Majors: FIN

S.No. FIN/14

"Impact of Audit Committee on Fraud Management Through the Mediation of Internal Audit Activities"

By:

Rohma Sajjad 01-221222-035

Supervisor:

Dr. Hina Samdaani

Department of Business Studies

Bahria University Islamabad

Fall 2023

FINAL PROJECT/THESIS APPROVAL SHEET

Viva-Voce Examination

Viva Date: 29/01/2024.

Topic of Research: (*Impact of Audit Committee on Fraud Management Through the Mediation of Internal Audit Activities*)

Names of Student(s): **Enroll #** 01-221222-035.

- Rohma Sajjad

Class: MBA 1.5 Years (Finance)

Approved by:

Dr.Hina Samdaani

Supervisor

Summaira Harron

Internal Examiner

Dr.Naeem

External Examiner

Dr.Syed Haider Ali Shah

Research Coordinator

Dr.Khalil Ullah Mohammad

Head of Department

Business Studies

ABSTRACT

This research investigates the intricate relationship between audit committees, fraud management, and the mediating influence of internal audit activities within organizations. In light of the escalating challenges posed by fraudulent activities, understanding the mechanisms through which audit committees contribute to fraud prevention is crucial for organizational resilience. The study employs a comprehensive framework to examine the direct impact of audit committees on fraud management and, more importantly, the mediating role played by internal audit activities. By leveraging empirical data collected from a diverse sample of organizations, the research aims to delineate the specific internal audit mechanisms that serve as mediators between the actions of audit committees and the overall effectiveness of fraud management. The findings of this research are expected to shed light on the nuanced dynamics between key governance elements and fraud prevention. Insights gained from this study can inform practitioners, policymakers, and scholars on strategies to enhance the collaborative efforts of audit committees and internal audit functions in effectively mitigating fraud risks within organizations. Ultimately, the research contributes to the broader literature on corporate governance, internal controls, and fraud management, offering practical implications for organizations seeking to fortify their defenses against fraudulent activities

DEDICATION

This thesis is dedicated :

I inexpressible gratitude to my unwavering source of love, my parents,

Your unconditional love, prayers, and lessons on hard work have been the guiding lights shaping the person I am becoming. My heartfelt thanks can only inadequately capture the depth of my appreciation.

To my beloved brothers and sisters,

Your constant presence has been my anchor throughout the challenges of this enduring journey. The love, care, understanding, support, and encouragement you've provided have been invaluable.

.I am truly blessed to have you in my life

ACKNOWLEDGEMENT

First and foremost, I express my deepest gratitude to Allah Almighty, the Most Merciful and the Most Compassionate, for His divine guidance and blessings that have enabled me to complete this thesis. His unwavering support has been my source of strength throughout this academic journey.

I am indebted to numerous individuals who have played a pivotal role in the completion of this research project. My sincere appreciation goes to my distinguished supervisor, Dr. Hina Samdaani, whose guidance, knowledge, patience, and support have been instrumental. Her regular constructive comments and thorough evaluations significantly contributed to the overall quality of this thesis.

I extend my heartfelt thanks to my employers, Sir Tauseef Satti, Senior Manager of Accounts at Kitchen Cuisine, and Sir Mirwais Syed, Finance Head at Cult Design, for their continuous support and encouragement. Their mentorship has been invaluable, providing me with both professional guidance and personal growth.

Last but certainly not least, I extend my deepest gratitude to my parents. Their love and support have been unwavering and unconditional. They have been a constant guiding force, not only in my thesis but throughout all stages of my life endeavors. My parents are my heroes, and their blessings, prayers, kindness, and unconditional love have been indescribable. It is through their love, passion, and compassion that they have shaped me into the person I am today.

Table of Contents

CHAPTER 1

1 Introduction

In a period characterized by intricate economic dynamics and a rapidly evolving business environment, ensuring effective governance within organizations has become imperative. The threat of corporate fraud looms large, posing a substantial risk to the stability and integrity of financial systems. Consequently, there is a pressing need for a thorough examination of the existing mechanisms designed to manage and mitigate such risks. Central to the realm of corporate standards is the review council, a cornerstone entrusted with overseeing financial reporting and preventing fraudulent activities. Simultaneously, internal review activities play a pivotal role in scrutinizing and enhancing the internal control environment. This research aims to explore the intricate interplay connecting review councils, internal review activities, and their combined impression on fraud management within organizations.

While the significance of review councils in corporate governance is widely acknowledged, the ongoing scholarly debate revolves around their productiveness in curtailing fraudulent practices. This research endeavors to contribute to this discourse by investigating the influence of review councils on fraud management outcomes, with a specific focus on the mediating role played by internal review activities.

Internal review activities, functioning as the frontline defense against fraud, possess the potential to mediate the correlation connecting review councils and fraud management practices. Through the scrutiny of internal controls, evaluation of risk management processes, and the provision of recommendations for improvement, internal review functions can significantly influence the overall productiveness of an organization's anti-fraud measures. Grasping the nuanced dynamics connecting review councils and internal review activities in the context of fraud management is imperative for organizations seeking to strengthen their governance structures.

This research embarks on a comprehensive analysis, utilizing both theoretical frameworks and empirical evidence, to untangle the intricate correlations connecting review councils, internal review activities, and their combined impression on fraud management. By illuminating these interconnected elements, the findings of this examination aim to offer valuable insights for academics, practitioners, and policymakers alike. This will contribute to a deeper understanding of the mechanisms that uphold robust corporate governance in the face of emerging fraud risks.

1.1 Background of The Examination

Fraudulent activities pose a significant threat to the financial stability, integrity, and reputation of organizations across various industries. Consequently, the role of governance mechanisms becomes crucial in establishing effective safeguards against fraudulent practices. The review council, as a vital component of corporate governance, is central to the oversight and risk management processes within an organization. In recent years, scholars and practitioners have increasingly recognized the need to explore the intricate dynamics connecting the review council, internal review activities, and fraud management.

Insufficient efforts hinder sustainable development and have a significant negative impression on the world economy. In cases of fraud, a country's economic stability is severely affected by the lack of resources. The works on fraud management (FM) deals with numerous standpoints on the operation of specialists such as criminological bookkeepers and internal reviewers, in addition to the execution of operative measures (Bier’s taker et al., 2006; Coram et al., 2008; PWC, 2014; AbuazzaLaw, 2011). Previous articles by various authors have highlighted the importance of risk management, support from senior management, internal review activities, and fraud management in organizations. Current education has revealed that operative risk administration can meaningfully minimize monetary wrongdoings (Abdullah and Said, 2019; Mohd-Sanusi et al., 2015).

The involvement of internal review activities is vital for officialdoms as it facilitates them to recognize and lessen probable dangers. Likewise, fraud management exercises are executed to defend against contradiction of deceitful actions and reinforce internal controls. However, the current literature lacks a comprehensive analysis of the correlation connecting the review council, Internal review Attributes, Internal Audit Activities (IAA), and Fraud Management (FM). Despite ongoing attempts to alter corporate standards procedures, Scholars like Abdullah and Said (2019), Holmes et al. (2002), Mohd-Sanusi et al. (2015), and Sarens et al. (2012) have offered opposing views. Some scholars including Fraser and Henry (2007), De Zwaan et al. (2011), and Abdullah and Said (2019) have contended in opposition to the participation of internal reviewers (IAs) and the audit board in risk management (RM) actions. Internal reviewers in business authority, such as internal controls and risk management, have been discovered to contribute to their involvement in fiscal management. This has been backed by multiple scholars (Abaza et al., 2015; Alzeban and Gwilliam, 2014; Zainal Abidin, 2017).The enhanced functions of internal reviewers in economic management lead to increased worth for their corporations (Al-Tajiri et al., 2003; Goodwin-Stewart and Kent, 2006). The factors influencing internal review productiveness and their implications for fraud management are the main subjects of the literature. Previous studies conducted by Alzeban and Gwilliam (2014), Drogalas et al. (2017), and Law (2011) have explored this issue. Nevertheless, not much examination has been done to look at how factors like the review council (AC) and internal review attributes (IAC) affect the internal review department (IAA) and how those factors work together to affect fraud management (FM).

The interrelation of AC, IAC, IAA, and FM has not yet been fully inspected in particular, little is known about the mediating role of IAA connecting AC, IAC, and FM. Furthermore, it remains unclear whether AC and IAC affect the efficacy of IAA and if these activities effectively manage workplace fraud.

This research proposes to inspect the correlation connecting AC, IAC, IAA, and FM. The examination will explore the impression of AC and IAC on the efficacy of IAA and its subsequent effects on fraud management. This examination crystallizes the intricate dynamics of corporate standards, emphasizing the collaborative efforts of the review council and internal review activities in mitigating fraudulent activities. By exploring these correlations, the research aims to offer actionable insights for organizations to strengthen their governance structures and enhance fraud resilience.

