

Impact of Ongoing Internal Audit Function on Corporate Fraud Risk Management

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Abstract: *This study determined the impact of ongoing function of internal audit on corporate fraud risk management. The specific objectives are to determine the impact of: Continuous assessment of audit plan CAAP; Periodic audit summary reports PASR; Updating risk assessment URA; and Performance and tracking issues PATI on corporate fraud risk management. To achieve this, fifteen banks were purposefully selected from the populations of the listed banks in Nigeria Security Exchange NSE; population of three categories of the banking officers who formed the respondents were 600; while the sample size came up to 400 approximately after applying Taro Yamane's formulae for sample size determination. The result shows that the overall P values of the independent variables is 0.21 and is > 0.05 level that rejects the null hypothesis and accepts the alternate hypothesis, that ongoing function of internal audit significantly impacts corporate fraud risk. The F-Statistics value of (45%) found in the criterion variable is explained by the four explanatory variables of the study and shows: internal audit ongoing function of CAAP; PASR; URA; and PATI impact corporate risk management. This study provides useful information for policy makers, regulators and various managers in improving the corporate fraud risk management policies in collaboration with ongoing internal audit function, and contributes to both local and international research indebt literatures and knowledge as regards risk management, and internal audit ongoing function in risk management practices.*

Keywords: Internal Audit, Fraud Risk Management, Ongoing Function

Introduction

A background opinion was put forward concerning internal audit by (Brink & Cashin, 1958), that internal audit emerged as a special segment of the broad field of accounting, utilizing the basic techniques and method of auditing. They, accepted the fact that the public accountants and internal auditor by using many of the same techniques leads to a mistaken assumption that there is little difference in the work or in ultimate objectives. The internal auditor, like any audit, is concerned with the investigation of the validity of representation, but in his case the representations' with which he is concerned cover a much wider range and have to do with many matters where the relationship to accounts is often somewhat remote. But in recent times internal audit function has expanded to include risk management. In addition, the internal auditor, being a company man, has a more vital interest in all types of company operations including fraud risk management and its quite mutually more deeply interested in helping to make those operations as profitable as possible, (Brink & Cashin, 1958). Thus to a greater extent, management services come to influence this thinking as regards internal audit function and general approach of the works facing him in the enterprise. In other words, the function expands to other areas including fraud activities and ways of curbing its menace and ultimate effects on the company performance.

Fraud is an activity that takes place in a social setting and has severe consequences for any economy, corporations, and individuals, (Silverstone & Sheetz, 2007). Fraud was stated by (Ojigbide, 1986) as an action which involves the use of deceit and tricks to alter the truth so as to deprive a person of something which is his or something to which he might be entitled. This strategy however is at best a short run solution to a large and pervasive problem which is bound to arise, (Hamilton & Gabriel, 2012). Transactions in organization are built on the trust that all employees carry out their functions properly. Thus, managers and employees have freedom to carry out their business activities which may sometimes provide freedom to commit frauds and these have been the trends over the past years.

The high profile corporate failures in the past years have focused significant public and regulatory concern on corporate unqualified financial reporting that embraced fraud. The penalty for fraud reporting has significantly increased in response to the society's view of this type of behaviour. Therefore, these past well-publicized frauds have affected the work of the external financial statement auditors. Fraud in an audit of a "financial Report" has increased external auditors responsibilities in this area (Coram, Ferguson & Moroney, (2001). As a result, the auditing profession has faced more lawsuits from these years, (Brandon & Mueller, 2006; Lys & Watts, 1999; Palmrose, 1997; Paceni, Hillson & Sinason, 2000; Reilly & Levitz in Sonnier, Lassar & Lassar, 2012). Thus shareholders attribute their blames to auditors and auditors denounce full responsibilities and declare that management has much to attribute on the audit failure as a result of insensitivity to improper fraud risk management (Porter, 2012; Razeal & Crumbly, 2007).

The truth is that, whatever the size of the organization, external audit is terribly bad at fraud detection and the scope of their responsibility do not cover fraud risk management. One of the survey by (Pricewaterhouse Coopers, 2011), showed that perhaps only about 2 percent of frauds were detected through external auditor (Taylor, 2011). But, stakeholders had relied on management who also had believed that external auditors would uncover fraud but the emergence of Sarbanes–Oxley specifically holds management responsible for fraud risk management and internal audit is an extension of management (Loftus, 2011). Internal audit function is an important link in the business and the financial reporting processes of corporations, (Cohan & Sayag, 2010). Internal audit play a key role in monitoring company’s risk profile and identifying areas to improve risk management (Goodwin-Stewart & Kent, 2006). The former aim of internal audit is to improve organizational efficiency and effectiveness through a constructive criticism, (Cohen & Sayag, 2010).

