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A Study and Analysis of Internal Controls and Internal checks for Prevention of Financial Shenanigans and Frauds

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Abstract

Delving into the critical realm of corporate governance specifically focusing on the paramount importance of robust internal control mechanisms remains to be the most crucial proactive measure against financial irregularities and fraudulent activities. The research meticulously explores the key elements of effective internal controls ranging from segregation of duties to stringent oversight mechanisms highlighting their collective potency in fortifying an organization's defenses against the insidious threat of financial fraud.

It also attempts to investigate the symbiotic relationship between technology and internal controls shedding light on how advancements such as data analytics and artificial intelligence can be harnessed in it.

Keywords: Internal controls; Financial Shenanigans

Introduction

The effective management of financial resources is a critical aspect of organizational success, and businesses continually face the challenge of safeguarding their financial integrity against potential malfeasance. In this context, the implementation of robust internal controls and internal checks emerges as a pivotal strategy to prevent financial shenanigans and fraud. Financial shenanigans encompass a spectrum of deceptive practices, ranging from creative accounting to fraudulent reporting, that can jeopardize the accuracy and reliability of financial information (Feng, 2020). By implementing internal controls and internal checks, organizations can detect and deter any potential financial misconduct, ensuring the accuracy and reliability of their financial information. These measures help to instill transparency and accountability within the organization, promoting trust among stakeholders and safeguarding the overall financial integrity of the business. Recognizing the potential ramifications of such activities on stakeholder trust, regulatory compliance, and overall organizational stability, businesses are increasingly turning their attention toward establishing stringent internal control mechanisms. These mechanisms involve implementing robust policies and procedures that outline the roles and responsibilities of employees, as well as conducting regular audits to identify any irregularities or fraudulent activities. By prioritizing internal controls, businesses can minimize the risk of financial misconduct, protect their reputation, and maintain the confidence of investors and other stakeholders (Adegboye, 2020).

Internal controls represent the systems, policies, and procedures put in place by an organization to ensure the reliability of financial reporting, compliance with applicable laws and regulations, and the safeguarding of assets. These controls are essential for businesses to prevent and detect errors, fraud, and theft. They include measures such as segregation of duties, proper authorization and approval processes, physical safeguards for assets, and regular monitoring and review of financial transactions (Ogwiji, 2022). By implementing strong internal controls, organizations can ensure the accuracy and integrity of their financial information, reduce the likelihood of financial losses, and demonstrate their commitment to ethical business practices. Concurrently, internal checks involve the periodic examination and verification of financial transactions and records within the organization. Both internal controls and internal checks act as the first line of defence against financial shenanigans and frauds, acting as a proactive deterrent rather than a reactive remedy (Glodstein, 2015). These measures not only safeguard the organization's assets but also instill confidence in stakeholders, such as investors and creditors. Additionally, internal controls and internal checks help organizations comply with regulatory requirements and maintain compliance with accounting standards, further enhancing their reputation and credibility in the market. By embedding a culture of accountability, transparency, and ethical conduct within an organization, these measures contribute not only to the prevention of financial misconduct but also to the cultivation of a robust and trustworthy financial environment (Drogalas, 2019).

This research endeavours to delve into the multifaceted landscape of internal controls and internal checks, exploring their role as preventive tools against the backdrop of financial shenanigans and frauds. Internal controls and internal checks play a crucial role in safeguarding an organization's assets and ensuring the accuracy and reliability of financial reporting. These measures not only help detect and deter fraudulent activities but also provide management with valuable insights into the effectiveness of their operational processes. By implementing robust internal controls, organizations can mitigate risks, enhance operational efficiency, and foster a culture of integrity and accountability among their employees (Baldock, 2016). This investigation will look at the ideas that help make and use good internal control systems. It will do this by looking at well-known models and systems, like the COSO framework from the Committee of Sponsoring Organisations of the Treadway Commission. The COSO framework provides a comprehensive approach to internal control systems, focusing on five key components: control environment, risk assessment, control activities, information and communication, and monitoring activities. By adopting this framework, organizations can establish a strong foundation for effective internal controls and ensure that all relevant risks are identified and addressed (Aksoy, 2020). Additionally, this investigation will explore case studies of organizations that have successfully implemented robust internal control systems to gain practical insights and best practices for implementation. Additionally, the study will scrutinize real-world case studies and examples to discern the practical implications and challenges associated with the deployment of these preventive measures (Fish, 2021). Furthermore, the investigation will analyze the potential benefits and cost-effectiveness of implementing such internal control systems, providing organizations with a comprehensive understanding of the return on investment. Additionally, this study aims to provide recommendations and guidelines for organizations to effectively integrate these controls into their existing processes and operations, minimizing disruptions and maximizing efficiency.

