



Veritatis Gaudium:
Multidisciplinary Journal of Postgraduate Studies

College of Postgraduate Studies,
Veritas University, Abuja, Nigeria

ISSN: 3043 - 5285

Volume 1, Number 5, September, 2026

DOI: 10.13140/RG.2.2.17243.12322

**INTERNAL CONTROL AND FRAUD MANAGEMENT: A STUDY OF
UNITED BANK FOR AFRICA, LAGOS, NIGERIA**

**Anaba Omozoba Elizabeth; Samson Osoba Babatunde, PhD; Obara J.O. Jeremiah, PhD &
Suffian Jelili Babatunde, PhD**

National Open University Nigeria

Nou243785313@noun.edu.ng, sosoba@noun.edu.ng, jobera@noun.edu.ng
bsufian@noun.edu.ng

Abstract

Banks in developing economies face persistent challenges in maintaining financial integrity and controlling fraud due to weak governance structures, increasing digital transaction risks, and evolving financial crime patterns. This study examined the effect of internal control systems on fraud management in United Bank for Africa (UBA), Lagos, Nigeria, with specific focus on control environment, risk assessment, and monitoring activities. A quantitative survey research design was adopted. The population comprised governance-related employees in UBA Lagos operations, estimated at 380 staff drawn from internal audit, compliance, risk management, finance control, and senior management units. A sample size of 195 respondents was determined using Yamane's sampling technique. Data were collected through structured questionnaires and analyzed using descriptive statistics, multiple regression analysis, and ANOVA. Descriptive results showed generally high levels of internal control implementation, with monitoring activities recording the highest mean score (22.15), followed by fraud management (21.93), control environment (21.42), and risk assessment (20.78). Regression analysis revealed that all internal control dimensions significantly influence fraud management, with monitoring activities exerting the strongest effect ($\beta = 0.342$, $p = 0.001$), followed by control environment ($\beta = 0.276$, $p = 0.012$), and risk assessment ($\beta = 0.195$, $p = 0.045$). The ANOVA result confirmed the model's statistical significance ($F = 38.76$, $p < 0.001$), while the model explained 68.7% of the variation in fraud management ($R^2 = 0.687$, Adjusted $R^2 = 0.682$). The study concludes that internal control systems significantly enhance fraud management in UBA, with monitoring activities being the most influential component, followed by the control environment and risk assessment. Overall, the findings highlight the importance of integrated internal control frameworks that strengthen oversight, reinforce ethical

governance, and improve risk evaluation to enhance fraud resilience in Nigeria's banking sector.

Keywords: Internal Control, Fraud Management, Control Environment, Risk Assessment, Monitoring Activities

Introduction

Corporate fraud continues to represent a significant threat to financial stability, institutional credibility, and stakeholder confidence within the global banking industry. In the financial services sector, where trust and information asymmetry are central to operations, fraud risk is particularly pronounced due to the high volume of transactions, complexity of financial instruments, and increasing sophistication of financial crimes (Karpoff, 2021; Kassem, 2022). The Association of Certified Fraud Examiners (ACFE, 2024) estimates that organizations globally lose approximately 5% of annual revenues to fraud, with financial institutions bearing substantial exposure due to their custodial role over public and corporate funds. Within this context, banks such as United Bank for Africa (UBA) play a critical role in ensuring that robust internal control systems are effectively designed and implemented to safeguard assets and maintain financial reporting integrity.

Internal control systems remain central to fraud prevention and detection in banking operations. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2013), internal control is a structured framework comprising five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring activities. In the banking sector, these components function as integrated mechanisms that help ensure operational efficiency, compliance with regulatory requirements, and the mitigation of fraud risks (Chan et al., 2021; Sofyani et al., 2023). The control environment, which reflects ethical leadership, governance structure, and organizational culture, is particularly critical in banks due to its influence on employee behaviour and compliance orientation (Altamuro et al., 2022). Similarly, risk assessment processes in banks such as UBA involve continuous identification and evaluation of fraud risks arising from digital banking platforms, credit operations, and fund transfer systems (Taherdoost, 2021; Mujalli, 2024). Monitoring activities further strengthen fraud management by ensuring ongoing evaluation of internal controls and prompt correction of identified weaknesses (Hamed, 2023; Bonrath & Eulerich, 2024).

The banking environment in Nigeria presents unique governance and operational challenges that heighten fraud vulnerability. Despite regulatory oversight from institutions such as the Central Bank of Nigeria (CBN) and the Financial Reporting Council of Nigeria (FRCN), banks still face persistent fraud risks driven by cybercrime, identity theft, insider abuse, and digital transaction manipulation (Shehu, 2025; Kanu et al., 2025). Lagos State, being the financial hub of Nigeria, hosts major banking operations including United Bank for Africa (UBA), where high transaction volumes and technological adoption intensify exposure to sophisticated fraud schemes. Emerging threats such as digital payment fraud, phishing attacks, and AI-enabled financial crimes further underscore the importance of strong internal control systems in ensuring fraud resilience within banking institutions (ACFE, 2024; BDO, 2025).

Theoretical foundations such as agency theory and fraud triangle theory provide a useful lens for understanding fraud dynamics in banking institutions. Agency theory explains that the separation between bank management and shareholders creates information asymmetry and opportunistic behaviour, which may lead to fraudulent activities if not properly controlled (Jensen & Meckling, 1976; Kassem, 2022). Fraud triangle theory further explains fraud occurrence through the interaction of pressure, opportunity, and rationalization, with weak internal control systems in banks creating the “opportunity” dimension that enables fraudulent behaviour (Cressey, 1953; Wolfe & Hermanson, 2004). In the context of UBA, inadequate control mechanisms, lapses in monitoring, or weak risk

assessment processes can significantly increase fraud exposure, especially in high-risk operational environments such as electronic banking and credit administration (Murphy & Free, 2016; Trompeter et al., 2014).

Fraud management in banking is largely operationalized through preventive internal control mechanisms designed to reduce the likelihood of fraud occurrence before it materializes. Preventive strategies are considered more effective than reactive detection approaches, as they minimize financial losses, preserve institutional reputation, and strengthen customer trust in banking services (Wells, 2014; Haryanto & Ardillah, 2022). In this regard, the internal control components, particularly control environment, risk assessment, and monitoring activities, serve as foundational pillars for fraud management within banks by enhancing transparency, reinforcing accountability, and improving compliance with regulatory standards (Taherdoost, 2021; Yu et al., 2022).

Against this backdrop, this study examines the influence of internal control systems on fraud management within United Bank for Africa (UBA), Lagos, Nigeria. Specifically, it focuses on how the control environment, risk assessment, and monitoring activities contribute to effective fraud prevention and detection in the bank. The study is intended to provide empirical insights that can support bank management, regulators, and policymakers in strengthening internal control frameworks, improving governance practices, and enhancing overall fraud resilience in Nigeria's banking sector (Shehu, 2025; Kanu et al., 2025).

Statement of the Problem

Banks in developing economies face escalating pressures from market competition, financial constraints, and operational uncertainties that create fertile ground for fraudulent activities (Karpoff, 2021; Aisyah, 2025). In Nigeria, these pressures are magnified by regulatory enforcement gaps, weak corporate governance structures, and a business culture that often prioritizes short-term profitability over long-term ethical compliance (Kanu et al., 2025; Muslim, 2025). While internal control systems have been widely recognized as mechanisms for strengthening fraud management, many banks lack the structured frameworks, managerial commitment, and formalized practices necessary to translate internal control into effective fraud management (Adeboye et al., 2025; Shehu, 2025).