1.2 Research Gap

While prior research has explored the individual contributions of the review council and internal audit activities to fraud management, there exists a research gap concerning the interconnectedness of these elements. This examination hunts to address this gap by examining the holistic correlation, acknowledging that the impression of a strong review council on fraud mitigation may be contingent upon the productiveness of internal audit activities. Future studies should inspect the effects of RM, TMS, and IAA on FM in a variety of surroundings and consider workers from a broader perspective, including senior management and chief financial officers, as suggested by Alazani, Mustafa, and Karage's examination from 2023. This will help to improve the conclusions' applicability. Furthermore, they suggested that future research inspect the impression of variables on IAA and FM, including the review council, internal review features, and technology.

1.3 Problem Statement

Fraud management is a crucial tool to safeguard organizations and customers against financial losses and damages caused by fraudulent activities. Organizations may enhance customer satisfaction and foster a sense of trust by employing effective fraud management techniques, as well as adhering to legal and industry requirements. The matter of fraud is prevalent and continues to intensify, resulting in substantial concern, in emerging states where its existence has been viewed as a worrying evolution (Inaya & Isito, 2016). The societal impression of fraud is substantial, leading to increased consumer inconvenience, missed opportunities, inflated prices for goods and services, and fostering criminal activities driven by ill-gotten gains (Ijeoma & Aronu, 2013). Fraud management is indeed crucial in protecting organizations and customers from the detrimental effects of fraudulent activities. It serves multiple purposes, such as preventing financial losses, safeguarding reputations, ensuring compliance with regulations, fostering customer trust, and enhancing the overall customer experience. Fraud has been a pervasive issue for quite some time, and unfortunately, its prevalence is increasing with each passing day. This is a cause for concern, especially in developing nations where the rate of fraud has risen alarmingly.

The consequences of fraud extend beyond immediate financial losses. They have a broader impression of society as a whole. Fraud imposes costs that are eventually passed on to consumers in various ways. These include higher prices for goods and services, increased annoyance for customers, missed opportunities, and even the perpetuation of criminal activity fueled by ill-gotten gains.

Addressing fraud effectively requires a comprehensive approach that combines initiative-taking measures, such as robust fraud detection systems, with reactive measures, such as investigation and prosecution of fraudsters. Organizations and governments need to collaborate in implementing strategies that not only deter fraud but also educate the public about its consequences and preventive measures.

By prioritizing fraud management, we can mitigate its detrimental effects, protect the interests of both organizations and customers and contribute to a safer and more trustworthy business environment. Since the inception of recorded historical accounts, fraudulent activities have been consistently linked to humanitarian organizations. Despite efforts to eliminate this issue, it has persisted in various societies and civilizations. Fraud encompasses a range of dishonest practices employed to gain an unfair advantage over others (Okoye, Maimako, Jugu, & Jat, 2017). This research inquiries about the efficacy of review councils, internal review attributes, and technology in reducing the probability of deceitful or aggressive monetary reportage actions. The potential ramifications of failing to address the issue of fraud management can be quite expensive. Depending on the extent of the fraud, it may result in substantial monetary losses, harm to customer connections, or damage to reputation. Furthermore, the occurrence of fraud may also entail legal and regulatory repercussions, including monetary fines or penalties. Moreover, neglecting to promptly manage the fraud could leave the organization vulnerable to additional risks.

1.4 Research Questions

The following questions are inquired in this research.

What is the impression of AC on IAA?

What is the impression of AC on FM?

Is the relation connecting AC and FM mediated by IAA?

1.5 Research Objectives

The intention of this examination is.

To inspect the impression of AC on IAA.

To assess the impression of AC on FM.

To discover the mediating capacity of IAA connecting AC and FM.

1.6 Significance of Examination

Understanding the impression of the review council on fraud management is paramount for organizations striving to enhance their governance structures and protect against financial malfeasance. This examination aims to back to the existing information by inspecting not only the direct influence of the review council on fraud mitigation but also the mediating role played by internal audit activities. This examination aims to enhance comprehension regarding the influence of review councils and Internal review Attributes on Internal audit activities and fraud management. Identifying potential improvement areas and risks can improve the efficiency of internal review activities and fraud management. Policymakers and Corporate standards stakeholders can benefit from the outcomes of this examination in their decision-making process concerning review councils and internal review attributes. This research can provide valuable insight into the impression of organizational contexts on the correlation connecting the review council, internal review attributes, and internal reviewable activities, as well as fraud management.

1.7 Organization of Study

The residual segments of this essay are arranged as discussed in the coming sentence. Section 2 covers literature review. The concept of the hypothesis and theoretical framework is discussed in Section 3. The methodology is discussed in Section 4. The data are inspected, and section 5 discusses the results .Section 6 completes by reviewing the examination and concluding.

CHAPTER 2

2 Literature Review

Fraudulent activities within organizations pose significant threats to financial stability, reputation, and overall corporate standards. To address these concerns, researchers have delved into the role of corporate standards mechanisms, particularly the review council, in mitigating fraud risks. This literature review explores existing studies that inquire about the impression of review councils on fraud mitigation, with a specific focus on how internal reviewable activities mediate this correlation.

2.1 Audit Committee:

This examination aims to crystallize the intricate dynamics of corporate standards, emphasizing the collaborative efforts of the review council and internal reviewable activities in mitigating fraudulent activities. By exploring these correlations, the research aims to offer actionable insights for organizations to strengthen their governance structures and enhance fraud resilience.

Conceptual Definition:

The review council is a crucial component of corporate standards structures, playing a pivotal role in overseeing financial reporting and internal control systems. Research by Beasley et al. (2009) and Klein (2002) emphasizes the importance of an effective review council in enhancing transparency, accountability, and ethical conduct within organizations. These studies highlight the positive correlation connecting strong review council attributes and reduced instances of fraudulent activities.

The Malaysian Review Council is responsible for evaluating the dissimilar stages of internal review councils expressly required by Bursa Malaysia to evaluate the efficacy of the internal reviewable scope, functions, capability, and resources. Evaluation of the internal reviewable program, procedures, and findings of audits or investigations is also required to make sure the right decisions are made in response to the internal reviewable function's recommendations. Mat Zain et al. (2006) outlined two particular measures that review councils can take to keep an eye on the internal reviewable functions' activities. They ought to start by scrutinizing and challenging internal reviewable reports and programs. Second, if shortcomings were found in earlier internal audits, they ought to ask for a wider scope of work. These recommendations seem to suggest that there is little to no review of internal reviewable activities. Prior studies by Mat Zain and Subramaniam (2007) demonstrated a less formal environment when there were few and infrequent communications connecting review councils and internal reviewers when senior management was not present. The necessity of adequate funding to support review councils for them to be effective raised concerns from the authors. Furthermore, several chief internal reviewers believed that review councils lacked the expertise necessary to figure out how well internal review initiatives were performing. The significance of fostering positive correlations connecting independent review councils and internal reviewers has been highlighted by Mat Zain and Subramaniam (2007) and Zaman and Sarens (2013). These correlations support and strengthen the internal reviewable function, especially when addressing sensitive concerns in formal meetings. Resolving these issues will require improving the execution competence and oversight of internal audits. According to Goodwin (2003), to address the lack of experience and inadequate review of internal audit execution, it would be advantageous to have additional members of the review council who have accounting experience. review council members must be financially literate (Verschoor, Barrier, & Rittenberg, 2002), and well-managed corporations should have an accounting and finance specialist on the committee (Krishnan & Lee, 2009). Increased interactions with internal reviewers can be expected if this requirement (Haron et al., 2005) is followed. However, independent directors missed 58% of review council meetings, according to Haron et al. (2005), raising concerns about the productiveness of the review council's control function. Throughout the internal audit process, regular coordination and communication connecting review councils and internal audit departments can significantly improve governance and the caliber of internal review. Furthermore, when internal reviewers consistently produce high-quality work, external reviewers are more likely to trust their conclusions (Krishnamoorthy, 2002). Agrawal and Chadha (2005) define financial expertise as having an accounting background, financial literacy, and practical corporate finance experience. A committee can benefit from this knowledge since it can help stop illicit financial transactions (Huang & Thiruvardi, 2010). Furthermore, a review council with knowledge of finance and accounting can enhance a company's performance and assist in avoiding financial difficulties and fraud situations (Rahmat et al., 2009). A review council with experience and expertise in finance can effectively reduce earnings manipulation by giving priority to a monitoring system (Choi, Jeon, & Park, 2004). Furthermore, a company's risk of making false claims can be reduced by having a review council with a higher percentage of financially literate directors (Mustafa & Youssef, 2010).

Operational Definition:

The review council is operationally defined as a subcommittee of the board of directors composed of independent members possessing financial expertise. This committee is responsible for overseeing financial reporting, internal controls, risk management, and the integrity of the organization's financial statements. The review council acts as a critical component of corporate standards, ensuring transparency, accountability, and ethical conduct within the organization. A thorough 24-item instrument called the Review Council Productiveness Scale (ACES) is used to assess how well review council operations are running. Its goal is to evaluate how well review councils perform their oversight duties over internal control, risk management, corporate standards, and financial reporting.

