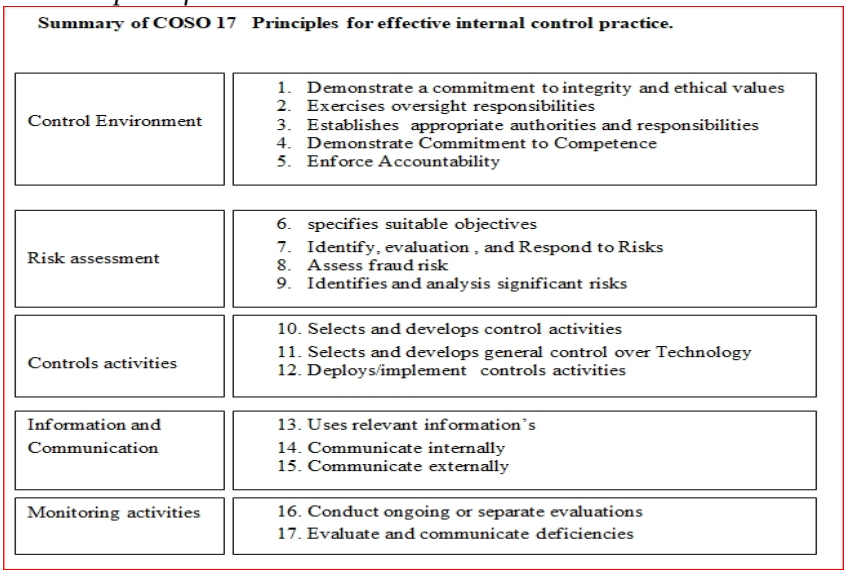
3. Control Activities:Management implements guidelines and practices to manage risks identified during risk assessment, including authorization procedures, job separation, physical asset controls, IT controls, critical account reconciliation, and performance evaluations. These control activities ensure efficient business operations and reduce excessive risk. Mendoza (2012) found cooperative governance systems have nine distinct control actions.

4. Information & Communication*:* Effective communication is crucial for distributing important information within a company, enabling employees to perform their jobs effectively, informing management about potential dangers, and facilitating necessary actionAgyapong (2017). It involves data gathering and sharing for internal control and decision-making, ensuring rapid identification, compilation, and sharing of relevant information for fulfilling internal control obligations and achieving objectives.

5. Monitoring Activities:Monitoring activities involve continuous assessments of an organization's internal control system, focusing on regular control monitoring, periodic assessment, reporting of inadequacies, and corrective action. These activities help identify necessary adjustments and maintain the system's effectiveness (Whittington & Paly 2009, referenced in Agyapong, 2017. Regular supervision and evaluation by management and auditors are crucial, and the COSO model provides 17 principles for effective internal control practice.

Figure 2

Summary of 17 Principles of COSO



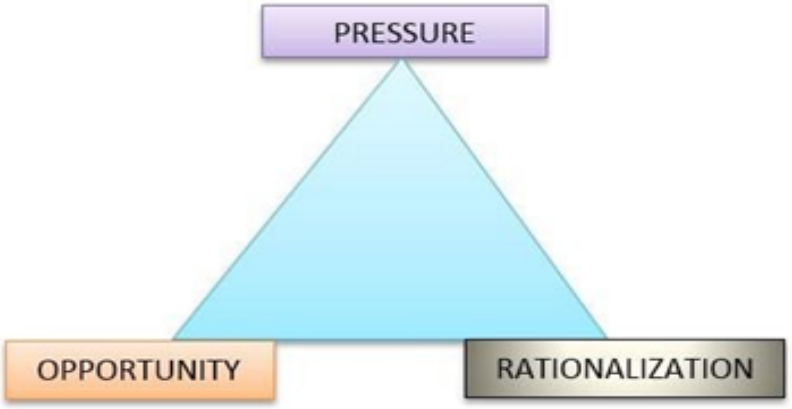
Source: (Hussien, 2022, p. 69)

The Fraud Triangle Theory

It's also important to discuss the fraud triangle, which was inspired by Donald Cressey's theory. When someone has an unshakeable financial issue, even trustworthy people can turn dishonest. To conduct fraud, an average person has to have three things happen at the same time (ACFE, 2017). To clarify the three primary factors that typically result in fraudulent behavior, criminologist Cressey developed the Fraud Triangle Theory in the 1950s. The theory sheds light on why people commit fraud, which is useful for forensic accountants and criminologists. A thorough analysis of each element of the Fraud Triangle is provided below.