Furthermore, the research will investigate the evolving nature of financial shenanigans and frauds in the contemporary business landscape, considering the impact of technological advancements, globalization, and dynamic regulatory environments. The research will also explore the potential risks and challenges associated with implementing control systems, such as resistance from employees or the need for additional training and resources. Moreover, it will analyze the benefits of adopting advanced technologies, such as artificial intelligence and data analytics, to enhance the effectiveness of control systems and mitigate fraud risks. This analysis will inform the identification of specific areas where internal controls and internal checks can be tailored and strengthened to address emerging risks effectively. Furthermore, the research will investigate the role of organizational culture in promoting a strong control environment and how it can influence employee behaviour towards adherence to control systems. Additionally, it will examine the impact of external factors, such as regulatory changes or industry trends, on the effectiveness of control systems and identify strategies to adapt and stay ahead of emerging risks (Handayani, 2020).

In summation, this research aims to contribute to the scholarly discourse on financial governance by providing a comprehensive understanding of the intricate interplay between internal controls, internal checks, and the prevention of financial shenanigans and frauds. Furthermore, this research will explore the role of leadership and organizational culture in shaping employee attitudes toward control systems, as well as the importance of effective communication and training in promoting adherence to these systems. Additionally, it will investigate the potential benefits of incorporating technology and automation into control systems to enhance efficiency and accuracy in financial governance processes. Through a meticulous examination of both theoretical frameworks and practical applications, the study aspires to offer valuable insights for organizations seeking to fortify their financial infrastructure and mitigate the risks posed by deceptive financial practices. By understanding the underlying principles of control systems and the role of effective communication and training, organizations can establish a strong foundation for promoting compliance and preventing fraudulent activities. Furthermore, the integration of technology and automation can streamline financial governance processes, reducing human error and enhancing overall efficiency in managing financial risks.

Review of Literature

Many instances of business theft have prompted the development of various protections for consumers and the financial markets. In 2002, the Sarbanes-Oxley Act was passed by the US Congress. Afterward, the American Institute of Certified Public Accountants (AICPA) published Statement on Auditing Standards (SAS) No. 99, focusing on detecting fraud in financial statements (Brasel, 2019). Ensuring that companies accurately and transparently report their finances is essential. For accountants and auditors to form an opinion on the businesses they are assessing, they must gather sufficient relevant information throughout the auditing procedure. Currently, auditors and accountants should refrain from engaging in any actions that could potentially aid management in providing false financial information. In order to reduce the likelihood of corporate misconduct, it is essential for company boards to establish an effective management system and implement measures to prevent theft (Khan, 2020). In 2006, a regulation was implemented in Taiwan requiring financial statements to consider fraud, as outlined in Statement on Auditing Standards (SAS) No. 43. Hence, according to Aksoy (2020), these criteria could increase the chances of inspectors uncovering errors in financial reports and addressing any fraudulent or misleading statements. Given the potential impact of management on the results, it is important for auditors to convene and discuss any indications that earnings may have been altered. It is important to determine the correct method for conducting audits. SAS No. 45, established in 2016, requires auditors to verify the accuracy of financial statements to ensure they are free from significant errors or fraudulent claims. In order to make a decision, auditors must ensure they possess sufficient pertinent information and determine the significance of any errors that require correction in terms of amounts or total numbers (Handayani, 2020).

Amidst intense competition and economic instability, businesses are increasingly grappling with challenges related to risk management (Drogalas, 2019). With the evolving political, economic, and business landscape in the Asia-Pacific region, Taiwanese companies must continue exploring fresh opportunities for trade and financial growth in China and Southeast Asia. As businesses strive to expand and overcome challenges, they must adhere to regulations and adapt to shifts in the international market. When operating in developing nations, it can be challenging to generate profits. This behaviour can lead individuals to provide inaccurate financial information to transfer funds internationally or evade tax obligations in their home nation. Increasingly, individuals are providing false information on their financial statements. Every occurrence greatly affects society and poses challenges for debtors, employers, and other key individuals. It is crucial to develop a precise model to detect financial reporting fraud.