It is expected that internal audit detects weakness in management operations and provides a basis for correcting deficiencies that have eluded the first line of defense before these deficiencies become uncontrollable or are exposed in the external auditors report (Eden & Moriah 1996). A research made by (Coram, et al., 2008) found in a sample of 324 Australian and New Zealand organizations that those with an internal audit function are more likely to detect and self-report fraud through misappropriation of assets than those who do not. The institute of internal Auditors (11A) provides mandatory guidance for internal auditors in its internal professional practices framework (IPPF) through the International Standard for the practice of Internal Audit function in fraud risk management (Standards) (11A, 2009a). Several standards outline the role of the internal audit function in detecting, preventing, and monitoring fraud risks and addressing those risks in audits and investigation (11A, 2009c). 11A standard 1200, proficiency and due professional care, require that internal auditors have sufficient knowledge to evaluate the risk of fraud in their organization (11A Standard 2060). Reporting to senior management and the board require that internal audit function report to the board any fraud risks found during their investigations under 11A standard 2120, of fraud Risk Management.

Several opinions like (Coram et al, 2011; Sawyer 1988; Coram et al 2008; Edem & Moriah in Coham & Sahag, 2012) were that the credibility of internal audit function in an organization in fraud risk management would be questionable. The reason being that the nature of the internal audit function is also an important consideration that may potentially affects its values in an organization, and also affect the enterprise objectives and will further be exposed in the external auditors report. Some studies have been made on internal audit role and function in fraud risk controls, detection and management using various variables, (Ugwu I. V., 2020; Omar & Baker 2012; Endaya, Hanefah, 203; Thenfanis., Drogalis & Giovani, 2011; Domenic & Nonna, 2011; Intakhan & Ussahawanitchakit, 2010; Feizizadeh, 2012; Collier, Dixon & Marston 1991; Farcane, Blidset & Popa, 2009; Mui 2010; Stribu et al, 2009), but this current study want to see how this one different variable “ongoing” function of internal audit function would impact on corporate fraud risk management, since these previous studies did not include this single variable in their various studies.

Research Objectives, Questions and Hypotheses of the Study

The objective of this study is to find out the impact of ongoing function of internal audit in corporate fraud risk management. The specific objectives of this study are to find out the impact of internal audit ongoing function of: Continuously assessing audit plan CAAP; Periodic audit summary reports PASR; Updating risk assessment URA; and Performance and tracking issues PATI on corporate risk management.

The research objective questions of the study are as follows: Does Continuously assessing audit plan CAAP; Periodic audit summary reports PASR; Updating risk assessment URA; and Performance and tracking issues PATI of internal audit function impact on corporate risk management?

Our study hypotheses states that there is no significant impact of ongoing internal audit function of: Continuously assessing audit plan CAAP; Periodic audit summary reports PASR; Updating risk assessment URA; and Performance and tracking issues PATI, on corporate fraud risk management.

Related Literature Reviews

Concept of Internal Audit Function in Fraud Risk

A wider definition of internal audit came in 1971, 1981 and 1990 after revising the statement of responsibilities by the Institute of Internal Auditors (11A). The standard contained the following definition and objectives that “Internal auditing is an independent appraisal activity established within an organization as a service to the organization. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls. The objective of the internal auditing is to assist members of the organization in the effective discharge of their responsibilities”. Thus the definition of internal auditing goes in line with its function in a corporation: internal audit furnishes management with analysis, appraisal, recommendations, counsel and information concerning the activities reviewed. Therefore, the audit objective includes promoting effective control on risk at reasonable cost. A report by (Protivit, 2013) found out that the rapid changes in the enterprise pose new challenges in fraud risk management and now shifts to rigorous and systematic scrutiny to moving targets such as emerging risk, existing business process that continue to

evolve, as well as entirely new business process forming as the result of external audit changes and the ever-increasing set of regulatory and compliance requirements. This requires that internal audit has to expand its scope of work, service and assurance responsibility in fraud risk management.

The changing stakeholder expectation, the current views and the changing face of internal audit function was stated in (Coderre, 2010; KPMG, 2007; Deloitte, 2012; IIA, 2013) as value creation and more focus on risk management. Thus the new definition of internal audit function by Chartered Institute of Internal Auditors is an independent, objective assurance and consulting activity designed to add value and improve an organizational operations. It helps an organization accomplish its objectives by bringing in systematic, disciplined approach to evaluate and improve the effectiveness of risk management control and governance processes. Internal audit function is now a more of future issues which must be addressed by adopting an approach that directly address the causes of weakness that expose an organization to loss by fraud and theft (Bulen, 1995). Thus this new definition brought out four aspects of internal audit functions, namely: Adding values and improving performance; Risk identification and management; Compliance; Assurance; value creation; and Addressing future risk.