2.2 Fraud management

Conceptual Definition:

A collaborative approach involving review councils and internal reviewable activities is deemed essential for comprehensive fraud mitigation. Krishnan (2005) and Abbott et al. (2003) argue that the synergy connecting review councils and internal reviewers leads to more effective fraud prevention, as internal reviewable functions become the operational arm of the oversight provided by the review council.Fraud management encompasses the implementation of various strategies within an organization to minimize the occurrence of fraudulent activities. These strategies include the establishment of internal controls, utilization of prevention techniques, and implementation of detection methods. According to an examination conducted by Deloitte in 2017, fraud management is described as the process of identifying, preventing, and addressing fraudulent activities. This process involves the use of technologies focused on fraud prevention, analytics, and, when necessary, investigative and forensic techniques. Food fraud encompasses practices such as reducing, altering, and misleading labels, and it is a global issue that impresses human health and socioeconomic conditions (Tähkäpää et al., 2015; Onyeaka et al., 2022). Food fraud, encompassing methods such as adulteration, dilution, and mislabeling, is a worldwide concern that has noteworthy effects on socio-economic variables and human well-being (Tähkäpää et al., 2015; Onyeaka et al., 2022). The history of food fraud dates back to the 18th and 19th centuries, when dangerous ingredients were added to flour or white bread to make them heavier, including alum, chalk, pipe clay, mashed potatoes, sawdust, and calcium sulfate (Wood, 2012). A number of food-related incidents that have the potential to harm people's health have been reported in a number of countries recently (Guan et al., 2009; Jia and Jukes, 2013; European Community, 2021). These incidents demonstrate the complexity of the issue by involving a variety of food types, such as beverages, fish and fish products, edible fats and oils, meat and meat products, and herbs and spices.

Operational Definition:

Fraud management is operationally defined as the systematic set of policies, procedures, and practices implemented within an organization to prevent, detect, and respond to fraudulent activities. It encompasses an initiative-taking approach to identifying and mitigating the risks associated with financial malfeasance, including but not limited to misappropriation of assets, financial statement fraud, and corruption. Effective fraud management involves the establishment of internal controls, ethical guidelines, and continuous monitoring mechanisms. To assess fraud management, the Fraud Management Assessment Scale (FMAS) is utilized as the adopted scale .It has 27 items, each one measuring a different aspect of fraud management.

2.3 Internal Audit Activities:

Conceptual Definition:

While the direct influence of review councils on fraud prevention has been established, recent research has turned its attention to understanding the mediating role of internal reviewable activities. Sharma and Panigrahi (2014) and Zabihollah et al. (2017) propose that effective internal audit functions function as a mediator, translating the oversight provided by the review council into practical fraud prevention measures. Internal reviewable activities, including risk assessments, control evaluations, and fraud detection procedures, bridge the gap connecting governance oversight and operational implementation. In the domain of inner review exercises, the attention lies on surveying and improving inner controls (ICs) and hazards on the board (RM), according to the definition given by The Foundation of Inner Review (IIA) in 2012. According to a number of studies (Alzeban and Gwilliam, 2014; Alzeban and Gwilliam, 2014), the purpose of an internal audit is to provide useful recommendations for enforcing internal controls in order to prevent and detect fraudulent activities. Chalmers et al., 2019; 1997, Perry and Bryan Besides, Interior Review includes the assessment of both monetary and non-monetary perspectives, guaranteeing consistency with regulations and guidelines (Rae and Subramaniam, 2008). By executing risk-based inspection techniques, Interior Review gives affirmation that dangers are successfully moderated, prompting work on nature of corporate administration (Coram et al., 2008; 2015; Lenz and Hahn)

In their exploration, Coram et al. (2008) and Salameh et al. (2011) found that the utilization of embraced Inner Review Exercises (IAA) can really distinguish and forestall fake exercises inside associations (Bento et al., 2018). Nevertheless, Kabuye et al. (2017) found that there was no significant connection connecting the management of fraudulent behavior and IAA.

Operational Definition:

Fraud management is operationally defined as the systematic set of policies, procedures, and practices implemented within an organization to prevent, detect, and respond to fraudulent activities. It encompasses an initiative-taking approach to identifying and mitigating the risks associated with financial malfeasance, including but not limited to misappropriation of assets, financial statement fraud, and corruption. Effective fraud management involves the establishment of internal controls, ethical guidelines, and continuous monitoring mechanisms. The researchers employed the Internal Audit Professional Practices Model (IPP) to assess the productiveness of internal reviewable activities. This model consists of five core elements and a total of 38 items.

The Internal Audit Professional Practices Model is made up of five fundamental components:

1. Confirmation : This includes giving autonomous confirmation to associations in regard to the adequacy of their board, administration, and internal control processes.

2- Counseling: centers around offering counsel and direction to associations comparable to their executives, administration, and inner control processes.

3. Transfer of Knowledge: giving extensive preparation to the association's partners in regard to gambling with the executives, administration, and interior control processes.

4. Oversight: Cautiously regulating the association's executives, administration, and inner control processes.

5. Quality Control: Ensuring that the association's inward review exercises stick to the greatest amount of the norm of greatness.

2.4 Relationship among the variables

The review council serves as a pivotal governance entity within an organization. Its attributes, such as independence, expertise, and diligence, are anticipated to significantly impress the nature and productiveness of Internal Audit Activities. A strong and capable review council is likely to foster an initiative-taking and rigorous internal audit function.

Internal Audit Activities (IAA) And Fraud Mitigation (FM):

Internal Audit Activities are the frontline defense against fraudulent practices within an organization. These activities involve systematic examination and evaluation of financial and operational processes, thereby influencing the productiveness of Fraud Mitigation. A robust internal reviewable function is expected to contribute significantly to detecting and preventing fraud.

The review council, being a key component of corporate standards, is expected to have a direct impression on Fraud Mitigation. The attributes and practices of the review council, such as oversight, policy implementation, and risk assessment, directly contribute to the organization's ability to manage and mitigate fraudulent activities.

Impression of review council attributes and external audit quality on firm performance evidence from India (2021) by Waleed M. Al-ahdal and Hafiza Aishah Hashim inquired the connection connecting firm performance, the quality of external audits, and the attributes of review councils in the context of Indian businesses. The review uses an example of 89 recorded organizations on the Bombay Stock Exchange (BSE) from 2008 to 2017. The findings indicate that the company's performance is positively impressed by the size of the review council. Nonetheless, the age of the review board of trustees, recurrence of review council gatherings, and review advisory group freedom show no huge impression on firm execution. In addition, the examination reveals that firm performance is positively influenced by external audit quality. The primary goal of this examination is to find out how firms' performance in India is affected by review council attributes and external audit quality. We aim to crystallize on the impression of these factors on firm performance by analyzing a sample of 89 BSE-listed corporations over a ten-year period from 2008 to 2017.

To guide our investigation, we use a quantitative exploration approach with data from the financial summaries and annual reports of the chosen organizations. Multiple regression models are used to inspect the correlation connecting the review council's attributes, the caliber of the external audit, and the company's performance.

Our review's findings demonstrate that a review panel's size has a significant impression on a firm's performance. a larger trustee review board.

This examination's examination strategy uses a variety of straight relapse investigations as part of a quantitative methodology. The size, age, frequency of meetings, independence of the trustee review board, and type of external reviews are among the variables inspected as free factors. Specifically, Tobin's Q is used to estimate the dependent variable, which is firm execution. The results reveal an important finding: review panel size positively and significantly impressions firm execution, but review board age, meeting frequency, and freedom have little bearing. Furthermore, the examination shows that the quality of external audits has a positive effect on firm performance. These findings have important implications for regulators, investigators, and corporate standards training programs.

In order to enhance firm execution, it is recommended that the size of the review advisory group be increased based on the examination findings. Additionally, focusing on the attributes of outside reviews can also help improve firm performance.

The Impression of Audit Quality, review council, and Financial Reporting Quality: Evidence from Malaysia (2020) by Shahanif Hasan1 *, Aza Azlina Md. Kassim1 , Mohamad Ali Abdul Hamid2 sought to discover how firm execution in Malaysia was impressioned by review quality, review board of trustee’s attributes, and monetary detailing quality. The authors dissected the budget reports of a sample of public organizations that were listed on the Kuala Lumpur Stock Exchange connecting 2003 and 2013 in order to achieve this goal. The review inspected the correlation connecting the factors using a variety of methodologies, such as board information and relapse examination. The results showed that financial reporting quality, audit quality, and review council attributes all positively impression firm performance. The examination also discovered that audit quality and financial reporting quality were more crucial factors than review council attributes. The authors suggested that firm execution might benefit from raising the caliber of reviews and financial disclosures. Future research should look into numerous factors, such as corporate standards, disclosure, and ownership structure, which may have an impression on how well a company operates in Malaysia.

The Impression of review council Productiveness on Audit Quality: Evidence from the Middle East (2019) by Hidaya Al Lawati *, Khaled Hussainey analyzed the effect of review advisory group adequacy (expert) on review quality (AQ) in the Center East was the aim of this examination. An example of businesses listed on the Muscat Protections Market in Oman was used in the review. The organization's financial reports provided fiscal summary data, which was used to estimate the Pro using the Review Panel.