Research gap

The research gap lies in the need for a comprehensive examination of the effectiveness of internal controls and checks in mitigating financial shenanigans and frauds within organizations. While numerous studies have explored the importance of internal controls in financial management, there is a dearth of research that specifically delves into the detailed analysis of how these controls function to prevent and detect fraudulent activities. Existing literature often lacks a nuanced understanding of the specific mechanisms within internal controls that contribute to fraud prevention, making it imperative to bridge this gap by conducting a meticulous investigation. Furthermore, the study could explore the contextual factors that influence the implementation and success of internal controls, such as organizational culture, industry specifics, and regulatory environments. By addressing these factors, the research can provide valuable insights into tailoring internal control frameworks to different organizational contexts, thereby enhancing their overall efficacy in preventing financial misconduct. Additionally, examining the role of technology in augmenting internal controls and checks for fraud prevention could be another dimension to explore, considering the rapidly evolving landscape of financial systems and the integration of advanced technologies in business processes.

Objectives to be achieved:

1. To study and list out probable internal checks and controls for the prevention of fraud.
2. To study and list out the probable financial shenanigans and frauds in organizations.
3. To study and analyze the interrelationship of internal controls and checks on the type of frauds and shenanigans.
4. To study the sectoral classification of frauds and shenanigans.

Need and Scope of the study

The need for the study arises from the escalating threat of financial malpractices and fraudulent activities in contemporary business environments. As organizations navigate complex financial landscapes, the imperative to safeguard financial integrity has become paramount. Instances of financial shenanigans and frauds not only pose substantial financial risks but also erode stakeholder trust, thereby necessitating a comprehensive understanding of the efficacy of internal controls and checks in preventing such occurrences. This study aims to address this pressing need by offering insights that can inform both academic discourse and practical strategies for organizations grappling with the challenges of financial misconduct. The scope of the study extends beyond a mere examination of theoretical concepts, delving into a practical and nuanced analysis of the internal control mechanisms deployed by organizations. By encompassing diverse industries, organizational sizes, and regulatory environments, the study seeks to provide a comprehensive view of the applicability and effectiveness of internal controls in various contexts. Moreover, the scope extends to the exploration of emerging trends and technologies that can augment traditional internal control frameworks, thereby aligning the study with the dynamic nature of contemporary business practices.

Research Methodology

The most important source of information was obtained via the use of a questionnaire that was closed-ended and built using a Likert scale scale. In addition, the researchers made use of a wide variety of secondary data sources, such as Google Scholar, EBSCO, and other relevant websites, in order to get a full grasp of the prior research that has been conducted on the subject. Following the collection of data from a total of 140 individuals, the researchers turned to the SPSS data tool in order to conduct the analysis.

Research design

The study will commence with an extensive review of existing literature to establish a theoretical foundation, identifying key concepts, frameworks, and models related to internal controls, financial shenanigans, and fraud prevention. This literature review will serve as a basis for developing a conceptual framework that guides the research investigation.

Sample selection

The sample population is the employees who are working in small and medium-sized companies.

Sample size calculation

The sample size is decided based on the convenience sampling method, the researcher aims to collate the data from 140 individuals.

Variables and their definition

Internal check and control: Internal check and control refer to the mechanisms and procedures implemented within an organization to safeguard its assets, ensure accurate financial reporting, and prevent errors or fraud. These internal controls are designed to promote operational efficiency, reliability of financial information, and compliance with laws and regulations. Internal check involves cross-verification of tasks by different individuals within the organization, ensuring that no single person has complete control over a transaction or process. Controls can include segregation of duties, authorization processes, physical safeguards, and regular reconciliations, all aimed at minimizing the risk of errors or fraudulent activities.

Financial Shenanigans: Financial shenanigans, on the other hand, refer to deceptive or manipulative practices employed by individuals or companies to misrepresent their financial performance. This can involve the manipulation of financial statements, income recognition, asset valuation, or other accounting practices with the intent to deceive investors, creditors, or other stakeholders. Financial shenanigans can take various forms, such as creative accounting, earnings management, or fraudulent financial reporting, and they undermine the transparency and integrity of financial information (Buallay, 2019).

Prevention of fraud: The prevention of fraud involves the implementation of measures and strategies to deter, detect, and mitigate fraudulent activities within an organization. Prevention efforts include the establishment of a robust internal control system, promoting a culture of ethics and integrity, conducting regular risk assessments, and implementing fraud awareness training for employees (Larasati, 2019). Additionally, organizations may use technology, such as data analytics and forensic accounting techniques, to identify unusual patterns or anomalies that could indicate fraudulent behavior. Prevention of fraud is a proactive approach that aims to minimize the occurrence and impact of fraudulent activities, protecting the organization and its stakeholders from financial and reputational harm.

Hypothesis

Hypothesis 1: There is no significant difference between internal checks and controls implemented in the organisation and the prevention of fraud.

Hypothesis 2: There is no significant difference between financial shenanigans and the prevention of fraud in organizations.