The benefit and importance of internal audit illustrates the value relevance of internal audit function (Curely et al., 2000; Carcello et al., 2005). It was found that the variable of size debt or agency are not associated with the presence of internal audit function and external audit are used as monitoring substitute by company, (Carely, et al., 2000). A US study made by (Carely et al., 2005) showed that internal audit budgets were negatively related to the percentage of internal auditing function that was sourced. The overall conclusion was that companies facing higher risk will increase their organizational monitoring through internal audit function. Other study evaluated the ability of internal auditors to perform fraud-related work. External and internal audit achieved a high level of consensus in their financial statement fraud risk rating suggesting that internal auditors are as aware as external auditors of where fraud are likely to be detected, (Apostolou et al., 2001). Thus internal audit function is focused on this study on ongoing functions of continuously assessing audit plan CAAP; Periodic audit summary reports PASR; Updating risk assessment URA; and Performance and tracking issues PATI, in corporate risk management.

Concept of Internal audit Ongoing Function in Corporate Fraud Risk Management

The word ongoing was defined as without break, cessation or interruption and without intervening time. International Standard for the Professional Practice of Internal Auditing (ISPPIA) suggests an ongoing internal audit function. Thus internal audit is encouraged to initiate a formal ongoing monitoring practice as part of the functions in risk management. It was stated by (Malaescu & Sutton, 2013), that it is a response to the increased demand for timely and assurance over the effectiveness of risk management and control systems and companies are moving towards a more automated control environment through the implementation of ongoing modules. Ongoing monitoring encompasses the process that management puts in place to ensure that the policies, procedures and business processes are operating effectively. This involves intelligent and efficient continuous testing of controls and risks that result in timely notification of gaps and weaknesses to allow immediate follow up and remediation. It also ensures that instances of error and fraud are typically significantly reduced, operational efficiency increased, and that bottom line results are through a combination cost savings and a reduction in over payments and revenue linkages, (Coderre, 2005; Aquinot, Kaya, Neshihan & Tez, 2014).

In adaption of this approach, (Aquinot et al, 2014) opined that it will help the internal auditors to develop a better understanding of the business environment and the key risks to the company to support compliance and drive business performance. They also said that, business suffer from fraud due to either loose or lack of internal control systems. Establishing a fully operating internal control is a challenge task for every level of the hierarchy within the organization since it requires internal audit function to closely monitor every monetary and non-monetary transaction. It is one of the strategic ways to deal with fraud risks effectively.

It was agreed by (ISPPIA; Coderre, 2005; KPMG, 2016), that internal audit ongoing function should include a continuous monitoring of controls by management to be at the core of effective assurance strategies. Internal auditors will still ensure that management's activities are adequate and effective. The ongoing assurance framework is one of a combination of the activities performed by internal audit to independently evaluate: the state of the controls, risk management within the organization, and assessment of the management monitoring. It also includes regular risk assessment that ensures all activities on the control risk continuum. Here, (Coderre et al, 2005), stated that technology plays a key role in automating the identification of exceptions and anomalies, analysis of patterns within the digits of key numeric fields, analysis of trends, detailed transaction analysis against cut-offs and testing of controls.

A continuous audit approach allows internal auditors to fully understand critical control points, rules, and exceptions. With automated, frequent analyses of data, they are able to perform control and risk assessments in real time or near real time. They can analyze key business systems for both anomalies at the transaction level and for data-driven indicators of control deficiencies and emerging risk. Finally, with continuous auditing, the analysis results are integrated into all aspects of the audit process, from the development and maintenance of the enterprise audit plan to the conduct and follow-up of specific audits, (Coderre, 2005). Further, it includes risk assessment that identifies and assesses the levels of risk. Ongoing risk assessment identifies and assesses

risk by examining trends and comparisons within a single process, as compared to its own past performance, and against other processes operating within the organization.

The ISPPIA stated that some of the following should be part of an ongoing internal audit function. (a) There should be an assessment processes to support adjustments to the audit plan as they occur. ISPPIA stated that an effective ongoing monitoring can be conducted by an assigned group or individual internal auditor in fraud control. An effective ongoing process should include written standards to ensure consistent application of processes throughout the organization. This exercise should include results that should be documented through a combination of: periodic audit summaries, reporting, updated risk assessments. This is to substantiate that the process is operating as designed by the audit committee, and this has to communicate the critical issues identified through the monitoring processes.