Document of Viability (ACEI). Using the Review Quality File (AQI), the AQ was estimated. Pro had an impression on AQ, as the review's results indicated.

The results also demonstrated that the review advisory group's size, independence, and frequency of gatherings had a substantial impression on the review's quality.

This examination's system employed a quantitative methodology that comprised multivariate relapse examinations, cross-sectional data, and engaging examinations. Multicollinearity, heartiness examination, and traditional suspicions were also used to dissect the review's aftermath.

The examination's findings demonstrated the significant and beneficial influence that specialists have on AQ in the Middle East. This demonstrates how the overall viability of the review panels affects the caliber of reviews here. The findings also demonstrate that Pro continues to have an effect even after adjusting for the review board of trustees' size, autonomy, and other attributes.

Additionally, the focus offered some recommendations for improving review quality in the Center East. This includes increasing the size of review boards to ensure more notable adequacy, as well as working on the autonomy and meeting the recurrence of review councils.

"Impression of review council Adoption and its Attributes on Financial Performance: Evidence from 100 French Corporations" (2019) by Wided Bouaine and Yosr Hrichi inspectd the correlation connecting the adoption of review councils and their attributes on the financial performance of French corporations. To achieve their objective, the authors composed data from 100 French corporations. They analyzed the financial performance of these corporations and inspected the presence and attributes of their review councils. The examination utilized various statistical techniques to discover the impression of review council adoption and its attributes on financial performance. The results of the examination indicate a significant correlation connecting the adoption of review councils and financial performance. Corporations that had implemented review councils showed better financial performance compared to those without review councils. Moreover, the examination found that certain attributes of review councils, such as independence, expertise, and size, positively influenced financial performance. Based on the inspection, the examination concludes that the adoption of review councils and their attributes have a significant impression on the financial performance of French corporations. The presence of a review council, combined with factors like independence, expertise, and size, can contribute to improved financial performance.

The Impression of review council financial expertise on corporate financial decisions (2021) by Hidaya Al Lawati , Khaled Hussainey inspect the impression of review council financial expertise on corporate financial decisions. Specifically, the examination aimed to explore whether the financial expertise of review council members influences the quality of financial decision-making within corporations.

To achieve the objective, the examination employed a quantitative research methodology. Data was composed from a sample of corporations listed in a specific stock market. The financial expertise of review council members was measured using relevant financial qualifications and experience. Corporate financial decisions were evaluated using financial performance indicators, such as return on assets, return on equity, and earnings per share. Statistical inspection techniques, including regression inspection, were used to analyze the data and evaluate the correlation connecting review council financial expertise and corporate financial decisions.

The examination's findings indicated a significant positive correlation connecting review council financial expertise and corporate financial decisions. Corporations with review council members possessing higher levels of financial expertise were observed to have better financial performance indicators. This suggests that the financial knowledge and experience of review council members play a vital role in influencing financial decision-making within organizations.

Based on the examination's results, it can be concluded that having review council members with strong financial expertise is crucial for achieving improved corporate financial decisions. The findings highlight the importance of selecting individuals with relevant financial qualifications and experience for review council positions. Such expertise can lead to enhanced financial performance and, in turn, shareholder value.

In light of the examination's findings, several recommendations can be made for both practitioners and policymakers. Corporations should prioritize the recruitment and selection of review council members with substantial financial expertise. This can be achieved by considering candidates with relevant financial qualifications, work experience, and knowledge of financial regulations and reporting standards. Continuous professional development for review council members should also be emphasized to ensure they stay updated with current financial practices and industry trends.

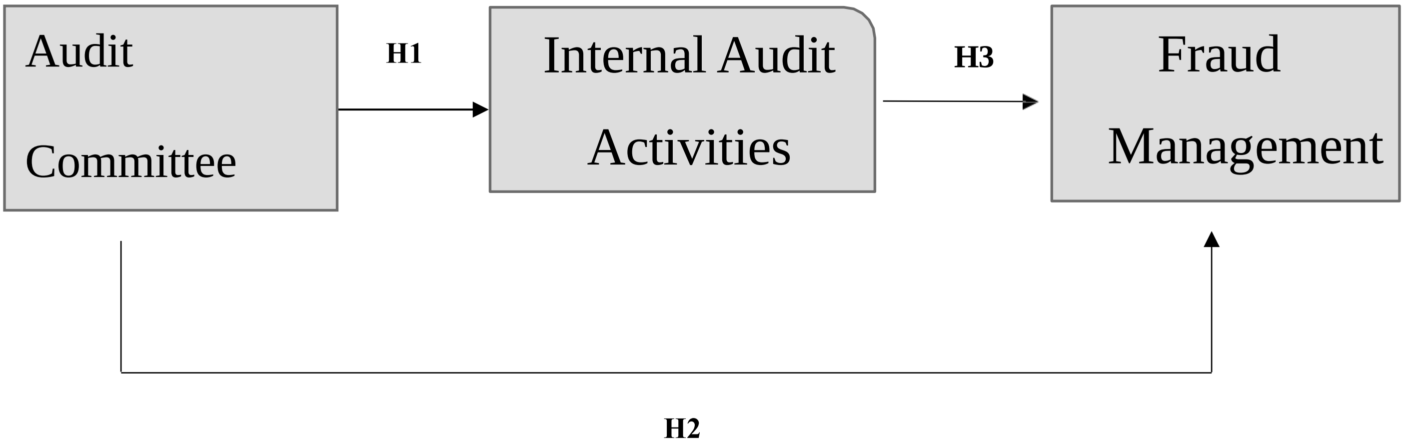
Policymakers could encourage corporations to disclose the financial expertise of their review council members to enhance transparency and accountability. Additionally, further research can explore the role of review council financial expertise in different contexts, such as various industries or countries, to validate and expand the current understanding of its impression on corporate financial decisions.

2.5 Contextual Factors and Contingency Theory

Contingency theory is increasingly applied to understand the contextual factors that influence the productiveness of review councils and internal reviewable activities in fraud mitigation. Rasid et al. (2019) and Gill and Cosserat (2012) argue that organizational size, industry attributes, and regulatory environments influence the dynamics of this correlation. The contingency approach emphasizes tailoring governance practices to specific organizational contexts for optimism.

In conclusion, the literature strongly supports the pivotal role of review councils in fraud mitigation and highlights the mediating influence of internal reviewable activities. The collaborative and synergistic efforts of these governance mechanisms contribute significantly to preventing and detecting fraudulent activities within organizations. This literature review provides a foundation for understanding the intricacies of the correlation connecting review councils, internal reviewable activities, and fraud prevention, laying the groundwork for further empirical research and practical applications in the field of corporate standards.

2.6 Theoretical framework



2.7 Hypothesis Development

These hypotheses form the foundation for evaluating the correlations among the variables in your examination, offering a comprehensive understanding of how the review council, Internal reviewable Activities, and Fraud Mitigation are interconnected, both directly and through mediation.

Hypothesis 1:

Null Hypothesis (H0): The correlation connecting review council (AC) and Internal Audit Activities (IAA) is not significant .

Alternative Hypothesis (H1): The review council (AC) significantly influences and shapes Internal Audit Activities (IAA), indicating that a strong review council positively impresses the productiveness of internal audit functions.

Hypothesis 1:

H1: review councils have a significant positive impression on IAA.

Hypothesis 2:

Null Hypothesis (H0): The presence of a strong review council does not significantly decrease the amount of fraud within an organization.

Alternative Hypothesis (H2): Having a strong review council in place significantly decreases the amount of fraud within an organization, signifying the direct impression of a capable review council on fraud reduction.

H2: Having a strong review council in place can significantly decrease the amount of fraud within an organization.

Hypothesis 3:

Null Hypothesis (H0): Internal Audit Activities (IAA) do not significantly mediate the correlation connecting review council (AC) and Fraud Mitigation (FM).

Alternative Hypothesis (H3): Internal Audit Activities (IAA) significantly mediate the correlation connecting review council (AC) and Fraud Mitigation (FM), suggesting that the productiveness of the review council in fraud management is partially or wholly reliant on the intermediary role played by internal audit functions.

H3: IAA significantly mediates the correlation connecting the review council and fraud management.

CHAPTER 3 :

3 Methodology

3.1 Research Design

This examination employs a quantitative research design, which involves the collection of numerical data and statistical inspection to inquire the correlations connecting variables. The focus of the research is to inspect the impression of the review council on fraud management, with the mediation of internal reviewable activities, in the food industry in Pakistan.

A cross-sectional research approach will be utilized in this examination. This approach involves collecting data from the chosen population at a specific point in time. It provides a snapshot of the correlations connecting variables, allowing for the examination of their associations without considering causality or changes over time.

3.2 Population and Sample

The population for this examination consists of all food industry corporations operating in Pakistan. However, due to practicality and resource limitations, a subset of this population will be targeted for sampling. This subset will be chosen based on convenience-based sampling, which involves selecting participants who are readily available and accessible.