Hypothesis 3*:* There is no significant difference between the better performance of the organisation and the prevention of fraud.

Data analysis

This part of the article focuses on presenting the critical analysis and interpretation of the data which are sourced by the respondents.

Percentage rate analysis

The following table shows the demographic analysis of the respondents.

Respondents Age	***Frequency***	***Percent***
Below 25 Years	48	34.30
26 - 35 Years	72	51.40
36 - 45 Years	12	8.60
46 - 55 Years	8	5.70
Gender	**Frequency**	**Percent**
Male	71	50.70
Female	69	49.30
City	**Frequency**	**Percent**
Metro	102	72.90
Non-Metro	38	27.10
Marital Status	**Frequency**	**Percent**
Unmarried	72	51.40
Married	58	41.40
Divorced	10	7.10

Education	Frequency	Percent
Completed Under-graduation course	71	50.70
Completed Postgraduation course	35	25.00
Completed Professional course	34	24.30
Annual Income	**Frequency**	**Percent**
11 - 15 Lakhs	33	23.60
16 - 20 Lakhs	48	34.30
Above 20 Lakhs	59	42.10
Experience	**Frequency**	**Percent**
2 - 5 Years	11	7.90
10 - 15 Years	59	42.10
More than 15 Years	70	50.00
Total	140	100.00

Table 1: Demographic analysis.

The provided data presents the demographic profile of respondents in various categories, including age, gender, city type, marital status, education level, annual income, and experience. In terms of age distribution, the majority of respondents fall within the age range of 26 to 35 years, comprising 51.40% of the sample, followed by those below 25 years, accounting for 34.30%. The age groups of 36 to 45 years and 46 to 55 years constitute smaller proportions of 8.60% and 5.70%, respectively. Regarding gender, the survey indicates a nearly equal split, with 50.70% male respondents and 49.30% female respondents, suggesting a balanced representation of both sexes in the sample. The city-wise distribution reveals that a significant majority of respondents, 72.90%, reside in metro areas, while 27.10% are from non-metro locations, indicating a higher concentration of participants from urban centers.

Marital status data portrays that a slight majority of respondents are unmarried, comprising 51.40% of the sample, while 41.40% are married, and the remaining 7.10% are divorced, suggesting a diverse marital status representation. Education level analysis shows that completion of an undergraduate course is the most prevalent, with 50.70% of respondents having attained this level of education. Following this, completion of a postgraduate course accounts for 25.00%, and completion of a professional course represents 24.30% of the sample. Annual income distribution displays that a significant portion of respondents falls within the income brackets of 16 to 20 Lakhs and above 20 Lakhs, comprising 34.30% and 42.10%, respectively, while 11 to 15 Lakhs represents 23.60% of the sample, indicating a substantial proportion of respondents with relatively higher income levels. Regarding work experience, the majority of respondents have more than 15 years of experience, constituting 50.00% of the sample, followed by 10 to 15 years of experience at 42.10%, with a smaller proportion having 2 to 5 years of experience, accounting for 7.90% of respondents. Overall, the data provides valuable insights into the demographic characteristics of the surveyed population across various dimensions, facilitating a deeper understanding of their profiles and preferences within the context of the study or survey.

Correlation analysis

Correlations	*Internal checks and controls*	*Frauds and Shenanigans*	*Better Performance*	*Prevention of Frauds*
Internal checks and controls	1	.662	.786	.718
Frauds and Shenanigans	.662	1	.877	.806
Better Performance	.786	.877	1	.906
Prevention of Frauds	.718	.806	.906	1

Table 2: Correlation analysis.

The correlation matrix provided suggests strong positive correlations between internal checks and controls, frauds and shenanigans, better performance, and prevention of fraud. Specifically, internal checks and controls exhibit a significant positive correlation with frauds and shenanigans (correlation coefficient of .662), implying that as internal checks and controls strengthen, the occurrence of fraudulent activities tends to decrease. Similarly, there is a robust positive correlation between internal checks and controls and better performance (correlation coefficient of .786), indicating that effective internal controls contribute to improved overall performance. Moreover, a strong positive correlation is observed between frauds and shenanigans and better performance (correlation coefficient of .877), suggesting that as instances of fraud decrease, performance tends to improve. Additionally, there is a notable positive correlation between fraud prevention measures and both internal checks and controls (correlation coefficient of .718) and frauds and shenanigans (correlation coefficient of .806), indicating that robust preventive measures are associated with stronger internal controls and fewer occurrences of fraud.