Internal audit ongoing process should also include performance that should be documented in details in audit manual. According to (11A), the following should be considered in their performance. (1) Internal Audit Scope: this scope includes that during the audit planning process the internal audit function has to analyze the auditable entity's specific risks, mitigating controls, and level of residual risk. Also, information gathered during the audit phase should be used to determine the scope and specific audit steps that should be carried out to test the adequacy of the design and the operating effectiveness of the ongoing function. (2) Internal Audit Work Papers: This is the documentations of the actual work performed, observed, analyzed and carried out. It is also a support for the conclusions of the audit results. The document should contain sufficient information regarding any scope or modification and waiver of issues not included in the final report. (3) Audit Report: Ongoing monitoring internal audit function should have an effective process to ensure that issues are communicated throughout the entity such that issues are addressed timely. The audit report should include management's action to address any audit findings for the moment. (4) Internal Audit Issue Tracking: Ongoing process of internal audit function in fraud risk management should also have effective processes to track and monitor open audit issues. Internal audit function should discuss and agree with the management on the level of work completed. Any work to close on issue of risk should be validated. Also, on higher risk issues, internal audit should perform and document substantive testing to validate that the issue has been resolved.

In their own opinion, (KPMG, 2006 and PWC 2003) suggested that ongoing process of internal audit function has the following four components that could be included in addressing fraud risk and these are: assessment, design, implementation and evaluation. Josh Shilts, (2017) said that internal audit's testing of controls is based on risk and often performed months after business activities have occurred. Thus, the testing is based on a sampling approach and includes reviews of policies, procedures, approvals, and reconciliations. So, it is recognized that this approach affords internal auditors with a narrow scope of evaluation and is sometimes too late to be of real value to business performance or regulatory compliance. Continuous auditing is a method used to perform control and risk assessments automatically on a more frequent basis. Continuous auditing focuses on testing for the prevalence of a risk and the effectiveness of a control. This always works with a framework and detailed procedures, along with technology as a key to enabling such an approach. Continuous auditing offers another way to understand risks and controls and enhances sampling from periodic reviews to ongoing testing.

Tysiac (2016) is of the view that many internal auditors plan to move to a more continuous auditing that involves risk assessment process in the near future. A survey found that four in ten internal auditors said they are using a combination of continuous and annual risk assessment processes, according to the 2016 Team Mate Global Audit Technology Survey. An additional 9% have only a continuous risk assessment process. Others are moving toward more continual assessment of risks. More than half (56%) of internal auditors who currently assess risk on either an annual or periodic basis expect to move to a more continuous risk assessment process within the next two years, according to the survey. Thus, internal auditors are shifting towards more dynamic audit planning to give their organisations the information they need. Although just 5% of survey is embarking upon rolling audits, 28% expect to move to a rolling audit plan. A majority (57%) of respondents are conducting an annual audit plan with some periodic updates, while 40% are updating their audit plans either monthly or as audit work is completed.

Risk Assessment is management's process of identifying risks and rating the likelihood and impact of a risk event. An internal control assessment can be performed at the same time. This takes the risk assessment and maps internal controls to the risks to determine if there are gaps between risks and controls. The process of risk assessment is the most important stage of the risk based internal auditing. The data obtained from the risk management system will be used in the risk based internal auditing and so that more reliable information will be possible. Because the risk assessment constitutes the foundation of the risk based internal auditing, it is important to examine this process carefully. This process consists of the below stages, (Kurnaz, 2010). The identification and classification of the risks are: The evaluation of the likelihood and impact of the risk scales, To determine the severity of the risk scales and calculate the weighted risk number, The classification of the risk scales (low-medium-high), To determine the activities which will be controlled according to the risk scales, and report by specifying the suggestions, the last stage is to rank the auditable areas by comparing the risks belonging to each auditable area.

Theoretical Review

Agency Theory

The principal-agent problem, resulting from separation of ownership and control in the modern corporation, makes agents and principals inclined to invest in information systems and control mechanisms to alleviate the information asymmetry between the managers operating as agents and the shareholders as principals, respectively. While decision management is delegated to the top management team, the decision control remains in the remit of the board of directors (Eisenhardt, 1989; Fama and Jensen, 1983; Jensen and Meckling, 1976; Tengamnuay & Stapleton, 2009). But as it relates to this study, Agency theory was established based on the distinct between the providers of economic resources and management of such resources, which led to the existence of corporate governance, audit committees, statutory auditors and internal auditor in other to eliminate conflict of interest among parties involved directly or indirectly in the operation of the organization which can affect its financial accountability. Internal audit is an agent in the organization for a variety of internal audit users to ensure a minimal agency problem (Peursem & Pumphrey, 2005).

Empirical Reviews

Weins, Alm, and Wang (2017) studied the concept of continuous auditing as has been around for more than three decades and shows that among the several challenges, the literatures still remain. The work provides a new conceptual framework that the integrated continuous auditing approach, to potentially overcome the challenges. The research further illustrates how the proposed framework can be implemented by enabling the collaboration between internal and external auditors, as well as by readjusting the roles of auditing parties.