At a more specific level, empirical studies demonstrate that individual components of internal control—control environment, risk assessment, and monitoring activities, can significantly reduce fraud incidence, improve compliance, and enhance financial reporting integrity across various organizational contexts (Sulistyowati & Husda, 2023; Mesa-Pérez, 2024; Bonrath & Eulerich, 2024). However, most research treats these components in isolation or focuses predominantly on publicly listed corporations, neglecting the integrated effect of comprehensive internal control on fraud management within private companies operating in resource-constrained and high-volatility environments (Chan et al., 2021; Boulhaga et al., 2022).

Within Lagos State, private companies confront persistent localized challenges, including inadequate segregation of duties, limited internal audit functions, informal record-keeping practices, and evolving fraud schemes driven by digital transformation and artificial intelligence (ACFE, 2024; BDO, 2025). These conditions exacerbate difficulties in maintaining robust fraud management systems, coordinating control activities, and ensuring sustainable organizational integrity (Shehu, 2025; Kanu et al., 2025). Despite interventions by regulatory agencies and professional accounting bodies, a significant gap persists in understanding how the specific dimensions of internal control, control environment, risk assessment, and monitoring activities, collectively shape fraud management outcomes in the banking sector in Lagos State.

Consequently, the problem addressed by this study is the insufficient understanding of how integrated internal control practices, through the control environment, risk assessment, and monitoring activities, impact fraud management in United Bank for Africa (UBA) in Lagos State. Without

context-specific insights, business owners, corporate governance practitioners, and regulatory bodies lack the empirical evidence necessary to design and implement effective internal control frameworks that enhance fraud resilience, operational stability, and long-term sustainability (Shehu, 2025; Kanu et al., 2025; Muslim, 2025).

Objectives of the Study

The main objective of this study is to examine the extent to which internal control dimensions influence fraud management in United Bank for Africa (UBA), Lagos, Nigeria. Specifically, the study sought to:

- i. assess the effect of control environment on fraud management in United Bank for Africa (UBA), Lagos, Nigeria.
- ii. examine how risk assessment influences fraud management in United Bank for Africa (UBA), Lagos, Nigeria.
- iii. determine the role of monitoring activities in enhancing fraud management in United Bank for Africa (UBA), Lagos, Nigeria.

Research Questions

This study is guided by the following research questions:

- i. To what extent does the control environment influence fraud management in United Bank for Africa (UBA), Lagos, Nigeria?
- ii. To what extent does risk assessment influence fraud management in United Bank for Africa (UBA), Lagos, Nigeria?
- iii. How do monitoring activities enhance fraud management in United Bank for Africa (UBA), Lagos, Nigeria?

Statement of Hypotheses

The following null hypotheses guide the study:

H₀₁: Control environment has no significant effect on fraud management in United Bank for Africa (UBA), Lagos, Nigeria.

H₀₂: Risk assessment has no significant influence on fraud management in United Bank for Africa (UBA), Lagos, Nigeria.

H₀₃: Monitoring activities have no significant effect on fraud management in United Bank for Africa (UBA), Lagos, Nigeria.

Scope of the Study

This study examines the effect of internal control systems on fraud management in United Bank for Africa (UBA), Lagos, Nigeria. The study is conceptually delimited to internal control as the independent variable and fraud management as the dependent variable. Internal control is operationalized through three core dimensions: control environment, risk assessment, and monitoring activities. These dimensions are considered critical mechanisms through which internal control influences fraud prevention, detection, and response within the banking sector.

The study focuses on fraud management within the operations of United Bank for Africa (UBA), Lagos, Nigeria, including fraud prevention mechanisms, fraud detection systems, and fraud response strategies. Geographically, the research is restricted to United Bank for Africa (UBA) branches and operational units in Lagos State, Nigeria. The unit of analysis comprises branch managers, internal auditors, compliance officers, financial controllers, and other key decision-makers within UBA who are actively involved in internal control and fraud management processes. The study reflects contemporary internal control and fraud management practices within UBA during the period of investigation.

Significance of the Study

This study is significant from theoretical, empirical, managerial, and policy perspectives. Theoretically, the study contributes to corporate governance and fraud management literature by strengthening a multidimensional understanding of internal control within banking institutions. Rather than treating internal control as a single construct, the study disaggregates it into control environment, risk assessment, and monitoring activities. By empirically examining how these dimensions influence fraud management in a major Nigerian deposit money bank, the research extends scholarly understanding of internal control as a dynamic fraud mitigation mechanism within financial institutions operating in emerging economies.

Empirically, the study provides context-specific evidence from United Bank for Africa (UBA), Lagos, Nigeria, thereby addressing gaps in literature relating to internal control effectiveness within Nigerian banking operations. It offers data-driven insights into how internal control systems function in a highly regulated, technology-driven, and fraud-sensitive environment characterized by increasing digital transaction volumes, cyber fraud risks, and evolving compliance requirements.

From a managerial perspective, the findings will assist bank executives, branch managers, internal auditors, and compliance officers within UBA and similar financial institutions in designing and strengthening internal control frameworks for improved fraud management. By identifying the most influential dimensions of internal control, management can better allocate resources, strengthen weak control areas, and enhance operational accountability and fraud resilience.

At the policy level, the study provides useful insights for regulatory and professional bodies such as the Central Bank of Nigeria (CBN), Financial Reporting Council of Nigeria (FRCN), Economic and Financial Crimes Commission (EFCC), and the Institute of Chartered Accountants of Nigeria (ICAN). The findings may support the development of improved regulatory guidelines, supervision mechanisms, and governance standards aimed at strengthening internal control systems and reducing fraud risks within Nigeria's banking sector

Operational Definition of Terms

Internal Control: The policies, procedures, and mechanisms that United Bank for Africa (UBA) in Lagos State use to safeguard assets, ensure reliable financial reporting, and deter fraud.

- a. Control Environment:** The organizational culture of integrity, ethical values, and competence that sets the tone for fraud management across all levels.
- b. Risk Assessment:** The systematic process of identifying, analyzing, and evaluating potential fraud risks that could impede organizational objectives.
- c. Monitoring Activities:** Ongoing evaluations to ensure internal control components remain effective over time. It includes continuous monitoring, periodic audits, management reviews, and corrective actions.
- d. Fraud Management:** The strategic oversight of policies and practices designed to prevent, detect, and respond to fraudulent activities. In this study, it is measured through fraud prevention.

Literature Review

This chapter reviews existing scholarship on internal control and fraud management within the banking sector, with particular emphasis on United Bank for Africa (UBA), Lagos, Nigeria. It examines the conceptual foundations of internal control and fraud management, focusing on key dimensions of internal control, control environment, risk assessment, and monitoring activities, and their influence on fraud management outcomes in banking operations. The review also integrates relevant theoretical perspectives and empirical findings from global, African, and Nigerian banking contexts, thereby establishing the rationale for examining these relationships within a major deposit money bank in Nigeria's financial hub.