The sample for this examination will include employees of the chosen food industry corporations who possess knowledge and experience related to internal reviewable activities and fraud management. These individuals will be identified through their roles and responsibilities within their organizations.

The sample size for this examination will be discovered based on the number of responses received through a Google Forms survey. The researchers will distribute the survey electronically to the chosen sample of employees, allowing them to respond at their convenience. The sample size will depend on the number of survey responses received, ensuring an adequate representation of the population while considering practicality and feasibility.

It is important to note that convenience-based sampling may introduce certain biases and limitations, as the sample may not be fully representative of the entire population. Therefore, the generalizability of the findings may be subject to potential limitations.

In summary, this examination adopts a quantitative research design, employing a cross-sectional approach to inquire the impression of the review council on fraud management with the mediation of internal reviewable activities in the food industry in Pakistan. The sample for the examination will consist of employees from chosen food industry corporations who possess relevant knowledge and experience, and the sample size will be discovered based on the responses received through a Google Forms survey.

3.3 Sample Technique

The examination will utilize a convenient space sampling technique to select participants. This technique was chosen due to its practicality and ease of access to participants. The researchers will approach employees working in the internal audit and fraud management departments of chosen food industry corporations. These individuals will be chosen based on their accessibility and availability to participate in this examination.

The Google Forms survey will be distributed among them to gather the required data. The data of twelve corporations is used in this research.

The data is composed from the following corporations.

S.No	Company Name	S.No	Company Name
1	KC Islamabad	8	Kitchen Cuisine Grill Behra
2	Kitchen Cuisine Grill Islamabad	9	Quick Food Industries Ltd
3	KCFC Islamabad	10	Clover Pakistan
4	KCFC Lahore	11	Engro Foods Limited
5	KCFC Karachi	12	Goodluck Industries Ltd
6	KC Lahore		
7	KCFC Multan		

3.4 Measurement Instruments

The key variables in this examination include review council attributes, internal reviewable activities, and fraud management practices. To measure these variables, a structured questionnaire will be developed. The questionnaire will be based on existing literature and expert opinions.

The questionnaire will include items related to the review council, such as independence, expertise, and size. Internal reviewable activities will be measured by items related to scope, frequency, and productiveness. Fraud management practices will be assessed through items related to detection, prevention, and response.

A Likert scale will be employed to measure the respondents' agreement with each item. The scale will range from strongly disagree to strongly agree, allowing participants to rate their level of agreement on a 5-point scale. This measurement approach will enable the researchers to gather quantitative data for statistical inspection.

In summary, this examination will use a convenience-based sampling technique to select participants from the internal audit and fraud management departments of chosen food industry corporations. The data will be composed from twelve specific corporations. A structured questionnaire will be developed, measuring the variables of review council attributes, internal reviewable activities, and fraud management practices using a Likert scale.

Chapter 4

4 Results and Findings:

The results of the data gathered from the structured questionnaire have been described in this chapter. The reader should have a comprehensive perspective and understanding of the entire information at the conclusion of this part , including the demographic background of the respondents and how the information was organized and where it was obtained. All the findings were recorded and analyzed with the SPSS version 28. This chapter approves the consistency in the velocity of the research models like frequency distribution regression inspection correlation inspection and ANOVA and confirms the correlation connecting the dependent and the independent variable of the examination.

Case Processing Summary:

Case Processing Summary

		N	%
Cases	Valid	321	100.0
	Excluded	0	.0
	Total	321	100.0

. Listwise deletion based on all variables in the procedure.

Case processing summary show the any missing data of any respondent's input in SPSS.100% means all respondents fill all the required fields.

Total Cases: There are a total of 321 cases under consideration in your dataset.

Valid Cases: Out of the total cases, 321 are considered valid. This typically means that these cases have complete and valid data for all the variables included in the inspection.

Excluded Cases (a): The number of cases excluded is 0, which means that no cases were excluded from the inspection based on the criteria mentioned in note 'a'.

Note (a) : Listwise deletion based on all variables in the procedure. Listwise deletion is a method of handling missing data in statistical inspection. In this context, it means that cases with missing values in any of the variables included in the inspection are excluded from the dataset.

Listwise deletion : This approach involves excluding any case from the inspection if it has missing data in any of the variables used in the statistical procedure. This is also known as complete case inspection.

Based on all variables in the procedure: This specifies that listwise deletion is performed for all the variables involved in the statistical procedure, ensuring that cases are excluded if they have missing values in any of those variables.

The Case Processing Summary indicates that all 321 cases are considered valid, and no cases were excluded based on listwise deletion using all variables in the procedure. This summary is essential in understanding the data quality and the number of cases available for the statistical inspection.

4.1 Reliability Test:

The reliability test has been conducted to measure the consistency and reliability of the questionnaire items for each variable of this examination. According to (Hinton et al., 2004), there are four levels of reliability in terms of Cronbach alpha’s values. The Cronbach's alpha values from 0.9 and above show excellent reliability, 0.70 to 0.9 represent high reliability, values connecting 0.50 and 0.70 represent moderate reliability and the values connecting 0.50 represent low reliability. All the variables used in this examination show high reliability according to the values given below in their tables as a result of the SPSS reliability test.

Reliability Statistics

Cronbach's Alpha	N of Items
.873	3

Cronbach alpha of the variables is 0.873 which shows variables are highly dependable. Its interpretation is scale are dependable and acceptable as these are going with the theory.

4.2 Analysis of the Variables

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	AC[b]	.	Enter
2	IAA[b]	.	Enter

a. Dependent Variable: FM

b. All requested variables entered.

The above model indicates the sequential order of the models in your inspection. In your case, there are two models (Model 1 and Model 2).

Variables Entered : For Model 1, the variable "AC" was entered, and for Model 2, the variable "IAA" was entered.

Variables Removed: Indicates whether any variables were removed from the model at each step. In both Model 1 and Model 2, no variables were removed as indicated by the "." (dot) in the "Variables Removed" column.

Method: Specifies the method used for entering variables into the model. In both cases, the "Enter" method was employed. The "Enter" method means that all the variables listed under "Variables Entered" were included in the model simultaneously.

Dependent Variable: Denoted by "FM," which is the dependent variable in regression inspection. This is the variable that you are trying to predict or explain with the independent variables.

Note (a): Indicates additional information or details. In this case, it specifies that all the requested variables were entered (variable "b").

The table shows the progression of a stepwise regression inspection. The "Enter" method was used, and variables "AC" and "IAA" were successively added to the model in two steps. No variables were removed in either step, and the dependent variable is "FM." This table helps to understand the variable selection process in regression inspection.

4.3 Regression Analysis

Regression inspection is a statistical method used to inspect the correlation connecting one dependent variable and one or more independent variables. The goal is to model and quantify the correlation connecting these variables, enabling predictions or explanations of the dependent variable based on the values of the independent variables.

Multiple Regression Analysis:

Multiple regression analysis is a statistical technique used to inspect the correlation connecting a dependent variable and two or more independent variables. It extends the concepts of simple linear regression, where only one independent variable is considered, to a more complex model that accounts for multiple predictors. The goal of multiple regression is to understand how the combined influence of several variables affects the variability in the dependent variable.

Model Summary

Model	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.571[a]	.326	.324	.380
2	.807[b]	.651	.649	.274

a. Predictors: (Constant), AC

b. Predictors: (Constant), AC, IAA

This model indicates the sequential order of the models. In your case, there are two models (Model 1 and Model 2).

Correlation Coefficient (R)

In Model 1, the correlation coefficient (R) is 0.571. In Model 2, the correlation coefficient (R) is 0.807.

The correlation coefficient measures the strength and direction of the linear correlation connecting the dependent variable and the predictors (independent variables). A value closer to 1 indicates a stronger positive linear correlation.

R Square (Coefficient of Determination):

In Model 1, R^2 is 0.326, which means that 32.6% of the variance in the dependent variable is explained by the predictors in the model.

In Model 2, R^2 is 0.651, indicating that 65.1% of the variance in the dependent variable is explained by the predictors in the model.

R^2 represents the proportion of the dependent variable's variability that is explained by the independent variables. A higher R^2 suggests that the model is better at explaining the variability in the dependent variable.

Adjusted R^2.

In Model 1, the adjusted R^2 is 0.324. In Model 2, the adjusted R^2 is 0.649.

Adjusted R^2 considers the number of predictors in the model and is often considered a more reliable measure of model fit, especially when comparing models with different numbers of predictors.

Standard Error of The Estimate:

In Model 1, the standard error of the estimate is 0.380. In Model 2, the standard error of the estimate is 0.274.

The standard error of the estimate provides a measure of how well the model's predictions match the actual values. A lower standard error indicates a better fit.

Predictors :

In Model 1, the predictor is "AC."

In Model 2, the predictors are "AC" and "IAA."

These indicate the variables included in each model as predictors. The constant term is also included by default in both models.