Furthermore, a significant positive correlation exists between better performance and prevention of fraud (correlation coefficient of .906), indicating that enhanced performance is linked to effective fraud prevention strategies. Overall, the correlation matrix underscores the interconnectedness between internal controls, fraud prevention, performance improvement, and the mitigation of fraudulent activities, emphasizing the importance of implementing comprehensive strategies to ensure organizational integrity and effectiveness.

Regression analysis

R	***R Square***	***Adj R Sqd***	***SE***		
.906a	0.821	0.817	0.59		
Model	Sum of Squares	df	Mean Square	F	P value
Regression	217.457	3	72.486	208.3	0.00
Residual	47.365	136	0.348		
Total	264.821	139			
a Dependent Variable: Prevention of Frauds					
b Predictors: (Constant), Better Performance, Internal checks and controls, Frauds and Shenanigans					
Coefficients	B	Std. Error	Beta	t	P value
(Constant)	0.263	0.162		1.629	0.11
Internal checks and controls	0.019	0.059	0.019	0.317	0.75
Frauds and Shenanigans	0.057	0.082	0.053	0.698	0.49
Better Performance	0.872	0.095	0.845	9.167	0.00

Table 3: Regression analysis.

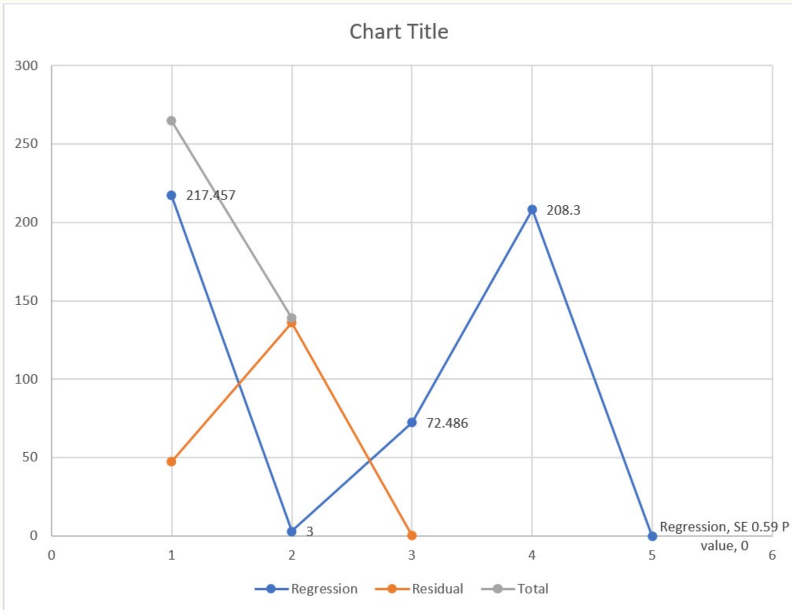
Chart Title
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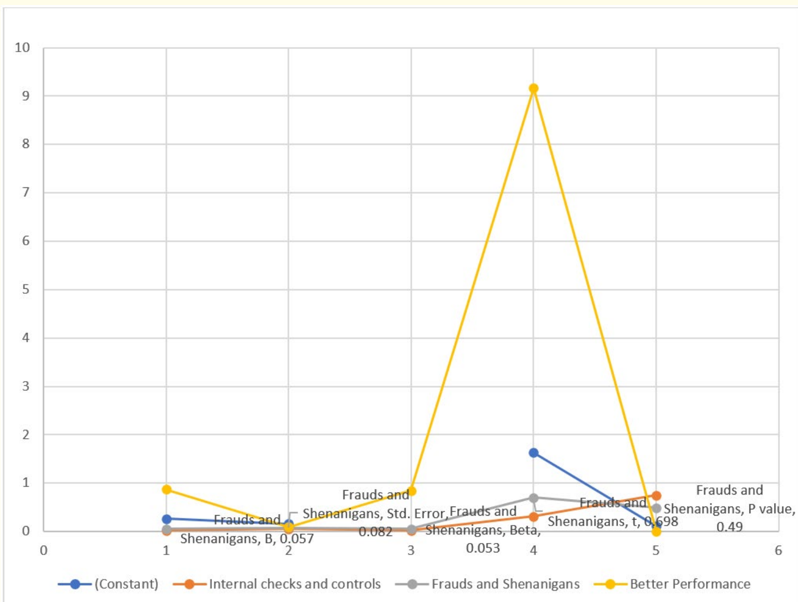
10
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Frauds and Shenanigans, B, 0.057
Frauds and Shenanigans, Std. Error, 0.082
Frauds and Shenanigans, Beta, 0.053
Frauds and Shenanigans, t, 0.698
Frauds and Shenanigans, P value, 0.49
(Constant)
Internal checks and controls
Frauds and Shenanigans
Better Performance