Figure 3

FraudTriangle



Source: (Wells, 2005)

Three elements of Fraud Triangular Theory

1. Pressure or Motivation

Pressure refers to internal or external motivations that lead to fraud, including financial, occupational, and personal factors. Financial difficulties, high performance expectations, job uncertainty, and the need for incentives can induce dishonest behavior. Personal issues like addiction or interpersonal relationships can also trigger deception. Managers often display good financial outcomes to motivate employees to commit fraud.

2. Opportunity

Opportunity refers to conditions that allow fraud to occur without detection, often linked to flaws in organizational policies or internal controls. Key sources of opportunity include access to assets, lax internal controls, and insufficient control. Weak internal controls and lack of oversight can promote a fraudulent atmosphere. The trick triangle is the most crucial component of this opportunity.

3. Rationalization

Someone who employs logic to excuse or justify dishonest behavior is known as a rationalizer. Because of the belief that one is entitled to money or advantages due to what they see to be unjust treatment or inadequate remuneration, people can now interpret their action in light of their values and sense of self. Fraud will occur when there is a valid reason for it.

Review of Previous Work

Smith and Johnson's 2021 study compares accounting practices in public and private schools, focusing on errors and fraud. Public schools have standardized procedures but face bureaucratic challenges, while private schools show flexibility but lack oversight, increasing fraud risks.Brown and Lee's (2020) study on the impact of internal controls on financial fraud prevention in UK educational institutions found that proactive control mechanisms significantly reduce fraud instances. A study by Williams and Garcia (2023) in Spain analyzed financial reporting errors in public and private schools over a five-year period. The findings revealed that public schools often face budget management and compliance errors, while private schools face misclassifications and inaccurate financial disclosures.Clark and Brown's 2022 study on fraudulent practices in educational institutions in Canada, using qualitative interviews and case studies, found procurement fraud prevalent in public schools and embezzlement and misrepresentation of financial data in private schools, emphasizing the need for improved controls.

Johnson and Thompson's (2023) study on "The Role of Technology in Enhancing Financial Accountability in Schools" in the US found that schools adopting advanced IT systems for financial management experience fewer errors and faster fraud detection through automated monitoring and data analytics. Davis and Wilson's 2022 study, "Ethical Challenges in Financial Reporting: Insights from Educational Institutions," uses ethical scenario analyses and stakeholder interviews to explore ethical dilemmas in financial reporting practices in public and private schools, emphasizing the need for ethical training and transparent reporting practices.

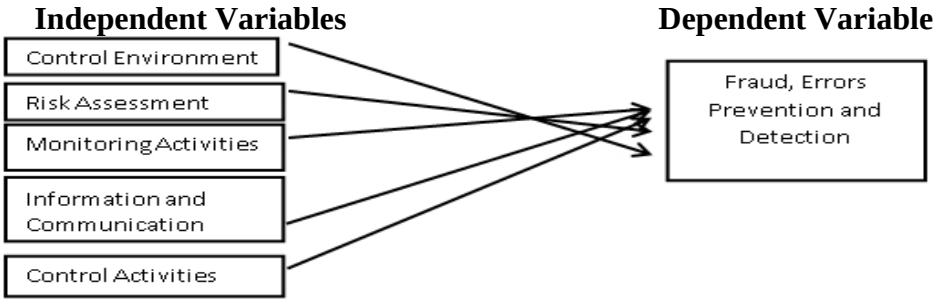
White and Brown's (2021) study compared financial transparency and accountability in public and private schools through surveys and stakeholder interviews. They found public schools have higher levels of transparency but face challenges in stakeholder engagement, while private schools have lower transparency but stronger donor and alumni relationships.

Conceptual Framework

The framework tries to demonstrate the relationship between the application of efficient internal control components (control environment, risk assessment, control activities, information and communication, and monitoring activities) and the prevention and detection of fraud and errors in both public and private schools.

Figure 4

Conceptual Framework of the Study



Research Method

Research Design

This research employs a survey approach that incorporates quantitative data. Descriptive research is typically used to present demographic data and Likert scale questions are used to gather detailed information on students' understanding of fraud and errors in both public and private schools.

Sample Size and Sampling Technique

Purposive and convenience sampling, more precisely expert sampling approaches, were employed in the study. The primary data source was from selected Head masters, Assistant Headmasters, auditors, accountants, management, Education Leaders and academic staff of both public and private schools.

The total population of the study includes 96 secondary level schools in Khotang District. From this, a representative sample size was drawn. The population of the study is Headmasters, Asst. Headmasters, Teachers, Accountants, Auditors, Chairperson, and Members of School Management Committee and Education Leaders of the Public and Private schools in Khotang district, Nepal.