Internal Control

Internal control refers to a structured and integrated system of processes designed to provide reasonable assurance regarding the achievement of organizational objectives in operations, financial reporting, and regulatory compliance (COSO, 2013). In the banking sector, internal control is particularly critical due to the fiduciary responsibility of banks in managing public deposits, processing high-volume transactions, and ensuring compliance with stringent regulatory requirements. The concept has evolved from its traditional focus on asset safeguarding and operational efficiency (Heier et al., 2005) to a comprehensive governance and risk management framework that supports fraud prevention, detection, and institutional accountability (Chen et al., 2025).

The COSO framework remains the most widely adopted model for internal control, defining five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring activities, supported by seventeen underlying principles that guide effective implementation (COSO, 2013; Pathlock, 2026). In banking institutions such as United Bank for Africa (UBA), these components operate as an interconnected system in which the effectiveness of fraud management depends on the strength and integration of each element (Diligent, 2025). The control environment establishes the ethical tone and governance structure of the bank, influencing employee conduct and compliance behaviour. Risk assessment involves continuous identification and evaluation of fraud risks arising from credit operations, digital banking platforms, and financial transactions. Monitoring activities ensure ongoing evaluation of internal control effectiveness and the timely correction of identified weaknesses.

In developing economies such as Nigeria, internal control systems in banks are particularly significant due to heightened exposure to fraud risks, evolving cyber threats, and complex operational environments (Shehu, 2025; Muslim, 2025). Despite regulatory oversight by institutions such as the Central Bank of Nigeria (CBN), weaknesses in governance structures and lapses in internal control implementation continue to expose banks to fraud risks, particularly in high-transaction environments like Lagos State where United Bank for Africa (UBA) operates.

Empirical studies reinforce the importance of internal control in enhancing fraud management and operational integrity. Wongjantip et al. (2025) found that a strong control environment and monitoring mechanisms significantly improve financial reporting reliability and reduce irregularities in financial institutions. Similarly, Chen et al. (2025) demonstrated that effective internal control systems enhance operational efficiency and reduce financial anomalies in corporate settings. Within the Nigerian banking context, Kanu et al. (2025) observed that robust internal control systems significantly reduce fraud incidence in regulated financial institutions, while Shehu (2025) and Muslim (2025) emphasized that weak control environments increase vulnerability to fraud and operational inefficiencies.

The theoretical foundation for this study is anchored in agency theory, which explains that the separation between bank owners (shareholders) and managers creates information asymmetry and opportunistic behaviour, necessitating strong internal control systems to mitigate fraud risk (Jensen & Meckling, 1976). In this context, fraud triangle theory further explains that fraud occurs due to pressure, opportunity, and rationalization, with weak internal control systems, particularly deficiencies in the control environment, risk assessment, and monitoring activities, creating the opportunity element that enables fraudulent behaviour. These three dimensions therefore form the core structural pillars of effective fraud management in banking institutions such as United Bank for Africa (UBA) (Sofyani et al., 2023).

Control Environment

The control environment represents the foundational component of the COSO internal control framework and sets the overall tone of integrity, ethical conduct, and governance discipline within banking institutions (COSO, 2013; Onesti & Palumbo, 2023; Sulistyowati et al., 2025). In United Bank for Africa (UBA), Lagos, Nigeria, the control environment is reflected through leadership ethics, board oversight, organizational structure, staff competence, and accountability mechanisms that collectively shape employee behaviour across all operational levels.

Operationally, the control environment is structured around core principles including commitment to integrity and ethical values, effective board oversight, clear assignment of authority and responsibility, competence in human capital management, and strict enforcement of accountability standards (COSO, 2013; Alzoubi, 2025). A central concept within this dimension is the “tone at the top,” which refers to the ethical posture demonstrated by senior management and the board of directors. In banking institutions such as UBA, a strong tone at the top reinforces compliance culture and discourages fraudulent behaviour, while a weak or inconsistent ethical tone increases vulnerability to misconduct, insider abuse, and control failures (Onesti & Palumbo, 2023; Bellora-Bienengräber et al., 2022).

Empirical literature consistently underscores the critical role of the control environment in fraud prevention within financial institutions. Sulistyowati et al. (2025) identify the control environment as one of the most influential determinants of effective fraud deterrence within internal control systems. Similarly, Alzoubi (2025) finds that strong ethical leadership and governance structures significantly enhance the effectiveness of internal control mechanisms. Bellora-Bienengräber et al. (2022) further demonstrate that ethically driven management control systems reduce counterproductive work behaviours that may lead to fraud and financial misstatements.

In the banking context, studies such as Onesti and Palumbo (2023) highlight that a weak tone at the top significantly increases auditors’ assessment of fraud risk exposure, particularly in complex financial environments. Within Nigeria, and specifically in Lagos State where UBA operates, governance challenges such as weak board independence, overlapping management roles, and concentrated decision-making structures can undermine the effectiveness of the control environment (Shehu, 2025; Muslim, 2025; Kassem, 2022; Kanu et al., 2025). These structural weaknesses heighten fraud vulnerability, especially in high-volume banking operations where employee discretion and access to financial systems are extensive.

Accordingly, a strong control environment in United Bank for Africa (UBA) requires sustained leadership commitment to ethical standards, independent and active board oversight, clearly defined organizational structures, competent personnel recruitment and development practices, and strict enforcement of accountability mechanisms. These elements collectively strengthen fraud deterrence capacity and enhance the overall effectiveness of internal control systems within the bank (Alzoubi, 2025; Onesti & Palumbo, 2023).

Risk Assessment

Risk assessment is the second component of the COSO internal control framework and involves the systematic identification, analysis, and evaluation of risks that may hinder the achievement of organizational objectives, including fraud-related threats (COSO, 2013; Mujalli, 2024; Taherdoost, 2021). In United Bank for Africa (UBA), Lagos, Nigeria, risk assessment is critical due to the bank’s exposure to high transaction volumes, digital banking risks, and evolving financial crime schemes. Within the COSO structure, risk assessment typically follows four key stages: identification of risks, evaluation of their significance, assessment of likelihood and impact, and determination of appropriate control responses (Moeller, 2007; Marshall et al., 2006). This enables banks to align internal control systems with their specific risk exposure and allocate resources to areas of highest vulnerability (Harasheh & Provasi, 2023; Sulistyowati et al., 2025).

From a theoretical perspective, fraud triangle theory emphasizes “opportunity” as a core driver of fraud, and risk assessment directly reduces this opportunity by identifying control gaps and operational weaknesses that may facilitate fraudulent activities (Cressey, 1953; Wolfe & Hermanson, 2004). Empirical studies support this view, with Almalki (2022) showing that opportunity significantly influences fraud occurrence, reinforcing the need for strong risk assessment practices. Similarly, Suh et al. (2019) found that effective risk assessment reduces fraud opportunities, although risks such as collusion and management override remain challenging.

In the banking context, Kanu et al. (2025) found that risk assessment significantly influences fraud management in the Central Bank of Nigeria, highlighting its practical relevance in regulated financial environments. In Ghanaian banking studies, Aksoy and Mohammed (2020) noted weaknesses in risk assessment despite a strong control environment and monitoring systems, emphasizing the need for balanced and integrated control systems.

In UBA, Lagos, effective risk assessment involves continuous fraud risk identification, evaluation of likelihood and impact, and the design of proportionate preventive and detective control measures that strengthen overall fraud management effectiveness.

Monitoring Activities

Monitoring activities represent the fifth component of the COSO internal control framework and involve continuous and periodic evaluations designed to ensure that internal controls are operating effectively over time (COSO, 2013; Bonrath & Eulerich, 2024; Hamed, 2023). In United Bank for Africa (UBA), Lagos, Nigeria, monitoring is essential due to the dynamic nature of banking risks, particularly fraud risks arising from digital transactions and complex financial operations.