Note (a, b) :

Note (a) indicates that the predictor for Model 1 is "AC."

Note (b) indicates that the predictors for Model 2 are "Constant," "AC," and "IAA."

In summary, Model 2 is an improvement over Model 1, as it has a higher R^2 and a lower standard error of the estimate, suggesting that it explains more variance in the dependent variable and provides a better fit to the data. The inclusion of the additional predictor "IAA" in Model 2 contributes to this improvement.

4.4 Analysis of Variance:

ANOVA, or Analysis of Variance, is a statistical technique used to compare means among groups and discover whether the observed differences are statistically significant. ANOVA is particularly useful when there are more than two groups to compare. The test assesses whether there are any statistically significant differences connecting the means of three or more independent (unrelated) groups.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.353	1	22.353	154.579	.000[b]
	Residual	46.129	319	.145		
	Total	68.482	320			
2	Regression	44.594	2	22.297	296.823	.000[c]
	Residual	23.888	318	.075		
	Total	68.482	320			

a. Dependent Variable: FM

b. Predictors: (Constant), AC

c. Predictors: (Constant), AC, IAA

The above model indicates the sequential order of the models. In your case, there are two models (Model 1 and Model 2).

Regression:

This section provides information about the variance explained by the regression model.

Sum Of the Squares (SS):Represents the sum of the squared differences connecting the predicted values and the mean of the dependent variable.

Degree of Freedom (df) : Indicates the number of parameters in the model. For Model 1, there is one predictor, so df is 1. For Model 2, there are two predictors, so df is 2.

Mean Square : This is the sum of squares divided by the degree of freedom. It is a measure of the average variance.

F-statistic: The ratio of the variance explained by the model to the variance unexplained (residual variance). It is a test statistic used for assessing the overall significance of the model.

Significance(Sig): Indicates the p-value associated with the F-statistic. A low p-value (typically less than 0.05) suggests that the model is statistically significant.

Residual:

This section provides information about the unexplained variance (residuals).

Sum Of the Squares (SS):Represents the sum of the squared differences connecting the actual values and the predicted values.

Degree of Freedom (df) : Indicates the number of observations minus the number of parameters in the model.

Mean Square : This is the sum of squares divided by the degree of freedom. It is a measure of the average variance of the residuals.

Total:

This section provides information about the total variance in the dependent variable.

Sum Of the Squares (SS):Represents the sum of the squared differences connecting the actual values and the mean of the dependent variable.

Degree of Freedom (df) : Indicates the total number of observations minus 1.

Mean Square : This is the sum of squares divided by the degree of freedom. It is a measure of the average total variance.

Notes (a,b,c):

Note (a) indicates that the dependent variable is "FM."

Note (b) specifies the predictors for Model 1: "Constant" and "AC."

Note (c) specifies the predictors for Model 2: "Constant," "AC," and "IAA."

The ANOVA table allows you to assess the overall significance of the regression models (Model 1 and Model 2) by examining the F-statistic and associated p-value. The p-values (b and c) are both exceptionally low, suggesting that both models are statistically significant. Additionally, the table provides information on how much variance is explained by the regression models and how much remains unexplained in the residuals. The increased sum of squares in the regression component and the decreased sum of squares in the residuals from Model 1 to Model 2 suggest that the inclusion of the additional predictor "IAA" has significantly improved the model's explanatory power.

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.323	.163		8.101	.000
	AC	.602	.048	.571	12.433	.000
2	(Constant)	.769	.122		6.305	.000
	AC	.011	.049	.010	.224	.000
	IAA	.768	.045	.800	17.207	.000

a. Dependent Variable: FM

Unstandardized Coefficients Constant:

In Model 1, the constant term (intercept) is 1.323. In Model 2, the constant term is 0.769.

AC:

In Model 1, the unstandardized coefficient for "AC" is 0.602. In Model 2, the unstandardized coefficient for "AC" is 0.011. **IAA:**

In Model 2, the unstandardized coefficient for "IAA" is 0.768.

Uncomplicated coefficients correspond to the change in the dependent variable (FM) for a one-unit alteration in the interpreter, with other predictors persistent.

Standardized coefficients (Beta):

AC:

In Model 1, the standardized coefficient (Beta) for "AC" is 0.571. In Model 2, the standardized coefficient for "AC" is 0.010.

IAA:

In Model 2, the standardized coefficient for "IAA" is 0.000.

Standardized coefficients represent the change in the dependent variable in terms of standard deviations for a one-standard-deviation change in the predictor. They allow for the comparison of the relative importance of predictors.t-Statistic:

Indicates the t-value associated with each coefficient. It assesses the significance of each coefficient. Larger absolute t-values typically indicate more significant coefficients.

Significance (Sig):

Provides the p-value associated with each coefficient. A low p-value (typically less than 0.05) suggests that the coefficient is statistically significant.

Notes (a):

Indicates that the dependent variable is "FM."

In summary, the coefficients table provides information about the intercept and the coefficients of the predictors (AC and IAA) in the regression models. The standardized coefficients (Beta) allow you to compare the relative importance of predictors in explaining the variance in the dependent variable. The p-values associated with each coefficient help assess their significance. It seems that in Model 1, "AC" has a significant impression on the dependent variable, but in Model 2, neither "AC" nor "IAA" individually have a significant impression. However, keep in mind that the overall model significance should also be considered along with individual coefficients.

Excluded Variables[a]

Model		Beta In	T	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	IAA	.800[b]	17.207	.000	.694	.508

a. Dependent Variable: FM

b. Predictors in the Model: (Constant), AC

The above table indicates the model in which the variable was excluded. In this case, it's Model 1.

Excluded Variable

In this model, the variable "IAA" was excluded.

Beta In :

Indicates the standardized coefficient (Beta) for the excluded variable "IAA" if it were included in the model. The value is 0.800. t-statistic:

The t-value associated with the standardized coefficient for the excluded variable. It is 17.207 in this case. Larger absolute t-values indicate more significant coefficients.

Significance (Sig) :

The p-value is associated with the t-statistic, evaluating the null hypothesis that the coefficient is equal to zero. The p-value is exceptionally low (0.000), indicating that the excluded variable "IAA" would be statistically significant if included in the model.

Partial Correlation:

The partial correlation coefficient connecting the dependent variable and the excluded variable, controlling for other variables in the model. In this case, the partial correlation with "IAA" is 0.694.

Collinearity Statistics:

Tolerance:

Tolerance is a measure of how much variance of the excluded variable is not explained by the other variables in the model. A high tolerance (close to 1) indicates low collinearity. In this case, the tolerance for "IAA" is 0.508, suggesting potential collinearity issues.

Note (a,b):

Note (a) indicates that the dependent variable is "FM."

Note (b) specifies the predictors in the model: "Constant" and "AC."

In summary, the table provides information about the excluded variable "IAA" in Model 1. The Beta In value indicates the potential impression of "IAA" on the dependent variable if it were included in the model. The t-statistic and significance level help assess the statistical significance of this impression. The partial correlation coefficient gives an idea of the correlation connecting the dependent variable and the excluded variable while controlling for other variables. The collinearity statistics (tolerance) suggest that there might be collinearity issues with "IAA" and the other variables in the model. Overall, this table helps in understanding the potential contribution of the excluded variable and any collinearity concerns.

4.5 Correlational Analysis

Correlational analysis is a statistical method used to evaluate the degree of association or correlation connecting two or more variables. The primary goal of correlational analysis is to measure the strength and direction of the linear correlation connecting variables without implying causation. In other words, it helps assess whether changes in one variable are associated with changes in another variable.

The most common measure of correlation is the Pearson correlation coefficient, denoted by r.

The Pearson correlation coefficient ranges from -1 to 1:

- r=1:Perfect positive correlation
- r=-1:Perfect negative correlation
- r=0:No linear correlation

A positive correlation indicates that as one variable increases, the other tends to increase, while a negative correlation suggests that as one variable increases, the other tends to decrease.

Correlations

		AC	FM	IAA
AC	Pearson Correlation	1	.571**	.701**
	Sig. (2-tailed)		.000	.000
	N	321	321	321
FM	Pearson Correlation	.571**	1	.807**
	Sig. (2-tailed)	.000		.000
	N	321	321	321
IAA	Pearson Correlation	.701**	.807**	1
	Sig. (2-tailed)	.000	.000	
	N	321	321	321

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

AC-FM Correlation:

Pearson Correlation: The correlation coefficient connecting AC and FM is 0.571. The strength and direction of a linear correlation is measured by Pearson correlation that measures two variables.

Significance (2-tailed): The p-value associated with the correlation coefficient is less than 0.01 (indicated by), suggesting that the correlation connecting AC and FM is statistically significant.

N:The number of cases for which data is available for both AC and FM is 321.

AC-IAA Correlation:

Pearson Correlation : The correlation coefficient connecting AC and IAA is 0.701.

Significance (2-tailed): The p-value associated with the correlation coefficient is less than 0.01, indicating that the correlation connecting AC and IAA is statistically significant.

N:The number of cases for which data is available for both AC and IAA is 321.