Data collection procedures

Data were collected for this study from several sources using survey-style questionnaires. uniform zed 17 internal control framework model concepts were used as the basis for creating semi-structured questions. Based on the COSO model's five components, the surveys were created. Using a five-point Likert scale to indicate agreement or disagreement, these standardized semi-survey questions are developed in this manner.

Methods of Data Analysis

Both descriptive and inferential statistical methods are employed in the analysis of the information gathered by questionnaires. Standard deviations, frequencies, and mean scores were the specific descriptive statistics. Correlation and Regression analysis was the specific inferential statistics used, however. The questionnaires were analyzed and the results were described by using SPSS version 26 software.

Table 1

OperationalizationandMeasurementofVariables

S.N	Variable	Type	Operationalization	Measurement	Adopted from
1	ICEffectiveness	Dependent	Ratingused1.Verylow 2. Low3.Moderate 4. High 5.Very high)	Five-point Likertscaleof 1-5	COSO (2013) Modified
2	Control Environment	Independent	1 is being the extreme caseofdisagreement& 5istheextremecaseof Agreement	Five point Likertscaleof 1-5	COSO Principles (1-5)

3	Risk Assessment	Independent	1 is being the extreme caseofdisagreement& 5istheextremecaseof agreement	Five-point Likertscaleof 1-5	COSO Principles (6-9)
4	Control Activities	Independent	1 is being the extreme caseofdisagreement& 5istheextremecaseof Agreement	Five point Likertscaleof 1-5	COSO Principles (10-12)
5	Information and Communication	Independent	1 is being the extreme caseofdisagreement& 5istheextremecaseof agreement	Five point Likertscaleof 1-5	COSO Principles (13-15)
6	Monitoring Activities	Independent	1 is being the extreme caseofdisagreement& 5istheextremecaseof Agreement	Five-point Likertscaleof 1-5	COSO Principles (16-17)

Source:Modified by the Researcher from COSO (2013) principles

Reliability Test

Reliability and model fitness test

Referred fromTable 2 the internal consistency of the control environment, control activities, information and communication, and monitoring activities were all reliable, with Cronbach's alpha coefficients of 0.76, 0.9, 0.89, 0.92, and 0.89, respectively. The overall effectiveness of internal control was also highly reliable, with a Cronbach's alpha value of 0.87.

Table 2

Reliability Test of the Data Set

S.N	VariablesoftheStudy	Cronbach'sAlphaValue	No.of Items
1	Control Environment	0.76	5
2	Risk Assessment.	0.90	5
3	Control Activities	0.89	5
4	Information&Communication	0.92	5
5	MonitoringActivities	0.89	5
	Overall	**0.87**	**25**

Source:Author survey(2024)

The reliability of the data and the consistency of the research conclusions are evaluated by the study using Cronbach's Alpha. An alpha score of greater than 0.7 is generally considered adequate.

Demographic Profile of the Respondents

The primary data were collected through questionnaire method. 60 questionnaires were distributed and 55 returned after completed but 5 were not returned. The demographic profile of the respondents are given below.

Table 3

Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	43	78.2	78.2	78.2
	Female	12	21.8	21.8	100.0
	Total	55	100.0	100.0	

Sources: Survey Report 2024 from SPSS

In the given Table 3 male respondents were 43 which is 78.2% and 12 female respondents and it is 21.8%.

Table 4

Age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	30 years and Below	1	1.8	1.8	1.8
	31 to 45 years	20	36.4	36.4	38.2
	46t o 60	34	61.8	61.8	100.0
	Total	55	100.0	100.0	

Sources: Survey Report 2024 from SPSS

Table 4, represents the age of the respondents. 1.8% respondents were 30 years below, 36.4% 31to 45 years and 61.8%were of 46 to 60 years age.

Table 5

Educational Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SLC	6	10.9	10.9	10.9
	Bachelors	22	40.0	40.0	50.9
	Masters	27	49.1	49.1	100.0
	Total	55	100.0	100.0	

Sources: Survey Report 2024 from SPSS

Table 5, represents the educational status of the respondents. 10.90% were with SLCqualification,40% Bachelors and 49.10% with masters and above.

Table 6

Position in School

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Chairperson Management Committee	8	14.5	14.5	14.5
	Headmaster	14	25.5	25.5	40.0
	Asst. Headmaster	10	18.2	18.2	58.2
	Teachers	11	20.0	20.0	78.2
	Auditors	3	5.5	5.5	83.6
	Member Management Committee	9	16.4	16.4	100.0
	Total	55	100.0	100.0	

Sources: Survey Report 2024 from SPSS

Table 6, represents the respondents with different position hold in the school. 14.50% respondents were chairperson of school management committee,25.50% Headmasters,18.20% Asst. Headmasters,20% teachers,5.50% Auditors and 16.40% were the member of school management committee.

