

# **THE ROLE OF CORPORATE GOVERNANCE IN MITIGATING FINANCIAL FRAUD**

**BY**

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**BS (ACCOUNTING & FINANCE)  
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# PROJECT APPROVAL STATEMENT

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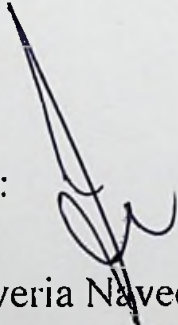
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I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at <sup>15</sup>15% that is within the permissible limit set by the HEC for the Bachelor's thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

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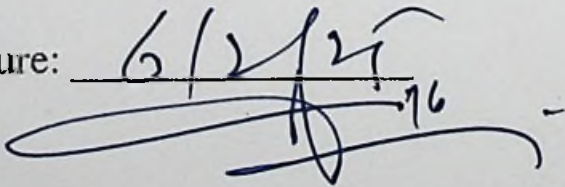


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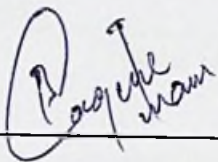



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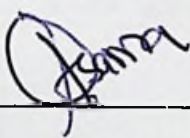
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### Declaration of Authentication

I, hereby, declare that no portion of the work referred to in this project has been submitted in support of any application for another degree or qualification of this university or any other institution of learning.

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# ANNEXURE III: 1<sup>st</sup> Half Semester Progress Report

Name of Student(s)	Baqir Naqvi, Rao Aqeel, Sheikh Osama.
Enrolment No.	02-112211-012, 02-112211-088, 02-112211-038
Thesis/Project Title	The Role of Corporate Governance in mitigating financial fraud.

## Supervisor Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
1	14/08/24	Cubicle.	Back ground of the study and introduction.	<i>Baqir Naqvi</i>
2	21/08/24	Cubicle	Conceptual Framework and data <del>source</del> collection strategies.	<i>Baqir Naqvi</i>
3				
4				

Progress Satisfactory

Progress Unsatisfactory

Remarks: Work was completed on time and is satisfactory.

Signature of Supervisor: *Jawad Jawad* Date: 5/12/24

Name of Supervisor: Jawad Jawad

Note: Students must attach 1<sup>st</sup> & 2<sup>nd</sup> half progress report at the end of FYP spiral copies.

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## Contents:

<b>1. Introduction</b> .....	<b>04</b>
<b>1.1.Explanation of the problem</b> .....	<b>05</b>
<b>1.2. Objectives of the research</b> .....	<b>06</b>
<b>1.3. Research questions</b> .....	<b>07</b>
<b>2. Literature Review</b> .....	<b>08</b>
<b>2.1. Corporate governance</b> .....	<b>08</b>
<b>2.2. Common types and mechanisms of fraud</b> .....	<b>09</b>
<b>2.3. Corporate governance and financial statement frauds</b> .....	<b>10</b>
<b>2.4. Variables and Explanations</b> .....	<b>11</b>
<b>3. Research Methodology</b> .....	<b>15</b>
<b>3.1. Method of the research</b> .....	<b>15</b>
<b>3.2. Population and sampling</b> .....	<b>15</b>
<b>3.3. Data collection methods</b> .....	<b>16</b>
<b>3.4. Conceptual framework</b> .....	<b>17</b>
<b>4. Data Analysis and Interpretations</b> .....	<b>18</b>
<b>5. Discussion and Implementation of Results</b> .....	<b>25</b>
<b>5.1. Implementation of results</b> .....	<b>26</b>
<b>6. Conclusion</b> .....	<b>28</b>
<b>6.1. Limitations of the study</b> .....	<b>29</b>
<b>7. References</b> .....	<b>30</b>

## ABSTRACT

This study explores the role of corporate governance in mitigating financial fraud by examining its key mechanisms, such as board size, internal audit committees, performance pressure, and opportunities for fraud. The research adopts a comparative case study approach, analysing five companies with documented fraud cases against their competitors with no fraud history. Secondary data sources, including annual reports and fraud investigation documents, were utilized for quantitative and qualitative analysis.

The findings reveal that larger boards and independent audit committees significantly reduce the risk of fraud by enhancing oversight and accountability. Conversely, excessive performance pressure on management fosters unethical practices, while opportunities for fraud persist even with the presence of reputable external auditors, underscoring the need for robust internal controls. Regression analysis indicates that 62.4% of fraud occurrences can be explained by the studied governance variables, with statistically significant relationships affirming their collective impact.

The study emphasizes the need for diverse and functional boards, resilient audit mechanisms, and a focus on long-term sustainability over short-term gains. It highlights the limitations of relying solely on external auditors and advocates for integrating internal and external audit functions. By addressing governance gaps, organizations can strengthen their resilience to fraud, foster transparency, and maintain stakeholder trust. Recommendations for policymakers and corporate leaders include adopting ethical governance frameworks and prioritizing sustainable business practices to mitigate fraud risks.