Drogalas and Siopi (2017) investigated risk management and internal audit: evidence from Greece financial markets & institutions. An empirical evidence was collected by means of a mailed survey; while Regression analysis was applied on the information gathered and the results indicate that internal audit, internal auditor and added value of internal audit are statistically and significantly associated with risk management.

Benli and Celayir (2014) studied risk based internal auditing and risk assessment process. The research applied risk based internal auditing and also the present latest stage of internal auditing which brings to create achievement that having expected from internal auditing place the retrospective point of view, the conventional control mentality on one side and had focused on risks that organizations will encounter. The study continued that the risk findings obtained as a result of risk assessment studies constitute an important support to internal auditors at the stage designing of planning. The study further stated that risk based internal auditing which constitutes of today's internal auditing mentality is tried to explained and risk assessment studies which are this process' the most important stage has been considered within the scope of internal auditing units performed studies.

Drogalas, Eleftheriadis, Pazarskis, Anagnostopoulou, and Skovoroda (2017), analyze the specific factors associated with effective risk management. Primary data were collected using questionnaires distributed to employees in companies that are listed on the Athens Exchange. Multiple regressions was used to examine the relationship between effective risk management, risk based internal audit, internal auditors' involvement in risk management and top management support. The findings demonstrate that the factors contribute positively to effective risk management. The findings also reveal that risk-based internal audit, internal auditors' involvement and top management commitment are positively associated with effective risk management.

In Nigeria, (Badara & Saidan, 2014) studied empirical evidence of antecedents of internal audit function effectiveness in fraud risk from Nigerian perspective. The data were obtained by questionnaires administered to internal auditors, audit committee and chairman of local governments using descriptive statistics and factor analysis. The result reveals the significant effect of the entire antecedents on the internal audit effectiveness in local government, which implies that for local government or other public sector to attain the effectiveness of their internal audit, such antecedents need to be given due consideration.

These authors (Salameh, Al-Weshah, Al-Nsour & Al-Hiyan, 2011) investigated alternative internal audit structure and perceived effectiveness of internal audit function in fraud prevention. The methodology used simple questionnaires sent to fifteen banks in Jordan. A simple one-t-test, using mean, standard deviation, frequency and percentages were used to analyzed and test the hypotheses. The study found that respondents perceived internal audit units effect in fraud prevention. They also found that senior managers consider that in-house internal audit units are more effective in preventing fraud than outsourcing internal auditors.

Research Methodology

The research design used primary data that were collected using questionnaires distributed to employees (Control officers CO, Customer Service Officers CSO and Compliance Officers CO) of banks that are listed on the Nigeria Stock Exchange. Fifteen banks were purposefully selected from the populations of the listed banks; population of three categories of the banking officer

who formed the respondents were 600; while the sample size came up to 400 approximately after applying Taro Yamane’s formulae for sample size determination.

The questionnaires were constructed in the Likert Scale format of Strongly Agree (5 points), Agree (4 points), Strongly Disagree (3 points), Disagree (2 points), and Undecided (1 points). A cut off was determined by finding the mean of the nominal values assigned to the options in each degree of response using Likert rating weight of 1,2,3,4, 5 and applying this formulae: $\bar{X} = \frac{\sum X}{n}$, where; \bar{X} = Mean; X = the score; n = number of items. Thus $\bar{X} = \frac{5+4+3+2+1}{5} = \frac{15}{5} = 3$. Therefore any mean within 3.0 and above was considered as significant by the respondents, while a mean that is below 3.0 is taken as not significant.

Reliability of the instrument was established using Cronback Alpha correlation.

The analyses applied descriptive statistics to determine the scores in percentage, mean and standard deviation and further empirical analyses tested the posited hypotheses using ANOVA.

The application of ANOVA was denoted by the formula

$$\Sigma = V_b \int = \frac{vb \text{ between group variance}}{Vw \text{ within group variance}} = \frac{\int B^2}{w^2}$$

Where V_1 or \int_j^2 = the variance of the scores for all the groups combined into one composite group known as the total group \int_w^2 or V_w = the mean values of the variance of each group computed separately known within groups of variance

V_B or $\int_w^2 - 1 (\int_w^2 - \int_w^2)$ = the difference between the total groups variance and within group variance.

Analyses, Presentation and Interpretations

Reliability Statistic Analysis

Table 1: Reliability Item-Total Statistics

	Scale mean of item deleted	Scale variance of item deleted	Corrected item-deleted	Cronbach’s Alpha if item deleted
CAAP	22.73	46.064	.873	.899
PASR	23.20	46.209	.730	.913
UPRA	22.89	47.101	.756	.910
PFAT	23.36	43.689	.863	.893

Reliability Statistics Established

Cronbach’s Alpha	No of Items
.922	4

Sources: Authors Computation, 2020

Table one above shows the reliability of the instrument established using Cronback Alpha correlation of items that yield (0.922) on average within the ranges of acceptance as stated by Cronback. The general rule of thumbs is that a Cronbach Alpha of (0.70) and above is good, (0.90) and above is best.