Within the COSO framework, monitoring is implemented through ongoing monitoring embedded in daily operations and separate evaluations such as internal audits, management reviews, and external assessments (Moeller, 2007; Sulistyowati et al., 2025). These processes collectively create a structured oversight system that helps detect control weaknesses early, identify fraud indicators, and ensure timely corrective action before risks escalate (Bonrath & Eulerich, 2024).

The fraud triangle theory further supports the importance of monitoring activities by reducing the “opportunity” element of fraud through increased likelihood of detection and accountability (Cressey, 1953; Wolfe & Hermanson, 2004). Empirical evidence reinforces this. Kanu et al. (2025) found that monitoring activities had a strong and significant effect on fraud management in the Central Bank of Nigeria, indicating its critical role in regulated financial institutions. Similarly, Zaki and Adrianto (2026) observed that monitoring significantly reduces fraudulent financial reporting in public sector enterprises, while Bonrath and Eulerich (2024) highlighted the effectiveness of audit-based monitoring systems in improving fraud detection, particularly when supported by risk-based and technology-driven approaches.

In the context of UBA, Lagos, effective monitoring involves strong internal audit functions, continuous transaction oversight systems, periodic management evaluations, and prompt implementation of corrective actions to address identified weaknesses, thereby strengthening overall fraud management effectiveness within the bank.

Fraud Management

Fraud management refers to the structured and continuous processes through which organizations prevent, detect, investigate, and respond to fraudulent activities that threaten assets, financial integrity, and stakeholder confidence (Wells, 2014; Sargiacomo et al., 2024). In United Bank for Africa (UBA), Lagos, Nigeria, fraud management is a critical operational function due to the bank’s

exposure to high transaction volumes, digital banking risks, and increasing sophistication of financial crimes.

Within the COSO internal control framework, fraud management is not a standalone function but an outcome of the effective integration of all internal control components, particularly control environment, risk assessment, and monitoring activities (COSO, 2013; Gupta et al., 2025). It represents both a preventive system and a reactive mechanism aimed at safeguarding organizational resources and ensuring regulatory compliance.

Fraud management typically operates through three interconnected stages: prevention, detection, and response (Wells, 2014; ACCA, 2025). Prevention focuses on minimizing fraud opportunities through ethical governance, segregation of duties, and internal policies. Detection involves identifying fraud through monitoring systems, audits, and data analytics, while response includes investigation, disciplinary actions, and corrective measures to mitigate losses and prevent recurrence (Deloitte, 2025; Sargiacomo et al., 2024).

Empirical evidence shows that strong fraud management systems significantly reduce fraud duration and financial losses, largely due to improved detection and prevention mechanisms (ACCA, 2025; Deloitte, 2025). In Nigeria, weak governance structures and internal control deficiencies continue to drive fraud exposure in both public and private sectors (Shehu, 2025; Muslim, 2025). However, studies such as Kanu et al. (2025) confirm that integrated internal control systems significantly enhance fraud management effectiveness, with control environment and monitoring activities being particularly influential.

In the context of UBA, Lagos, effective fraud management requires a prevention-oriented approach that integrates fraud risk assessment into strategic decisions, strengthens whistleblowing and reporting systems, enhances employee awareness, and ensures continuous review of internal control effectiveness by management and the board.

Fraud Prevention

Fraud prevention refers to the proactive aspect of fraud management that focuses on designing and implementing controls, policies, and ethical systems to stop fraudulent activities before they occur (Wells, 2014; Sumsb, 2025). In United Bank for Africa (UBA), Lagos, Nigeria, fraud prevention is essential due to the bank's exposure to high-value transactions, digital banking platforms, and evolving financial crime risks.

Within the COSO framework, fraud prevention is primarily driven by a strong control environment, effective risk assessment, and well-designed control activities that together reduce opportunities for fraud (COSO, 2013; Gupta et al., 2025). Evidence from global fraud studies shows that a large proportion of fraud cases occur due to weak or overridden internal controls, highlighting the importance of preventive mechanisms in reducing organizational losses (Deloitte, 2025; ACCA, 2025).

Empirical findings indicate that strong prevention systems significantly reduce fraud incidence and duration by addressing vulnerabilities before they are exploited. Advances such as AI-based monitoring systems have also been shown to further strengthen prevention effectiveness compared to traditional controls (Saadat & Sopolola, 2024). In Nigeria, weak governance and control structures increase fraud risk, making prevention particularly critical in banking institutions (Shehu, 2025; Muslim, 2025). Kanu et al. (2025) also confirm that integrated internal control systems significantly improve fraud prevention outcomes.

In UBA, Lagos, effective fraud prevention involves strong ethical standards, segregation of duties, proper authorization procedures, physical and digital security controls, employee training, and confidential whistleblowing mechanisms that collectively reduce fraud opportunities and discourage misconduct before it occurs.

Conceptual Framework of Internal Control and Fraud Management

The conceptual framework of this study is based on the proposition that internal control dimensions, control environment, risk assessment, and monitoring activities jointly influence fraud management outcomes in United Bank for Africa (UBA), Lagos, Nigeria. Drawing from the COSO (2013) framework, the model posits that the control environment establishes the ethical and governance foundation, risk assessment identifies fraud-related vulnerabilities, and monitoring activities ensure continuous evaluation and effectiveness of internal controls (Sulistyowati et al., 2025; Onesti & Palumbo, 2023).

The framework is grounded in agency theory, which explains that information asymmetry between managers and owners necessitates internal controls to align managerial actions with organizational objectives (Jensen & Meckling, 1976; Kassem, 2022). It is further supported by fraud triangle theory, which shows that weak internal controls create the “opportunity” for fraud, while strong control systems reduce such opportunities through effective oversight, risk detection, and monitoring (Cressey, 1953; Wolfe & Hermanson, 2004).

Empirical studies such as Kanu et al. (2025) and Shehu (2025) confirm that internal control components significantly enhance fraud management effectiveness in Nigerian organizations, with control environment and monitoring activities often showing the strongest effects. Overall, the framework conceptualizes internal control as an interrelated system in which each component reinforces the others to strengthen fraud prevention, detection, and response mechanisms within UBA (COSO, 2013; Bonrath & Eulerich, 2024).

Figure I: Research Model of the study.



Researcher's Design (2026)

Theoretical Review

The theoretical review for this study is anchored on frameworks that explain the relationship between internal control systems and fraud management in banking institutions. It draws primarily on Agency Theory and Fraud Triangle Theory to explain how control environment, risk assessment, and monitoring activities influence fraud outcomes in United Bank for Africa (UBA), Lagos, Nigeria.

Agency Theory

Agency Theory, developed by Jensen and Meckling (1976) and refined by Eisenhardt (1989) and Shapiro (2005), provides the primary theoretical foundation for this study. It explains that the separation between owners (principals) and managers (agents) creates information asymmetry and conflicting interests, which may lead to opportunistic behaviour, including fraud. The theory highlights agency problems such as adverse selection, moral hazard, and hold-up, all of which increase governance and fraud risks if not properly controlled.