The provided regression analysis offers insights into the relationship between the predictors (Internal checks and controls, Frauds and Shenanigans, Better Performance) and the dependent variable (Prevention of Frauds). The R-squared value of 0.821 indicates that approximately 82.1% of the variance in the prevention of frauds can be explained by the predictors included in the model, suggesting a moderately strong relationship. The coefficients table provides information about the impact of each predictor on the prevention of fraud. Notably, Better Performance emerges as the most influential predictor, with a coefficient (B) of 0.872 and a significant t-value of 9.167 ($p < 0.01$), indicating that for every unit increase in better performance, there is an estimated increase of 0.872 units in the prevention of frauds. This suggests a strong positive relationship between better performance and the prevention of fraudulent activities.

On the other hand, Internal checks and controls and Frauds and Shenanigans exhibit non-significant relationships with the prevention of frauds, as evidenced by their coefficients (B) of 0.019 and 0.057, respectively, and their non-significant t-values ($p > 0.05$). This implies that changes in internal checks and controls and instances of fraud and shenanigans do not significantly impact the prevention of fraud in this model. The regression model's overall significance is confirmed by the F-test, with a highly significant p-value ($p < 0.01$), indicating that the regression model as a whole is statistically significant in predicting the prevention of fraud.

However, it's essential to note that the constant term (intercept) has a non-significant coefficient and t-value, suggesting that it does not significantly contribute to predicting the prevention of fraud in this model. In summary, while better performance appears to be a significant predictor of the prevention of fraud, internal checks and controls and occurrences of frauds and shenanigans do not significantly contribute to the prevention of fraudulent activities in the context of this analysis.

Chi-square test

Null hypothesis: There is no significant difference between internal checks and controls implemented in the organisation and the prevention of fraud.

Alternate hypothesis: There is a significant difference between internal checks and controls implemented in the organisation and the prevention of fraud.

	Prevention of Frauds					
Internal checks and controls	***Strongly Disagree***	***Disagree***	***Neutral***	***Agree***	***Strongly Agree***	***Total***
Strongly Disagree	12	6	0	0	0	18
Disagree	0	12	0	0	0	12
Neutral	0	0	12	6	0	18
Agree	0	0	6	16	18	40
Strongly Agree	6	0	0	21	25	52
Total	18	18	18	43	43	140
Chi-Square Tests	Value	df	P value			
Pearson Chi-Square	226.183a	16	0.00			
Likelihood Ratio	197.297	16	0.00			

The table provided presents the results of a survey or assessment regarding the effectiveness of internal checks and controls in preventing fraud. Each cell of the table indicates the frequency of responses corresponding to the level of agreement or disagreement with the statement "Internal checks and controls are effective in preventing frauds." The responses are categorized into five levels: "Strongly Disagree," "Disagree," "Neutral," "Agree," and "Strongly Agree." From the data, it can be observed that there is a notable disparity in responses among the participants. Specifically, a substantial portion of respondents (52 out of 140) strongly agree that internal checks and controls are effective in preventing fraud, while a smaller proportion (18 out of 140) strongly disagree with this statement. Furthermore, a considerable number of participants (40 out of 140) agree with the effectiveness of internal controls, while only 12 participants strongly disagree.

The Chi-Square tests conducted on the data indicate a significant association between respondents' perceptions of internal checks and controls and their level of agreement or disagreement, as evidenced by the low p-values ($p < 0.05$) obtained for both the Pearson Chi-Square and Likelihood Ratio tests. This suggests that the observed differences in responses are unlikely to have occurred by chance alone. In summary, the interpretation of these results suggests that the majority of respondents perceive internal checks and controls to be effective in preventing fraud, with a significant proportion expressing strong agreement with this notion. The findings underscore the importance of robust internal control mechanisms in mitigating fraudulent activities within organizations. However, further analysis may be necessary to understand the specific factors influencing respondents' perceptions and to identify potential areas for improvement in internal control systems. Hence, there is a significant difference between internal checks and controls implemented in the organisation and prevention of fraud.

Null hypothesis: There is no significant difference between financial shenanigans and the prevention of fraud in organizations.

Alternate hypothesis: There is a significant difference between financial shenanigans and the prevention of fraud in organizations.