Table (2) Questionnaire Responses

Items	Number	%
Total administered instrument	400	100
Instrument not returned	169	42
Returned but invalid	18	5
Valid copies returned	213	53
Total	400	100

Source: Researchers Computation, 2020

Table: 3. Gender status of the Respondents

Gender	Frequency	Percentage	Valid %	Cum %
Males	116	54.5	54.5	54.5
Females	97	45.5	45,5	100
Total	213	100	100	

Researchers Computation, 2020

Table 2 above indicates the frequency distribution of male respondents as 97 (45.5%); while the female frequency distribution is 116 (54.5%). There were more female respondents than male respondents

Table: 4 Respondents' Distribution of Job

Job Description	Frequency	Percentage	Valid %	Cum %
Control officers (CTO)	41	19.2	19.2	19.2
Customer service officers CSO	52	24.4	24.4	43.7
Compliance officers CPO	120	56.3	56.3	100.0
Total	213	100.0	100.0	

Source: Researchers Computation, 2020

Job description in table 3 depicts a frequency distribution of: 41 (19.2%) Control officers; 52 (24.4%) of Customers service officers; and 120 (56.4%) of Compliance officers of the sampled banks.

Research Question Analyses

Question one: Does continuous assessment of audit plan CAAP of internal audit function impact corporate risk management?

Table 5: Continuous assessment of audit plan CAAP of internal audit function in corporate risk management

Job description	Do you agree that continuous assessment of audit plan CAAP of internal audit function impact corporate risk management?					Total
	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	
Control officers (CTO)	3 7.3%	2 4.9%	2 4.9%	11 46.3%	23 50.1%	41 100.0%
Customer service officers (CSO)	1 1.9%	2 3.8%	6 11.5%	25 48.1%	18 34.6%	52 100.0%
Compliance officers CPO	3 2.5%	4 3.3%	4 3.3%	57 47.5%	52 43.3%	120 100.0%

Source: Author's Computation, 2020

Respondents opinion of strongly disagree from the table above shows that control officers had 3(7.3%) and CSO had one 1(1.9%), while CPO has 3 (2.5%); disagreed is 2(4.9%) for CTO, 2(3.8%) for CSO and 4(3.3%) for CPO. The undecided are 2 (4.9%) for CTO, 6 (11.5%) for CSO, and CTO has 4(3.3%). Agreed opinion stood as follows: CTO 11(26.8%); CSO got 25 (48.1%), while CPO has 52(43.3%). CTO who strongly agreed has highest score 23(50.1%) respondents, followed by CSO who has (34.6)18%, while CPO has 52(43.3%) that CAAP impacts corporate fraud risk.

Question Two: Does periodic audit summary reports PASR by internal audit function impact corporate risk management?

Table 6: Periodic audit summary reports PASR of internal audit function in corporate risk management

Job description	Do you agree that periodic audit summary reports PASR of internal audit function impact on corporate risk management?					Total
	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	
Control officers CTO	1	1	1	11	27	41

	2.4%	2.4%	2.4%	26.8%	65.9%	100.0%
Customers service officers CSO	2 3.8%	5 9.6%	3 5.8%	19 36.5%	23 44.2%	52 100.0%
Compliance officers CPO	3 2.5%	1 0.8%	9 7.5%	51 42.5%	56 46.7%	120 100.0%

Source: Author's Computation, 2020

Only 1 (2.4%) of CTO strongly disagreed, while 2 (3.8%) CSO and 3 (2.5%) CTO stated the same. One (2.4%) CTO, 5 (9.6%) CSO, 1 (8%) CPO disagreed on the subject matter. Undecided respondents are: 1 (2.4%) CTO; 3(5.8%) CSO; and 9(7.5%) CPO. Again, 11(26.8) CTO, 19 (36.5%) CSO and 51 (42.5%) CPO agreed on the subject matter. Also, 27(56.5%) of CTO, and 23 (44.2%) and finally 56 (46.7%) CPO strongly agree that periodic audit summary reports as ongoing internal audit function impacts on corporate fraud risk.

Question Three: Does updating risk assessment URA by internal audit function impacts corporate risk management?