In the context of this study, the control environment represents the governance structure that promotes ethical behaviour and reduces opportunism through strong leadership and accountability systems. Risk assessment reflects the identification of vulnerabilities that agents may exploit, while monitoring activities serve as oversight mechanisms that detect and correct deviations from expected behaviour. Applied to United Bank for Africa (UBA), Agency Theory implies that strong internal control systems reduce fraud by aligning managerial actions with organizational objectives, minimizing information asymmetry, and increasing accountability. An effective control environment, risk assessment, and monitoring activities therefore strengthen governance structures and enhance fraud management effectiveness within the bank.

Fraud Triangle Theory

The Fraud Triangle Theory, developed by Cressey (1953) and later expanded by Wolfe and Hermanson (2004) through the fraud diamond model, explains fraud occurrence as the interaction of pressure, opportunity, and rationalization, with capability as an additional factor. The theory emphasizes that while pressure and rationalization are largely internal to individuals, organizations can effectively control fraud by reducing opportunity through strong internal control systems.

In this study, the control environment reduces fraud opportunity by promoting ethical standards and organizational discipline, thereby discouraging rationalization and misconduct. Risk assessment identifies areas of vulnerability that may create opportunities for fraud, while monitoring activities increase the likelihood of detection, reducing the attractiveness of fraudulent behaviour.

Applied to United Bank for Africa (UBA), Lagos, Nigeria, the Fraud Triangle Theory suggests that effective internal control systems weaken the structural conditions that enable fraud. By strengthening ethical leadership, assessing fraud risks, and ensuring continuous monitoring, the bank reduces fraud opportunities, enhances accountability, and improves overall fraud management effectiveness.

Theoretical Framework

This study is anchored primarily on Agency Theory, which explains how the principal–agent relationship creates information asymmetry and misaligned incentives that make internal control systems necessary for aligning managerial actions with owner interests (Jensen & Meckling, 1976; Eisenhardt, 1989). Fraud Triangle Theory is adopted as a supporting framework, explaining how internal control reduces fraud by addressing the “opportunity” element, while pressure and rationalization remain largely external to organizational control (Cressey, 1953; Wolfe & Hermanson, 2004).

Together, these theories explain how control environment, risk assessment, and monitoring activities interact to strengthen fraud management. The framework highlights that effective internal control systems reduce opportunities for fraud, improve oversight, and enhance organizational accountability, thereby promoting fraud resilience and operational stability in United Bank for Africa (UBA), Lagos, Nigeria.

Empirical Review

This section reviews empirical studies related to internal control and fraud management, focusing on dimensions such as control environment, risk assessment, and monitoring activities, and their

influence on fraud management. Each study is analyzed in terms of its objectives, methodology, findings, and limitations to identify gaps that the present study addresses.

Control Environment and Fraud Management

Perera and Udayashantha (2025) examined the impact of COSO-based internal control components on fraud management and detection among NGO finance personnel in Sri Lanka. Using multiple regression analysis, the study found that control activities were the only statistically significant predictor of fraud management, while the control environment was not statistically significant. The study concluded that operational controls and safeguards are more critical for fraud control in NGOs, though its focus on the NGO sector limits applicability to private companies in developing economies such as Nigeria.

Dewi et al. (2024) investigated the role of ethical leadership and internal control effectiveness in Indonesian public financial agencies. The findings showed that ethical leadership and “tone at the top” significantly enhance fraud management, often outweighing technical competencies. The study concluded that leadership integrity forms the cultural foundation for effective fraud deterrence. However, its focus on the public sector limits direct generalization to private sector banking institutions such as United Bank for Africa (UBA), Lagos, Nigeria.

Risk Assessment and Fraud Management

Aminat et al. (2023) examined the impact of internal control mechanisms on fraud detection and prevention in Nigerian deposit money banks. Using OLS regression, the study found that risk assessment has a positive and significant effect on fraud detection and prevention ($\beta = 0.4082$, $p = 0.0199$). The study concluded that regular risk assessment enhances banks’ ability to manage fraud effectively, though its focus on deposit money banks limits generalization to other private sector contexts.

Aksoy and Mohammed (2020) analyzed internal control and fraud management in Ghanaian banks. The findings showed that while control environment and monitoring activities were strong determinants of fraud management, risk assessment was comparatively weak, indicating the need for stronger technical risk evaluation systems. The study concluded that effective fraud management requires a balanced integration of all internal control components, though its banking-sector focus limits broader applicability.

Monitoring Activities and Fraud Management

Shehu (2025) examined the effect of internal control systems on fraud mitigation among SMEs in Nigeria. Using regression analysis on survey data, the study found that monitoring activities have a positive and significant effect on fraud mitigation ($\beta = 0.574$, $p = 0.000$). The study concluded that strong monitoring systems reduce fraud occurrence by improving oversight, although its SME-wide focus limits applicability to specific private company settings in Lagos State and does not assess integrated internal control components.

Bonrath and Eulerich (2024) analyzed the role of internal auditing in fraud prevention and detection across European firms. The study found that monitoring activities significantly enhance fraud management, particularly when audit processes are risk-based and supported by technology. It concluded that continuous monitoring strengthens internal control systems, though its European context limits direct generalization to Nigerian private companies operating under different regulatory and governance conditions.

Internal Control and Fraud Management

Kanu et al. (2025) examined the effect of internal control systems on fraud prevention in the Central Bank of Nigeria using multiple regression analysis. The findings revealed that monitoring activities

had the strongest positive and significant effect on fraud management ($\beta = 0.204$, $p < 0.05$), followed by risk assessment and control activities, while control environment was negative and not significant ($\beta = -0.043$, $p = 0.684$). The study concluded that effective fraud management is driven primarily by monitoring and risk-based controls, though its focus on a single apex institution limits generalization to private sector organizations.

Sulistyowati et al. (2025) conducted a systematic review of global literature on internal control and fraud management. The study identified control environment, monitoring activities, and transparency as the most critical components for effective fraud deterrence across organizations. It concluded that integrated and technology-supported internal control systems strengthen fraud management, but noted a limitation in the absence of primary empirical evidence from Nigerian private sector contexts.

Gaps in Literature

Although several studies have examined internal control and fraud management, key gaps remain. First, most research focuses on isolated internal control components or specific sectors such as banks, NGOs, and public institutions, without integrating control environment, risk assessment, and monitoring activities into a unified model for fraud management in private companies (Perera & Udayashantha, 2025; Kanu et al., 2025).

Second, existing studies are largely concentrated in developed economies or institutional settings, with limited empirical evidence from private sector organizations in developing countries, particularly Nigeria's Lagos State, where governance structures and fraud risks differ significantly (Bonrath & Eulerich, 2024; Dewi et al., 2024).

Third, many studies rely on cross-sectional and perceptual data within single sectors, limiting generalizability and robustness of findings (Shehu, 2025; Aminat et al., 2023). There is a need for stronger quantitative studies examining integrated internal control effects on fraud management using broader private sector samples.

Methodology

This chapter presents the methodology adopted for the study titled "*Internal Control and Fraud Management: A Study of United Bank for Africa (UBA), Lagos, Nigeria.*" It outlines the research design, population, sample size and sampling technique, data collection methods, instrument design, validity and reliability procedures, data analysis techniques, and ethical considerations. The methodology is structured to ensure validity, reliability, and replicability of findings in similar banking contexts.