CorrelationAnalysis

Table 7

Result of Correlation Coefficients

		Internal Control
Internal Control System(ICS)	PearsonCorrelation	1
	Sig.(2-tailed)	.000
	N	55
Control Environment(CE)	PearsonCorrelation	0.993
	Sig.(2-tailed)	.000
	N	55
Risk Assessment (RA)	PearsonCorrelation	0.982
	Sig.(2-tailed)	.000
	N	55
Control Activities (CA)	PearsonCorrelation	0.911
	Sig.(2-tailed)	.000
	N	55
Information and communication(IFC)	PearsonCorrelation	0.944
	Sig.(2-tailed)	.000
	N	55
Monitoring Activities(MA)	PearsonCorrelation	0.957
	Sig.(2-tailed)	.000
	N	55

Source: Survey Result by SPSS 2024.

The dependent variable internal control System and all of the independent variables control environment, risk assessment, control activities, information & communication, and monitoring activities have a positive association, as the above table showed. A positive correlation has been shown between CI and CA, or i.e. (0.982), CI and RA, or i.e. (0.911), CI and CA, or i.e. (0.944), CI and IFC, or i.e. (0.957), and IC and MA, or i.e. (0.957).Similarly, stepping up risk assessment, control environment, information and communication, and monitoring activities will all positively impact the efficacy of internal control.

Model Summary

Table 8

Model Summary

Model	R	R^2	AdjustedR^2	F value	Sig.F Change	DW
1	.981[a]	.962	.972	457	.000	1.276

a.Predictors:(Constant),MonitoringActivities, Risk Assessment,Informationand Communication, Control Activities, Control Environment
b. Dependent Variable: Frauds, Errors detecting and Preventing

Source: Survey Result by Author using SPSS 26.0-2024

The results of the statistical analysis of the multiple correlation coefficients (R = 98.1%) in Table 10 demonstrate the linear relationship between the observed and model-predicted values of the dependent variable. Its large value indicates that there was a significant and positive correlation between the predictor and dependent variables. The corrected R Square is 97.20%, the R^2 is 96.20%, and the F-statistic is 457 with a p-value of 0.000 < 0.05. Durbin Watson's result was 1.276, which is an acceptable level. As a result, the findings of the multiple regression analysis showed that the predictor variables, CE, RA, CA, IFC, and MA, together, explain 96% of the variation in the dependent variable, the effectiveness of internal control practices.

When considering the overall influence of all the framework's components on the organizational effectiveness of the selected schools, the results also showed that the public and private schools under investigation in Nepal's Khotang district were significantly affected by the internal control practices of the COSO internal control framework. (P<0.05, F=457).

Model Specification

The dependent variables (internal control components) and independent variables were compared in this study using a multiple regression model. The model employed the subsequent organizational framework:

Table 9

Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-3.571	.000		.	.
	Risk Assessment	.602	.000	.281	.	.
	Control Activities	1.676	.000	.999	.	.
	Information and Communication	-.461	.000	-.217	.	.
	Monitoring Activities	-.080	.000	-.064	.	.

a. Dependent Variable: Frauds,Errors detecting and Preventing

Source: Survey Result by Author using SPSS 26.0-2024

Y is the dependent variable (frauds, errors detection and prevention), and FEDP (Y) = β0 + β1 CE(X1) + β2 RA (X2) + β3 CA (X3) + β4 MA (X4) + β5 IC (X5) + e

Control Environment =CE(X_1)
Risk Assessment =RA(X_2)
Control Activities =CA (X_3)
Information and Communication =IC(X_4)
Monitoring Activities =MA(X_5)

In the event when all slope coefficients are zero, the intercept term, or β0, is a constant equal to the mean. The coefficients assigned to each independent variable are β1, β2, β3, β4,

and β5. These coefficients indicate the variation in the average value of Y for every unit change in the corresponding independent variables. The error term, represented by the symbol is considered to have a normal distribution with a mean of zero and a constant variance.