Table 7: Updating risk assessment URA of internal audit function in corporate risk management

Job description	Do you agree that updating risk assessment URA by internal audit function impact corporate risk management?					Total
	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	
Control officers CTO	3 7.3%	5 12.2%	2 4.9%	17 41.5%	14 34.1%	41 100.0%
Customer service officers CSO	2 3.8%	3 5.8%	5 9.6%	23 44.2%	19 36.5%	52 100.0%
Compliance officers CPO	2 1.7%	5 4.2%	8 6.7%	55 45.8%	50 41.7%	120 100.0%

Source: Author's Computation, 2020

CTO who strongly agree are 14 with 34.1%, CSO are 19 with (38.5%), while CPO are 50 (41.7%) as well. Also, CTO who agree are 17(41.5%), CSO who agreed are 23(41.5%), while 55 (45.8%) CPO, agree as well. Undecided are 2(4.9%) CTO, 5(9.6%) for CSO, while 8(6.7%) came from CPO. Strongly disagree from CTO, CSO and CPO are 3(7.3), 2(3.8) and 2(1.7) respectively; while disagree responses are 5(12.2%), 3(5.8%) and 5(4.2) respectively for CTO, CSO and CPO that updating risk assessment by internal audit function impacts corporate fraud risk.

Question Four: Does performance and tracking issues PATI by internal audit function impacts corporate risk management?

Table 8: Performance and tracking issues PATI of internal audit function in corporate risk management

Job description	Do you agree that performance and tracking issues PATI of internal audit function impact corporate risk management?					Total
	Strongly disagree	Disagree	Undecided	Agree	Strongly agree	
Control officers CTO	2 1.8.2%	5 12.2%	5 12.2%	18 43.9%	13 31.7%	41 100.0%
Customer service officers CSO	2 1.7%	1 1.9%	4 7.7%	26 50.0%	21 40.4%	52 100.0%
Compliance officers CPO	1 1.8%	2 1.7%	7 5.8%	63 52.5%	48 40.0%	120 100.0%

Source: Author's Computation, 2020

18 CTO with 31.7%, 26 CSO with 50%, 63 CPO with 52.5% agree; 13 CTO with 31.7%, 21 CSO with 40.4% and 48 CPO with 40% strongly agree. Further, 5 (12.2%) CTO, 4(7.7%) CSO and 7(5.8) CPO stated undecided. Those who disagree are: 5 (12.2%) CTO; 1(1.9) CSO; and 2(1.7%) CPO. Finally, 2(1.8%) CTO,

2(1.7%) CSO, and 1(1.8%) CPO strongly disagrees, that internal audit ongoing function of performance, reporting and tracking issues impact corporate fraud risk.

Individual and group means and standard deviations scores in internal audit ongoing function in corporate fraud risk.

Reinstate main objective Question: Do you agree that internal audit ongoing function impacts on corporate fraud risk?

Table 10 Individuals and groups mean and standard deviation scores in internal audit ongoing function in corporate fraud risk management.

Variables	Control officers			Cust Serv officer			Compliance officer			Total		
	Mean	Std	N	Mean	Std	N	Mean	Std	N	Mean	Std	N
Continuous assessment of audit plan	4.10	0.92	41	4.19	0.93	52	4.60	0.41	120	4.30	0.75	213
Period audit summary reports	4.15	0.88	41	4.24	0.86	52	4.35	0.27	120	4.25	0.76	213
Updated risk assessment	3.85	1.03	41	4.09	0.96	52	4.03	0.98	120	0.99	0.99	213
Audit performance and tracking	4.00	0.96	41	4.20	0.88	52	3.98	1.11	120	4.06	0.98	213
TOTAL	4.03	0.95		4.18	0.90		4.24	0.77				

Source: Authors Computation, 2020.

The mean and standard deviation score from the above table show homogeneity in mean score but differences in standard deviations. Group mean of CTO is 4.03 with a standard deviation of 0.95; group mean of CSO is 4.18 and a standard deviation of 0.90, while the group mean CPO had is 4.24 and a standard deviation of 0.77. The standard deviations scores of the individuals respondents show differences in variability. But, the standard deviation of each group has a small value within the group that suggest variability thus, showing that majority of the scores of individual respondents are tightly clustered around the group mean (Bartz, 1963). Therefore, the mean scores indicate that each group accepted that internal audit ongoing function impacts on corporate fraud risk management.

Testing of Study Hypotheses

Table 11: ANOVA Hypotheses

	Sum of Squares	Df	Mean Square	F	Sig.
Hoi There is no significant impact of CAAP by IA audit on corporate FRM	3.184	4	.796	0.53	0.59
	187.727	208	.903		
	190.911	212			
Ho ii There is no significant impact of periodic audit summary	7.070	4	1.768	0.45	0.08
	176.460	208	.848		

reports PASR on corporate FRM	Total	183.531	212			
Ho iii There is no significant impact of updating risk assessment URA on corporate FRM	Between IAGroups	3.097	4	.774	0.23	0.09
	Within Groups	207.832	208	.999		
	Total	210.930	212			
Ho iv There is no significant impact of performance and tracking issues PATI on corporate FRM	Between IAGroups	4.413	4	1.103	0.51	0.08
	Within Groups	113.850	208	.547		
	Total	118.263	212			

Source: Authors Computation, 2020

The values of P are 0.59, 0.08, 0.09, 0.08 and the overall p value is 0.21 at 0.05 levels. Therefore, since the individual and overall P values are > 0.05 level, the study reject the null hypothesis and accept the alternate hypothesis that ongoing function of internal audit has significant impact in corporate fraud risk management and thus there is no significant difference among the opinions of CTO, CSO and CPO of the sampled banks on the subject matter. The F-Statistics value is 0.45 (45%) in the criterion variable is explained by the four explanatory variables of the study; while the balance of (55%) can be explained by other variables outside the scope of this study.