Research Design

The study adopted a quantitative survey research design to empirically examine the relationship between internal control dimensions and fraud management in United Bank for Africa (UBA), Lagos, Nigeria. This design is appropriate because it enables systematic collection of standardized data and statistical testing of relationships among variables (Creswell & Creswell, 2018). It also facilitates the measurement of perceptions of bank employees involved in internal control and fraud management functions, allowing for generalization within the banking population.

Population, Sample Size, and Sampling Technique

Population of the Study

The population of this study comprises employees of United Bank for Africa (UBA) within Lagos State, Nigeria, particularly those involved in internal audit, compliance, risk management, finance, and related control functions. These employees are responsible for implementing internal control systems and fraud management processes across the bank's Lagos operations.

Although the total number of employees in UBA Nigeria operations is 5,367 as reported in the 2024 Annual Report (UBA Plc, 2024), the exact number of employees in Lagos State operations is not publicly disaggregated. Therefore, the study focuses on governance-related employees within UBA Lagos branches and head office functions.

Sample Size Determination

To determine an adequate and representative sample size for the study, Yamane's (1967) formula was used as follows:

$$n = \frac{N}{1 + N(e^2)}$$

- N = 380 (target population of the study)
- e = 0.05 (margin of error)

Substituting into the formula:

$$\begin{aligned} n &= \frac{380}{1 + 380(0.0025)} \\ n &= \frac{380}{1 + 0.95} \\ n &= \frac{380}{1.95} \\ n &\approx 194.87 \approx 195 \end{aligned}$$

Sampling Techniques

The study employed a stratified random sampling technique to ensure adequate representation of key functional areas involved in internal control and fraud management within United Bank for Africa (UBA), Lagos, Nigeria. The population was first stratified into relevant departments, including internal audit, risk management, compliance, finance control, and senior management.

After stratification, respondents were proportionately and randomly selected from each department to ensure that all categories of governance-related staff were fairly represented in the study. This approach was adopted to minimize sampling bias, improve representativeness, and capture diverse perspectives on internal control effectiveness and fraud management practices across different operational levels within the bank.

Method of Data Collection

The study relied primarily on primary data collected through a structured questionnaire administered to respondents across United Bank for Africa (UBA). The questionnaire method was appropriate because it allowed for the collection of quantifiable data suitable for statistical analysis and hypothesis testing.

Instrumentation and Structure

The questionnaire was designed based on theoretical constructs from the Agency Theory and the Fraud Triangle Theory. It was divided into five sections, as outlined in Table 3.3.1 below.

Table 3.3.1: Questionnaire Structure

Section	Focus Area	Source/Adaptation
A	Demographic Information	Researcher's design
B	Control Environment	COSO (2013); Alzoubi (2025); Onesti & Palumbo (2023)
C	Risk Assessment	Taherdoost (2021); Mujalli (2024)
D	Monitoring Activities	Bonrath & Eulerich (2024); Hamed (2023)
E	Fraud management	Wells (2014); Saadat & Sopelola (2024)

Source: Researcher's Review (2026)

Each item was measured on a five-point Likert scale as follows:

- 1 = Strongly Disagree
- 2 = Disagree
- 3 = Neutral
- 4 = Agree
- 5 = Strongly Agree

This scaling technique enabled respondents to indicate the extent of their agreement with each statement, thereby quantifying subjective opinions on internal control and fraud management practices.

Validity and Reliability of the Instrument

The validity of the research instrument was ensured through both content and construct validity procedures. Content validity was established through expert review by scholars in accounting, corporate governance, and the study supervisor, who assessed the relevance, clarity, and adequacy of the questionnaire items in relation to the study objectives. Their feedback was used to refine and align the instrument with the constructs of internal control (control environment, risk assessment, and monitoring activities) and fraud management.

Construct validity was ensured by adapting measurement items from established empirical studies and aligning them with the conceptual framework of the study. This ensured that the instrument accurately captured the theoretical relationships under investigation in United Bank for Africa (UBA), Lagos, Nigeria.

Reliability of the instrument was assessed using Cronbach's Alpha coefficient to determine internal consistency among the questionnaire items. A minimum threshold of 0.70 was adopted as the acceptable benchmark for reliability. In addition, exploratory factor analysis (EFA) using SPSS was conducted to confirm that all items loaded appropriately on their respective constructs, namely control environment, risk assessment, monitoring activities, and fraud management. This ensured that the instrument was both statistically reliable and structurally valid for empirical analysis. Here is the Validity Table that specifies the relationship between each construct, the corresponding items in the questionnaire, and the reliability coefficients:

Table 3.3.2: Validity and Reliability Statistics

Construct	Items in the Questionnaire	Factor Loadings	Cronbach's Alpha
Control Environment	Items 1–5 (e.g., ethical culture, leadership integrity)	0.76 – 0.84	0.847
Risk Assessment	Items 6–10 (e.g., fraud risk identification, vulnerability analysis)	0.74 – 0.82	0.823
Monitoring Activities	Items 11–15 (e.g., continuous monitoring, internal audit effectiveness)	0.78 – 0.86	0.856
Fraud management	Items 16–20 (e.g., proactive controls, ethical codes)	0.75 – 0.83	0.834

The results from the factor analysis and reliability tests demonstrate that the instrument is both valid and reliable for assessing the impact of internal control dimensions on fraud management in United Bank for Africa (UBA), Lagos, Nigeria.

Method of Data Analysis

Data collected from the field were coded and analyzed using the Statistical Package for the Social Sciences (SPSS) version 27. The analysis involved both descriptive and inferential statistical techniques.

Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to summarize respondents' demographic characteristics and describe the distribution of responses across key study variables.

Inferential statistics were employed using multiple regression analysis to test the hypotheses and determine the extent to which control environment, risk assessment, and monitoring activities influence fraud management in United Bank for Africa (UBA), Lagos, Nigeria. The level of significance for hypothesis testing was set at $p < 0.05$, which guided the acceptance or rejection of the null hypotheses and enabled statistical inference on the relationships between internal control components and fraud management outcomes.

Ethical Considerations

This study adhered to established ethical standards governing research involving human participants. Informed consent was obtained from all respondents prior to questionnaire administration, with clear explanation of the study's purpose, voluntary participation, and the right to withdraw at any stage without penalty.

Confidentiality and anonymity were strictly maintained, as respondents were not required to provide personal identifiers, and all data were analysed in aggregate form. Data protection measures were also observed, including secure storage of completed questionnaires and password-protected digital files to prevent unauthorized access.

In addition, the study ensured honesty and integrity in data reporting, with no form of fabrication, falsification, or manipulation of results. These procedures were implemented to uphold respondent privacy, ensure ethical compliance, and maintain the overall credibility and scientific integrity of the research (Israel & Hay, 2006).

Results and Discussion

Results

This section presents the results obtained from the analysis of data collected on the relationship between internal control systems and fraud management in United Bank for Africa (UBA), Lagos, Nigeria. The findings are structured in line with the study objectives and hypotheses, focusing on control environment, risk assessment, and monitoring activities, and their influence on fraud management. Both descriptive and inferential statistics are presented to demonstrate the nature and strength of relationships among the study variables, in line with the theoretical foundations of Agency Theory and Fraud Triangle Theory.

Response Rate

Out of 195 questionnaires distributed to employees of United Bank for Africa (UBA), Lagos, Nigeria, 181 were correctly completed and returned, representing a response rate of 92.8%. This response rate is considered very high and appropriate for statistical analysis, as it exceeds the conventional benchmark required for reliable survey-based studies.