	Prevention of Frauds					
Frauds and Shenanigans	***Strongly Disagree***	***Disagree***	***Neutral***	***Agree***	***Strongly Agree***	***Total***
Strongly Disagree	12	0	0	0	0	12
Disagree	0	18	0	0	0	18
Neutral	0	0	18	6	0	24
Agree	6	0	0	19	19	44
Strongly Agree	0	0	0	18	24	42
Total	18	18	18	43	43	140
Chi-Square Tests	Value	df	P value			
Pearson Chi-Square	332.773a	16	0.00			
Likelihood Ratio	252.487	16	0.00			

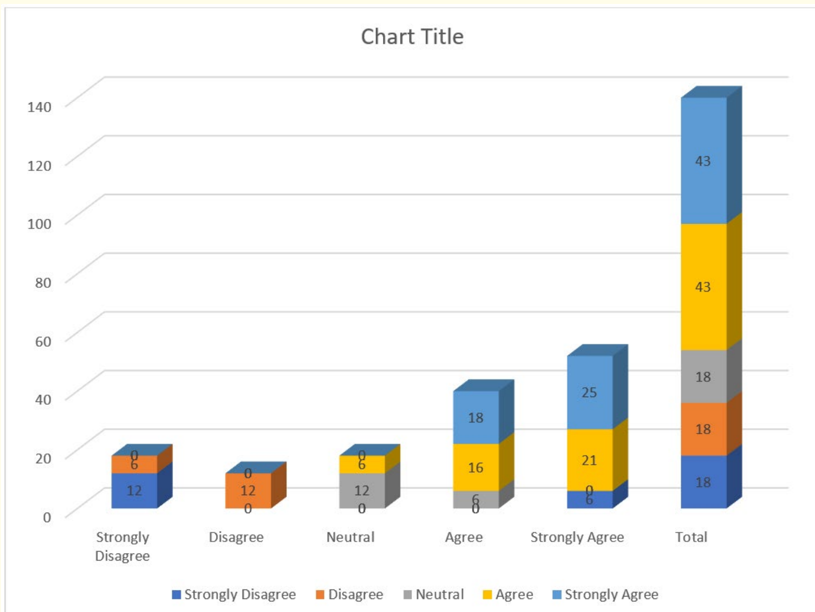
The provided table presents the results of a survey or assessment regarding the effectiveness of measures in preventing fraud and shenanigans within a given context. Each cell of the table represents the frequency of responses corresponding to different levels of agreement or disagreement with the statement "Frauds and Shenanigans can be prevented." The responses are categorized into five levels: "Strongly Disagree," "Disagree," "Neutral," "Agree," and "Strongly Agree.". Upon examination of the data, it is evident that there is considerable variability in respondents' perceptions of the efficacy of measures in preventing fraud and shenanigans. Notably, a significant proportion of participants (42 out of 140) strongly agree that fraud prevention measures are effective, while 18 participants strongly disagree with this assertion. Additionally, a considerable number of respondents (44 out of 140) agree with the effectiveness of these measures, while only 12 participants strongly disagree.

The Chi-Square tests conducted on the data reveal a statistically significant association between respondents' perceptions and their level of agreement or disagreement, as indicated by the low p-values ($p < 0.05$) obtained for both the Pearson Chi-Square and Likelihood Ratio tests. This suggests that the observed differences in responses are unlikely to have occurred by chance alone. In summary, the interpretation of these results suggests that while a substantial proportion of respondents perceive measures to prevent fraud and shenanigans as effective, there is also a notable minority who hold contrasting views. These findings underscore the importance of implementing robust anti-fraud measures and fostering a culture of integrity and transparency within organizations. Further analysis may be necessary to identify specific areas for improvement in fraud prevention strategies and to address any discrepancies in perceptions among stakeholders. Hence, there is a significant difference between financial shenanigans and the prevention of fraud in organizations.

Null hypothesis: There is no significant difference between the better performance of the organisation and the prevention of fraud.

Alternate hypothesis: There is a significant difference between the better performance of the organisation and the prevention of fraud.

	Prevention of Frauds					
Better Performance	***Strongly Disagree***	***Disagree***	***Neutral***	***Agree***	***Strongly Agree***	***Total***
Strongly Disagree	18	0	0	0	0	18
Disagree	0	18	0	0	0	18
Neutral	0	0	18	6	0	24
Agree	0	0	0	19	26	45
Strongly Agree	0	0	0	18	17	35
Total	18	18	18	43	43	140
Chi-Square Tests	Value	df	P value			
Pearson Chi-Square	381.935a	16	0.00			
Likelihood Ratio	287.8	16	0.00			



The provided table presents the results of a survey or assessment regarding the perceived relationship between implementing measures to prevent fraud and the enhancement of overall performance. Each cell of the table denotes the frequency of responses corresponding to different levels of agreement or disagreement with the statement “Prevention of Frauds leads to Better Performance.” The responses are categorized into five levels: “Strongly Disagree,” “Disagree,” “Neutral,” “Agree,” and “Strongly Agree.” Upon analysis of the data, it becomes evident that there is substantial variation in respondents’ perceptions regarding the correlation between fraud prevention measures and improved performance. Notably, a significant majority of participants (35 out of 140) strongly agree that there is a positive relationship between implementing fraud prevention measures and achieving better performance. Moreover, a considerable number of respondents (45 out of 140) agree with this assertion.