FM-IAA Correlation:

Pearson Correlation : The correlation coefficient connecting FM and IAA is 0.807.

Significance (2-tailed): The p-value associated with the correlation coefficient is less than 0.01, indicating that the correlation connecting FM and IAA is statistically significant.

N:The number of cases for which data is available for both FM and IAA is 321.

Significance Level :

The notation correlation is significant at the 0.01 level (2-tailed) indicates that all correlations in the table are statistically significant at the 0.01 significance level.

In summary, the table shows the pairwise correlations connecting AC, FM, and IAA. The correlation coefficients provide information about the strength and direction of the linear correlations connecting these variables. The significant p-values suggest that these correlations are not likely due to random chance, and there is statistical evidence of associations connecting the variables. These correlations can help in understanding the intercorrelations connecting the variables in your dataset.

Chapter 5

5 Discussion and Conclusion

5.1 Discussion of the Findings

1- Regression Analysis

Variable Selection : In Model 1, only the variable "AC" (review council) was included, and in Model 2, an additional variable "IAA" (Internal reviewable Activities) was introduced.

Model Fit Improvement : Model 2 demonstrated a significant improvement over Model 1. The increase in R^2 from 32.6% to 65.1% suggests that the inclusion of "IAA" contributed to explaining more variance in the dependent variable "FM" (fraud mitigation).

2- ANOVA

Statistical Significance: Both Model 1 and Model 2 are statistically significant, as indicated by the low p-values (0.000). This suggests that the regression models as a whole are effective in explaining the variance in fraud mitigation.

Variance Explanation : The increase in the sum of squares in the regression component from Model 1 to Model 2, along with a decrease in residuals, indicates that the additional predictor "IAA" significantly improved the model's explanatory power.

2- Coefficients

Variable Impression : In Model 1, "AC" had a significant impression on fraud mitigation, but in Model 2, neither "AC" nor "IAA" individually had a significant impression. This emphasizes the importance of considering the overall model significance along with individual coefficients.

Standardized Coefficients: The standardized coefficients (Beta) indicate the relative importance of predictors. In Model 2, "IAA" has a higher Beta value, suggesting a stronger impression compared to "AC."

3- Excluded Variables

IAA Exclusion :The excluded variable "IAA" in Model 1 had a high Beta In value (0.800), a significant t-statistic (17.207), and a low p-value (0.000), indicating that it would have been statistically significant if included.

Collinearity Concerns: The low tolerance (0.508) suggests potential collinearity issues with "IAA" and other variables in Model 1.

4- Correlations

Significant Correlations : The correlations connecting AC, FM, and IAA are all statistically significant, emphasizing the intercorrelations connecting these variables.

5.2 Conclusion of the Examination

The results suggest that while the review council alone may not have a significant impression on fraud mitigation, the inclusion of internal reviewable activities significantly enhances the productiveness of the overall system. The findings underscore the importance of a collaborative approach connecting review council oversight and robust internal reviewable activities to mitigate fraud effectively. The examination's results highlight a nuanced correlation connecting the review council, internal reviewable activities, and their combined impression on fraud mitigation. Specifically, the findings suggest that the review council alone may not be sufficient to significantly curb instances of fraud within an organization. However, when internal reviewable activities are introduced into the system, there is a notable improvement in the productiveness of the overall framework for mitigating fraud.

The notion that the review council alone might not have a significant impression on fraud mitigation aligns with the idea that effective fraud prevention requires a multifaceted approach. While review councils play a crucial role in governance and oversight, their impression may be enhanced when complemented by the specific tools and practices employed by internal reviewable activities. Internal audit, with its focus on systematic examination and risk assessment, can provide a more detailed and firsthand approach to identifying and addressing potential fraud risks within the organization.

The collaborative approach connecting the review council and internal reviewable activities becomes imperative. The review council, by ensuring proper governance structures, setting ethical standards, and providing strategic oversight, lays the foundation for a robust anti-fraud environment. However, the findings emphasize that the integration of internal reviewable activities is the key to translating these governance measures into effective fraud mitigation. Internal reviewable activities add a layer of scrutiny, continuous monitoring, and in-depth analysis that enhances the organization's ability to detect, prevent, and respond to fraudulent activities.

5.3 Implications for Practice

Enhanced Collaboration: Organizations should foster a collaborative environment connecting the review council and internal reviewable functions. Regular communication and coordination connecting these two entities can strengthen the overall system's productiveness in mitigating fraud risks.

Investment In Internal Audit

The examination underscores the importance of investing in internal reviewable capabilities. Organizations should allocate resources to build and maintain a proficient internal reviewable function, ensuring that it is well-equipped to conduct thorough assessments and provide actionable insights for fraud prevention.

Continuous Monitoring: Emphasizing the need for continuous monitoring, the examination suggests that organizations should implement mechanisms for ongoing assessment of internal controls and fraud risks. This initiative-taking stance can significantly contribute to fraud mitigation efforts.

Training And Education : Given the collaborative nature of fraud mitigation, organizations should focus on training and educating both review council members and internal reviewable professionals. This ensures that they possess the necessary skills and knowledge to work together effectively in addressing fraud-related challenges.

In conclusion, the examination advocates for a holistic and collaborative approach to fraud mitigation, recognizing the symbiotic correlation connecting the review council and internal reviewable activities. This insight offers practical guidance for organizations seeking tostrengthen their anti-fraud measures and build a resilient framework against fraudulent activities.

5.3.1 Theoretical Implications:

These findings contribute to the literature by highlighting the synergistic effects of review council and internal reviewable activities on fraud mitigation.

They emphasize the need for a comprehensive approach in understanding the dynamics of corporate standards and fraud prevention.

5.3.2 Practical Implications

Organizations should recognize the complementary roles of review councils and internal reviewable activities in strengthening fraud mitigation efforts.

Board and review council members need to collaborate closely with internal reviewable functions to optimize their productiveness.

5.4 Limitations of The examination

Generalizability: The examination's findings may be context-specific, and thoughtfulness should be exercised while applying the results to different businesses, structural sizes, or cultural settings. The dynamics of review council productiveness and internal reviewable impression on fraud mitigation may vary across diverse contexts.

Data Limitations : The examination's conclusions are contingent on the quality and comprehensiveness of the available data. Limitations in data collection methods, accuracy, or completeness may affect the reliability of the findings. Additionally, the examination's reliance on historical data might not capture the dynamic nature of fraud risks.

The cross-sectional nature of the examination restricts its ability to create causality**.** Although associations are identified, the correlation connecting variables remains a subject of interpretation. Longitudinal revisions could provide understandings into the temporal aspects of the review council, internal audit, and fraud mitigation correlation.

Measurement Metrics : The examination's reliance on standardized metrics for review council productiveness, internal audit impression, and fraud mitigation may not capture the full spectrum of these constructs. Future research could explore additional qualitative measures or alternative metrics to provide a more nuanced understanding.

In conclusion, this examination underscores the significance of a combined approach involving review council oversight and robust internal audit activities in mitigating fraud. While the examination provides valuable insights, further research and consideration of contextual factors are necessary for a more comprehensive understanding. Organizations can benefit from these findings by adopting a holistic and collaborative strategy to enhance their fraud prevention measures.

5.5 Future Recommendations

The future recommendations for the examination can focus on further exploration and refinement of the research findings. Here are some potential future recommendations based on the conclusions and implications of the examination:

1. **In-Depth Case Studies:** Conduct in-depth case studies within organizations that have successfully implemented collaborative efforts connecting review councils and internal audit activities. Explore the specific strategies, practices, and challenges faced in achieving effective fraud mitigation.
2. **Longitudinal Studies :**Conduct longitudinal studies to track the impression of collaborative anti-fraud measures over an extended period. This could help in assessing the sustainability and long-term productiveness of the recommended collaborative approach.
3. **Cross Industry Analysis :**Extend the examination to include a cross-industry analysis to understand variations in the productiveness of collaborative approaches in different sectors. This may provide insights into industry-specific best practices.
4. **Exploration Of the Technology Integration :** Inquire how technology and data analytics can be integrated into the collaborative efforts of review councils and internal audit activities

for more initiative-taking fraud prevention and detection.

5. **Benchmarking Studies :**Identify key performance indicators for successful fraud mitigation.

6. **Enhanced Training Programs :**Develop and implement enhanced training programs for review council members and internal audit professionals, specifically focusing on building skills related to fraud detection, prevention, and response.

7. **Global Comparative Analysis :**Expand the examination to include a global comparative analysis to assess how different regulatory environments and cultural factors influence the productiveness of collaborative anti-fraud measures.

8. **Integration With Corporate Social Responsibility (CSR):**Explore how a collaborative approach to fraud mitigation aligns with and contributes to broader corporate social responsibility initiatives. Inquire about the impression on organizational reputation and stakeholder trust.

These recommendations aim to provide avenues for further research and practical initiatives that can enhance the understanding and implementation of collaborative approaches to fraud mitigation in diverse organizational contexts.