The equation for FEDP(Y) is β0 + β1 CE(X1) + β2 RA (X2) + β3 CA(X3) + β4 MA(X4) + β5 IC(X5) + e

The regression equation results are:

Fraud, Errors Prevention and Detection FEDP(Y) = -3.571+ *(*.602*)* X_1 + *(*1.676*)* X_2+ *(*.461*)* X_3 + *(0.071)* X_4+ *(*-0.80*)* X_5

Table 10

Correlations

		Control Environment	*Risk Assessment*	Control Activities	Information and Communica-tion	Monitoring Activities	Frauds, Errors detecting and Preventing
Control Environment	Pearson Correlation	1	.993**	.975**	.919*	.954*	.993**
	Sig. (2-tailed)		.001	.005	.027	.012	.001
	N	5	5	5	5	5	5
Risk Assessment	Pearson Correlation	.993**	1	.951*	.879*	.918*	.982**
	Sig. (2-tailed)	.001		.013	.050	.028	.001
	N	5	5	5	5	5	5
Control Activities	Pearson Correlation	.975**	.951*	1	.978**	.977**	.991**
	Sig. (2-tailed)	.005	.013		.004	.004	.001
	N	5	5	5	5	5	5
Information and Communication	Pearson Correlation	.919*	.879*	.978**	1	.981**	.944*
	Sig. (2-tailed)	.027	.050	.004		.003	.016
	N	5	5	5	5	5	5
Monitoring Activities	Pearson Correlation	.954*	.918*	.977**	.981**	1	.957*
	Sig. (2-tailed)	.012	.028	.004	.003		.011
	N	5	5	5	5	5	5
Frauds, Errors detecting and Preventing	Pearson Correlation	.993**	.982**	.991**	.944*	.957*	1
	Sig. (2-tailed)	.001	.003	.001	.016	.011	
	N	5	5	5	5	5	5

Note. **. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Survey Result by Author using SPSS 26.0-2024

Fraud Prevention and Detection and MA. This suggests that as MA increased, so did the Bank's efforts to prevent and detect fraud. Thus, the null hypothesis (H0) is refuted. The correlation analysis showed that there is a positive and substantial relationship between fraud prevention and the Internal Control Elements (CE, RA, CA, IC, and MA).

According to the results in Table 11, the control environment has a strong, positive, and statistically significant correlation ($r = 0.993$, $p<0.01$) with the prevention and detection of fraud and mistakes. This implies that improving the school's control environment will improve fraud detection and prevention. The null hypothesis (H0) is thus disproved. The value of the correlation coefficient between RA and Fraud Prevention and Detection is 0.982, $p<0.001$, indicating a strong positive correlation. This suggests that as RA increases, so do fraud prevention and detection efforts within the schools. The null hypothesis (H0) is thus disproved. There is a positive correlation between Fraud Prevention and Detection and the CA ($r=0.911$, $p<0.01$). This suggests that fraud prevention and detection in both public and private schools have a strong positive link with CA. This suggests that fraud detection and prevention increased along with CA growth. The null hypothesis (H0) is thus disproved. It demonstrates the positive correlation between IC and Fraud Prevention and Detection ($r=0.944$, $p<0.01$). This suggests that there is a strong correlation between IC and the detection and prevention of fraud. The null hypothesis (H0) is thus disproved. The correlation coefficient finding ($r=0.957$, $p<0.01$) indicates a strong and positive relationship between

Conclusion and Discussion

The Overall finding of the study reveals that the effectiveness of IC practice positively and highly correlated with Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities. In summary, the study's findings from the qualitative interviews and quantitative data show that both public and private schools have extensive internal control policies and procedures that align with the requirements of the COSO components, but there are issues with these controls' limited practical functionality. In actuality To reap the benefits of internal control, it must be successfully operated.

However, a few of the study's participating schools have not correctly implemented the IC protocol. Overall, the researcher concluded that the inadequacy of the school's internal control system significantly hindered the adoption of internal controls policies and procedures. The Pearson correlation result shows that there is a positive and statistically significant relationship between fraud detection and prevention and the five explanatory factors (internal control components). Additionally, the regression analysis's findings show a cause-and-effect relationship between all internal control components and fraud detection and prevention in both public and private schools. These relationships are statistically significant. The study came to the conclusion that the model it built is enough and significant for forecasting the degree of fraud detection and prevention. Based on the aforementioned data, it is concluded that control activities components.

The knowledge, skills, and tools of employees; management's adherence to School’s rules and regulations, recruiting practices and providing staff members with expectations and boundaries on their freedom of action are all critical components in the prevention and detection of fraud. There is a strong correlation between internal control and the prevention and detection of fraud in both public and private schools. This implies that IC, MA, RA, CA, and CE have the authority to stop fraudulent activity. It follows that any limitations, if poorly designed and implemented, may encourage dishonest behavior.

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