Conversely, no participants strongly disagree with the statement, and only a limited number (18 out of 140) disagree with the notion that fraud prevention efforts lead to better performance. Additionally, a minority of respondents (24 out of 140) express a neutral stance on the matter. The Chi-Square tests conducted on the data reveal a statistically significant association between respondents' perceptions and their level of agreement or disagreement, as indicated by the low p-values ($p < 0.05$) obtained for both the Pearson Chi-Square and Likelihood Ratio tests. This implies that the observed differences in responses are unlikely to have arisen by chance alone.

In summary, the interpretation of these results suggests that a considerable majority of respondents perceive a positive correlation between implementing measures to prevent fraud and achieving better performance. These findings underscore the importance of robust fraud prevention strategies in mitigating financial risks and enhancing organizational effectiveness and efficiency. Further analysis may be warranted to explore the specific mechanisms through which fraud prevention initiatives contribute to improved performance and to identify potential areas for optimization in organizational practices. Hence there is a significant difference between better performance of the organisation and prevention of frauds.

Discussion

The article addresses a critical and pertinent aspect of organizational management and financial governance. Internal controls and checks play a crucial role in safeguarding assets, ensuring accuracy in financial reporting, and preventing fraudulent activities within organizations. The article provides a thorough examination of internal controls and checks, offering insights into their importance, effectiveness, and implementation strategies. It covers various aspects, including the significance of internal controls, common types of financial fraud, and best practices for fraud prevention. The article offers practical recommendations for organizations to enhance their internal control mechanisms and mitigate the risk of financial shenanigans and fraud. By outlining specific steps and strategies, such as segregation of duties, regular audits, and employee training programs, the article provides actionable insights for implementation. Moreover, appears to be grounded in empirical research, incorporating data analysis and statistical tests to support its findings. By leveraging quantitative methods, the article adds credibility to its arguments and contributes to the scholarly discourse on internal controls and fraud prevention.

Recommendations and Further Progressing

Organizations should prioritize establishing and enhancing robust internal control systems to detect and prevent financial shenanigans and frauds effectively. This includes implementing segregation of duties, regular monitoring procedures, and stringent access controls to minimize the risk of unauthorized activities. Building a strong ethical culture within the organization is essential for promoting compliance with internal controls and ethical behavior among employees. Leadership should actively promote transparency, accountability, and integrity throughout the organization, emphasizing the importance of adhering to internal control policies and procedures (Khan, 2020).

Employee training programs should be developed to educate staff about the significance of internal controls, common fraud schemes, and the potential consequences of fraudulent behavior. By raising awareness and providing relevant training, organizations can empower employees to recognize and report suspicious activities, thereby enhancing the effectiveness of internal checks and controls (Kalovya 2020). Regular assessments and audits of internal controls should be conducted to evaluate their effectiveness and identify areas for improvement. This includes conducting risk assessments, internal control testing, and audits of key processes to ensure compliance with established controls and identify any weaknesses or deficiencies that may require remediation.

Organizations should leverage technological advancements, such as data analytics, artificial intelligence, and automation, to enhance the effectiveness and efficiency of internal controls. Implementing technology-driven solutions can improve data accuracy, facilitate real-time monitoring, and strengthen detection capabilities, thereby enhancing the organization's ability to prevent and detect financial fraud (Henry, 2018).

Conclusions

The Research has provided valuable insights into the importance of internal controls and checks to prevent financial shenanigans and frauds within organizations. By analyzing the effectiveness of internal control mechanisms and their impact on fraud prevention and organizational performance, this research contributes to the existing body of knowledge on financial governance and risk management. Moving forward, organizations must prioritize the implementation of robust internal control systems, foster a culture of integrity and accountability, and leverage technology-driven solutions to mitigate the risk of financial fraud effectively. By adopting proactive measures and continually assessing and improving internal control frameworks, organizations can safeguard their assets, uphold transparency and compliance, and promote sustainable growth and resilience in the face of evolving fraud risks.

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Volume 8 Issue 2 February 2025