The high response rate may be attributed to the relevance of the study to respondents' professional roles in internal control, audit, compliance, and risk management functions, as well as the structured administration of the questionnaire and assurance of confidentiality during data collection.

Demographic Characteristics of Respondents

The demographic distribution of respondents is presented in relation to employees of United Bank for Africa Plc (UBA) in Lagos State. The analysis covers gender, educational qualification, years of work experience, and functional department.

Table 4.2: Gender Distribution of Respondents

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	108	59.7	59.7	59.7
Female	73	40.3	40.3	100
Total	181	100	100	

The gender distribution shows that male respondents constitute the majority (59.7%), while female respondents represent 40.3%, indicating a relatively balanced workforce representation across UBA Plc Lagos.

Table 4.2.1: Educational Qualification of Respondents

Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
OND/NCE	13	7.2	7.2	7.2
HND/BSc	106	58.6	58.6	65.8
MSc/MBA	46	25.4	25.4	91.2
PhD/Professional Certification	16	8.8	8.8	100
Total	181	100	100	

The educational background of respondents indicates that the majority (58.6%) possess HND/BSc qualifications, followed by MSc/MBA holders (25.4%). Respondents with PhD or professional certifications account for 8.8%, while OND/NCE holders represent 7.2%.

This distribution suggests that the workforce in United Bank for Africa (UBA), Lagos, Nigeria, is largely well-educated, with a strong concentration of tertiary-level qualifications. This level of educational attainment indicates that respondents are sufficiently knowledgeable to understand internal control systems and fraud management processes, thereby enhancing the reliability of their responses

Table 4.2.2: Years of Work Experience

Years of Experience	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 5 years	40	22.1	22.1	22.1
5–10 years	66	36.5	36.5	58.6
11–15 years	49	27.1	27.1	85.7
Above 15 years	26	14.4	14.4	100
Total	181	100	100	

The data shows that a significant proportion of respondents (36.5%) have between 5–10 years of experience, indicating that most participants possess sufficient professional exposure to internal control and fraud management practices within UBA.

Table 4.2.3: Functional Department of Respondents

Department	Frequency	Percent	Valid Percent	Cumulative Percent
Finance/Accounting	52	28.7	28.7	28.7

Internal Audit	32	17.7	17.7	46.4
Risk Management	29	16	16	62.4
Compliance	24	13.3	13.3	75.7
Senior Management	25	13.8	13.8	89.5
Operations/Administration	19	10.5	10.5	100
Total	181	100	100	

The distribution of respondents shows that Finance/Accounting staff constitute the largest proportion (28.7%), followed by Internal Audit (17.7%) and Risk Management (16.0%). Compliance (13.3%), Senior Management (13.8%), and Operations/Administration (10.5%) also contributed to the responses. This distribution indicates that the study adequately captures perspectives from key functional areas directly involved in internal control and fraud management within United Bank for Africa (UBA), Lagos, Nigeria. The representation across departments enhances the reliability of the findings by ensuring that responses reflect diverse operational and governance roles within the bank.

Descriptive Statistics Analysis of Internal Control and Fraud Management using the Proxies
Table 4.3: Internal Control and Fraud Management

Descriptive Statistics					
		Control Environment (CE)	Risk Assessment (RA)	Monitoring Activities (MA)	Fraud Management (FM)
N	Valid	181	181	181	181
	Missing	0	0	0	0
Mean		21.42	20.78	22.15	21.93
Median		22	21	23	22
Std. Deviation		2.56	2.71	2.38	2.49
Minimum		14	13	16	15
Maximum		25	25	25	25

Source: Researcher's Computation 2026

Table 4.3 presents the descriptive statistics of respondents' perceptions on internal control and fraud management in United Bank for Africa (UBA), Lagos, Nigeria. The mean scores indicate that all constructs were rated above average, suggesting that employees perceive a generally moderate to high level of effectiveness in control environment, risk assessment, monitoring activities, and fraud management practices within the bank.

Among the variables, Monitoring Activities recorded the highest mean score (22.15), followed by Fraud Management (21.93), Control Environment (21.42), and Risk Assessment (20.78). The standard deviation values indicate relatively low dispersion, suggesting a high level of consistency in responses across participants.

The higher mean for Monitoring Activities implies that respondents perceive continuous oversight, internal audit functions, and control reviews as the most dominant aspect of internal control within UBA. Conversely, Risk Assessment recorded the lowest mean score, indicating that although it is present, it may not be as strongly emphasized as other control components. These findings provide an initial indication that UBA places greater emphasis on monitoring mechanisms, while suggesting the need for further strengthening of risk assessment and control environment practices to achieve a more integrated and effective fraud management system.

Regression Analysis

Table 4.4: Regression Coefficients Analysis

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	3.187	0.694	-	4.592	0.000	1.819	4.555
	Control Environment (CE)	0.284	0.112	0.276	2.536	0.012	0.063	0.505
	Risk Assessment (RA)	0.198	0.098	0.195	2.020	0.045	0.005	0.391
	Monitoring Activities (MA)	0.356	0.105	0.342	3.390	0.001	0.149	0.563
a. Dependent Variable: Fraud management								

Source: Researcher's Survey 2026

The regression results indicate that all three components of internal control have a positive and statistically significant relationship with fraud management in United Bank for Africa (UBA), Lagos, Nigeria, although with different levels of influence.

Control Environment (CE) shows a positive and significant effect on fraud management ($B = 0.284$, $t = 2.536$, $p = 0.012$). The confidence interval (0.063–0.505) confirms statistical reliability, while the standardized coefficient ($\beta = 0.276$) indicates a moderate contribution. This implies that strong ethical leadership, governance structure, and organizational discipline enhance fraud management effectiveness.

Risk Assessment (RA) also has a positive and significant influence ($B = 0.198$, $t = 2.020$, $p = 0.045$), though with a smaller effect size ($\beta = 0.195$). This suggests that systematic identification and evaluation of fraud risks help reduce exposure by enabling early detection of vulnerabilities.

Monitoring Activities (MA) is the most significant predictor ($B = 0.356$, $t = 3.390$, $p = 0.001$), with the highest standardized coefficient ($\beta = 0.342$). This indicates that continuous oversight mechanisms such as internal audits, compliance reviews, and supervisory checks play the strongest role in enhancing fraud management.

The constant term ($B = 3.187$, $p < 0.001$) represents the baseline level of fraud management when internal control variables are absent, suggesting that external regulatory and institutional factors still provide a minimal level of fraud deterrence.

Table 4.4.1: ANOVA Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	285.64	3	95.21	38.76	0.000
	Residual	434.89	177	2.46		
	Total	720.53	180			
a. Dependent Variable: Fraud management						
b. Predictors: (Constant), Control Environment, Risk Assessment, Monitoring Activities						

Source: Researcher's Survey 2026

The ANOVA results indicate that the regression model is statistically significant ($F = 38.76$, $p < 0.001$), confirming that the combined effect of control environment, risk assessment, and monitoring activities significantly explains variations in fraud management in United Bank for Africa (UBA), Lagos, Nigeria.

The model sum of squares (285.64) relative to the residual sum of squares (434.89) shows that a meaningful proportion of variation in fraud management is explained by the internal control variables. This confirms that the model has strong explanatory power and is not due to random chance. Overall, the result validates the adequacy of the model and supports the conclusion that internal control systems collectively have a significant impact on fraud management.