Findings, Discussions, Summary, Recommendations and Contributions

Findings

- 1) The individuals and group mean scores of the respondents are above (3.0) of the decision rule and unanimously indicated by the smallness values of their standard deviation that CAAP, PASR, URA and PATI impacts FRM
- 2) Continuous assessment of audit plan CAAP; Periodic audit summary reports PASR; Updating risk assessment URA; and Performance and tracking issues PATI as ongoing internal audit function are significant in corporate risk management.
- 3) F-Statistics value is 0.45 (45%) in the criterion variable is explained by the four explanatory variables of the study.

Discussions

The respondents' opinion did not vary significantly that the internal audit ongoing function significantly impacts corporate fraud risk management. Any observed difference was due to chances (Uzoagulu, 1989).

In agreement with previous authors, internal audit ongoing function will have to include among other things: (a) assessment processes to support adjustment to the audit plan which will include effective monitoring in other to ensure consistent application of processes brought by the organization; (b) periodic audit summaries and rearing; and (c) updated risk assessment and adhering to other factors which included internal audit scope, internal audit work papers, audit report and issue tracking (Malaesca & Sulton, 2013).

This finding from the respondents views, also agrees with the opinions of (PWC, 2003; KPMG, 2006; Albrecht & Romney, 1987; Carnes & Keithley, 1993; G. Drogalas, I. Eleftheriadis, M. Pazarskis, E. Anagnostopoulou, & H. Skovoroda (2017; G. Dragala & S. Siopi, 2017; V. F. Benli and D. Celayir, 2014; S. Weins, B. Alm, & T. Wang (2017), and further agrees with the views of (Eden & Morriah, 1996) that ongoing function of internal audit helps to detect weakness in management operations and provides a basis for correcting deficiencies that have eluded the first line of defense before those deficiencies become uncontrollable or exposed in the external auditors report.

Finally, the individual and group mean were above the accepted limits of the research and likewise the value of their standard deviation was very small as an evidence of uniform agreement on the subject matter.

Summary

Fifteen banks were purposefully selected from the populations of the listed banks in NSE; population of three categories of the banking officer who formed the respondents were 600; while the sample size came up to 400 approximately after applying Taro Yamane's formulae for sample size determination. The final result shows that the overall P values of the independent variables is 0.21 and is > 0.05 level and this reject the null hypothesis and accept the alternate hypothesis that ongoing function of internal audit significantly impact corporate fraud risk management. The F-Statistics value of (45%) in the criterion variable is explained by the four explanatory variables of the study; while the balance of (55%) can be explained by other variables outside the scope of this study.

Recommendations

This study provides useful information for policy makers, regulators and various managers in improving the corporate fraud risk management policies in collaboration with internal audit function.

Contribution to knowledge

This study contributes to both local and international research indebt literature and knowledge regarding to risk management and internal audit function in risk management practices in corporations.

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Appendix 1 Questionnaire

Dear Respondent,

Topic: "Ongoing Internal Audit Function in Corporate Fraud Risk Management"

I plead with you to assist me in completing this questionnaire for this study. I will treat the information provided confidentially.

Tick your opinion and comment where necessary.

I therefore appreciate your kind urgent response to this.

Thanks.

Instructions:

- i) Please tick (✓) in your opinion as provided in each of the questions.
- ii) State other comments if need be.

PERSONAL DATA

- i) Gender Status: Male male
- ii) Job Description:

Control officers CTO
Customer service officers CSO
Compliance officers CPO

Please, indicate the extent to which you agree or disagree using the key. Key: SA = Strongly Agree; A = Agree; SD = Strongly Disagree; D = Disagree; U = Undecided. 1

To what extent do you agree that the followings Ongoing Internal Audit function impact Corporate Fraud Risk Management

		SA	A	UN	D	SD
	Ongoing Function					
1	Do you agree that performance and tracking issues PATI of internal audit function impact corporate risk management?					
2	Do you agree that updating risk assessment URA by internal audit function impact corporate risk management?					
3	Do you agree that periodic audit summary reports PASR of internal audit function impact on corporate risk management?					
4	Do you agree that continuous assessment of audit plan CAAP of internal audit function impact corporate risk management?					