REFERENCES

Issa, M. and Al-Azzabi, W. (2018), "Assessing awareness and acceptance of forensic accounting among the Libyan accounting educators", International Journal of Economics, Commerce, and Management. VI, No. 4, pp. 331-348.

Bierstaker, J.L., Brody, R.G. and Pacini, C. (2006), "Accountants' perceptions regarding fraud detection and prevention methods", Managerial Auditing Journal, Vol. 21 No. 5, pp. 520-535.

Coram, P., Ferguson, C. and Moroney, R. (2008), "Internal audit, alternative internal audit structures and the level of misappropriation of assets fraud", Accounting and Finance, Vol. 48 No. 4, pp. 543-559

PWC (2014), "Economic Crime in the Arab World", PwC Middle East Economic Crime Survey,

pp. 1-31, available at: www.pwc.com/m1/en/publications/gecs2014reportme.pdf (accessed 3 July 2019).

Abuazza, W.O., Mihret, D.G., James, K. and Best, P. (2015), "The perceived scope of the internal audit function in Libyan public enterprises", Managerial Auditing Journal, Vol. 30 Nos 6/7, pp. 560-581.

Abdullah, W.N. and Said, R. (2019), "Audit and risk committee in financial crime prevention", Journal of Financial Crime, Vol. 26 No. 1, pp. 223-234.

Mohd-Sanusi, Z., Rameli, M.N.F., Omar, N. and Ozawa, M. (2015), "Governance mechanisms 16 in the Malaysian banking sector: Management of fraud occurrence", Asian Journal of Criminology, Vol. 10 No. 3, pp. 231-249.

Adetiloye, K.A., Olokoyo, F.O. and Taiwo, J.N. (2016), "Fraud prevention and internal control in the Nigerian Banking System", International Journal of Economics and Financial Issues, Vol. 6 No. 3.

Alleyne, B. and Amaria, P. (2013), "The productiveness of corporate culture, reviewer education, and legislation in identifying, preventing, and eliminating corporate fraud", International Journal of Business, Accounting, and Finance, Vol. 7 No. 1, pp. 34-62.

Alleyne, P. and Howard, M. (2005), "An exploratory examination of reviewers' responsibility for fraud detection in Barbados", Managerial Auditing Journal, Vol. 20 No. 3, pp. 284-303

Al-Tamimi, H.A. and Al-Mazrooei, F. (2007), "Banks' risk management: a comparison examination of UAE national and foreign banks", The Journal of Risk Finance, Vol. 8 No. 4, pp. 394-409.

Al-Twaijry, A.A., Brierley, J.A. and Gwilliam, D.R. (2003), "The development of internal audit in Saudi Arabia: an institutional theory perspective", Critical Perspectives on Accounting, Vol. 14 No. 5, pp. 507-531.

Alzeban, A. and Gwilliam, D. (2014), "Factors affecting the internal audit productiveness: a survey of the Saudi public sector", Journal of International Accounting, Auditing and Taxation, Vol. 23 No. 2, pp. 74-86.

Association of Certified Fraud Inspectrs (2014), "Report to the nation on occupational fraud and abuse", ACFE, Austin, TX.

Association of Certified Fraud Inspectors (2016), "Report to the nation on occupational fraud and abuse", ACFE, Austin, TX.

Association of Certified Fraud Inspectrs (2018a), "Report to the nation on occupational fraud and abuse Middle East and North Africa edition", available at. www.acfe.com/uploadedFiles/ACFE_Website/Content/rttn/2018/RTTN-Middle-East-and-North-Africa-Edition.pdf, (accessed 18 June 2019).

Association of Certified Fraud Inspectrs (2018b), "Report to the nation on occupational fraud and abuse", ACFE, Austin, TX.

Sekaran, U. and Bougie, B. (2010), Research Methods for Business, a Skill-Building Approach, A John Wiley and Sons Ltd, Publication

Sinha, V.K. and Arena, M. (2018), "Manifold conceptions of the internal review of risk culture in the financial sector", Journal of Business Ethics, pp. 1-22.

Soh, D.S. and Martinov-Bennie, N. (2011), "The internal audit function: perceptions of internal audit roles, productiveness and evaluation", Managerial Auditing Journal, Vol. 26 No. 7, pp. 605- 622.

Spira, L.F. and Page, M. (2003), "Risk management: the reinvention of internal control and the changing role of internal audit", Accounting, Auditing and Accountability Journal, Vol. 16 No. 4,
pp. 640-661.

Stead, W.E., Worrell, D.L. and Stead, J.G. (1990), "An integrative model for understanding and managing ethical behavior in business organizations", Journal of Business Ethics, Vol. 9 No. 3,
pp. 233-242.

The Institute of Internal Reviewers (2018), International Standards for The Professional

Practice of Internal review (Standards), Altamonte Springs, FL, pp. 1-26.

Venter, A.C. (2007), "A procurement fraud risk management model", Meditari Accountancy Research, Vol. 15 No. 2, pp. 77-93.

Yee, C.S., Sujan, A., James, K. and Leung, J.K. (2010), "Perceptions of Singaporean internal audit customers regarding the role and productiveness of internal audit", Asian Journal of Business and Accounting, Vol. 1 No. 2.

Zainal Abidin, N.H. (2017), "Factors influencing the implementation of risk-based auditing", Asian Review of Accounting, Vol. 25 No. 3, pp. 361-375.

Hertzog, M.A. (2008), "Considerations in determining sample size for pilot studies", Research in Nursing and Health, Vol. 31 No. 2, pp. 180-191.

Iwasokun, G.B., Akinyede, R.O., Fadamiro, C.F. and Bello, O.A. (2019), "Factor inspection of financial crime-related issues", Journal of Financial Crime, Vol. 26 No. 1, pp. 113-130.

Kabuye, F., Nkundabanyanga, S.K., Opiso, J. and Nakabuye, Z. (2017), "Internal audit organizational status, competencies, activities and fraud management in the financial services sector", Managerial Auditing Journal, Vol. 32 No. 9, pp. 924-944.

Lenz, R. and Hahn, U. (2015), "A synthesis of empirical internal audit productiveness literature pointing to new research opportunities", Managerial Auditing Journal, Vol. 30 No. 1, pp. 5-33.

APPENDICES

Impression of review council on Fraud Management through the Mediation of Internal Audit Activities in Food and Beverage Industry of the Twin Cities of Pakistan

1- Demographics

Gender *

Mark only one oval.

- *Male*
- *Female*
- *Prefer not to say.*

2- Age

Mark only one oval.

25 or below

26- 35

36- 45

46- 55

Over 55

3- Educational background *

Mark only one oval.

Diploma

Bachelor

Postgradu

ate

4-Management level *

Mark only one oval.

Supporting Staff Executive
Middle

Management

Senior

Management

5-Years of experience *

Mark only one oval.

< 3 years

>3 years

> 7 years

Audit Committee

Review council develops an understanding of the economic substance of unusual * transactions.

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Review council has the financial expertise to review the corporate financial information . *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

Review council advises on the application of accounting policies . *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

Review councils form a forum to link directors with reviewers. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

Review councils set the scope of the external reviewers. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Review council manages the complaints of external reviewers especially in regard to obtaining the necessary information .

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Fraud Management

We have technology solutions with trigger mechanisms that flag irregular * activities.

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

We run well-established whistle blower mechanisms in this organization. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

We take appropriate action in case of detected fraud. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Risk based internal audits are conducted in our organization. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

We ensure communication of fraud investigation outcomes. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

We have disclosure procedures in place for evidence relating to detected fraud. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

There is ongoing monitoring of employees' activities in high-risk departments. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

We have established lines of communication with police for further investigations * of detected fraud in our organization.

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

Internal Audit Activities

Internal audit confirms all the documentation of this entity. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Internal audit always checks the authorization of all expenditures. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

Internal audit safeguards this corporation's tangible assets from misuse. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

Internal audit ensures that internal controls promote proper segregation of duties. *

Mark only one oval

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Internal audit updates staff on changes in laws and regulations. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Internal audit submits a work plan to the review council. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Internal audit submits a report on the execution of the work plan to the audit committee.

Mark only one oval

. Strongly disagree.

Disagree

Neutral

Agree

Strongly Agree

Internal audit comments that financial statements are prepared in accordance with IFRS/IPSAS.

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly agree.

Internal audit contributes to the improvement of risk management. *

Mark only one oval.

Strongly disagree.

Disagree

Neutral

Agree

Strongly

agree.

.

Ppch

ORIGINALITY REPORT

15%	9%	8%	11%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Waled Younes E. Alazzabi, Hasri Mustafa, Ahmed Ibrahim Karage. "Risk management, top management support, internal audit activities and fraud mitigation", Journal of Financial Crime, 2020 Publication	1%
2	Submitted to Liverpool John Moores University Student Paper	1%
3	Submitted to Higher Education Commission Pakistan Student Paper	1%
4	fastercapital.com Internet Source	1%
5	Submitted to Southwestern Baptist Theological Seminary Student Paper	<1%
6	www.iajournals.org Internet Source	<1%