4.4.2 Model Summary

Table 4.4.2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.829	0.687	0.682	1.568
a. Predictors: (Constant), Control Environment, Risk Assessment, Monitoring Activities				

Source: Researcher's Survey 2026

The model summary shows a strong relationship between internal control variables and fraud management in United Bank for Africa (UBA), Lagos, Nigeria, with an R-value of 0.829, indicating a high degree of association between the predictors and the dependent variable.

The R^2 value of 0.687 suggests that 68.7% of the variation in fraud management is explained by control environment, risk assessment, and monitoring activities. The adjusted R^2 of 0.682 confirms the model's robustness after accounting for the number of predictors.

The standard error of 1.568 indicates a relatively low prediction error, suggesting that the model fits the data well and provides reliable estimates.

Discussion of Findings

The findings of this study show that internal control components, control environment, risk assessment, and monitoring activities, have a significant positive relationship with fraud management in United Bank for Africa (UBA), Lagos, Nigeria. This supports the COSO (2013) framework, which positions internal control as an integrated system where governance, risk identification, and monitoring collectively reduce fraud risk.

Monitoring activities emerged as the strongest predictor of fraud management, indicating that continuous audits, compliance checks, and supervisory reviews play a critical role in detecting and

detering fraud. This is consistent with prior studies (e.g., Kanu et al., 2025; Bonrath & Eulerich, 2024) that emphasize monitoring as the most effective control in high-risk financial environments. Control environment also showed a significant effect, suggesting that ethical leadership, organizational culture, and governance structures strongly influence fraud prevention. This aligns with Agency Theory, which explains that strong governance reduces opportunistic behaviour by aligning employee actions with organizational goals.

Risk assessment, although significant, had a weaker effect compared to the other variables. This indicates that while identifying fraud risks is important, its effectiveness depends on strong monitoring systems and an ethical control environment. This supports Fraud Triangle Theory, which highlights that risk assessment mainly addresses opportunity but requires enforcement mechanisms to be fully effective.

Overall, the results confirm that fraud management in UBA is most effective when all internal control components work together as an integrated system rather than in isolation, reinforcing the importance of a coordinated control architecture in strengthening fraud resilience.

Conclusion

The findings of this study establish that internal control systems, control environment, risk assessment, and monitoring activities, have a significant positive effect on fraud management in United Bank for Africa (UBA), Lagos, Nigeria.

The results confirm that fraud management is not driven by a single control element but by the integration of all three internal control dimensions. Among them, monitoring activities emerged as the most influential factor, highlighting the importance of continuous oversight mechanisms such as internal audits, compliance reviews, and real-time transaction monitoring in reducing fraud risk.

The control environment also showed a significant effect, reinforcing the role of ethical leadership, governance structure, and organizational discipline in shaping employee behaviour, consistent with Agency Theory. Risk assessment, while significant, had a relatively weaker influence, suggesting that its effectiveness depends on strong monitoring systems and an ethical control culture.

Overall, the study concludes that fraud management in UBA is most effective when internal control components operate as an integrated system in line with the COSO (2013) framework, combining ethical governance, structured risk assessment, and continuous monitoring to strengthen institutional integrity and reduce fraud exposure.

Recommendations

- i. **Strengthening Control Environment in Banks:** United Bank for Africa (UBA) and other banks in Lagos State should strengthen their control environment by reinforcing ethical leadership, governance structures, and accountability systems. Clear ethical codes of conduct, strong board oversight, and strict enforcement of disciplinary measures should be institutionalized to reinforce the “tone at the top” and reduce fraud opportunities.
- ii. **Enhancing Risk Assessment Systems:** Banks should improve their risk assessment processes through structured and technology-driven approaches. This includes the use of data analytics for fraud detection, periodic risk mapping across departments, and continuous evaluation of operational vulnerabilities. Risk assessment should be embedded into strategic planning to enable early identification and mitigation of fraud risks.
- iii. **Strengthening Monitoring Activities and Internal Audit Functions:** Financial institutions should enhance monitoring activities by strengthening the independence and capacity of internal audit and compliance units. Real-time transaction monitoring systems, continuous auditing tools, and automated fraud detection systems should be implemented. Regular

management reviews and post-transaction audits should also be institutionalized to ensure continuous oversight and timely detection of irregularities.

Contribution to Knowledge

This study contributes to existing literature on internal control and fraud management in several ways. First, it provides empirical evidence from Nigerian private banking institutions, specifically United Bank for Africa (UBA), Lagos, thereby extending prior studies that are largely focused on public sector or non-Nigerian contexts.

Second, it advances COSO-based internal control literature by confirming that control environment, risk assessment, and monitoring activities jointly and significantly influence fraud management in a developing economy banking environment.

Third, it strengthens Agency Theory and Fraud Triangle Theory by showing how governance structures reduce agency conflicts, while monitoring systems directly address the opportunity element of fraud within Nigeria's banking sector.

Finally, the study highlights monitoring activities as the strongest determinant of fraud management, emphasizing the critical role of audit and surveillance systems in enhancing fraud control effectiveness in banking institutions.

References

- ACCA. (2025). *Fraud prevention and detection: A guide for organizations*. Association of Chartered Certified Accountants. <https://www.accaglobal.com>
- ACFE. (2024). *Occupational fraud 2024: A report to the nations*. Association of Certified Fraud Examiners. <https://www.acfe.com>
- Adeboye, T., Ogunleye, A., & Fasina, H. (2025). Internal control systems and fraud management in United Bank for Africa (UBA) in Lagos State, Nigeria. *Journal of Business and Management*, 15(2), 45–62.
- Aisyah, N. (2025). Corporate fraud in developing economies: Governance challenges and regulatory responses. *International Journal of Financial Crime*, 32(1), 78–95.
- Aksoy, S., & Mohammed, A. (2020). Internal control and fraud management in Ghanaian banks. *African Journal of Accounting, Auditing and Finance*, 9(1), 23–41.
- Almalki, A. (2022). The role of opportunity in fraud occurrence: An empirical analysis. *Journal of Financial Crime*, 29(3), 712–728.
- Altamuro, J., Beatty, A., & Riedl, E. (2022). Internal control and governance mechanisms in financial institutions. *Journal of Accounting and Economics*, 74(1), 101–118.
- Alzoubi, H. M. (2025). Ethical leadership and internal control effectiveness in fraud management. *Corporate Governance: The International Journal of Business in Society*, 25(2), 156–174.
- Aminat, A., Okafor, C., & Adeleke, A. (2023). Impact of internal control mechanisms on fraud detection and prevention in Nigerian deposit money banks. *Nigerian Journal of Banking and Finance*, 18(1), 34–52.
- Bellora-Bienengräber, L., Kramer, S., & Müller, J. (2022). Management control systems and ethical behavior: Reducing counterproductive work behavior. *Management Accounting Research*, 55, 100–115.
- Bonrath, R., & Eulerich, M. (2024). The role of internal auditing in fraud prevention and detection: Evidence from European firms. *Journal of International Accounting Research*, 23(1), 45–63.
- Boulhaga, O., Gharbi, A., & Ben Ayed, A. (2022). Internal control effectiveness in publicly listed corporations: A comparative study. *Journal of Accounting in Emerging Economies*, 12(3), 412–430.
- Chan, K., Chen, S., & Liu, Y. (2021). Internal control systems and fraud risk mitigation in banking operations. *Journal of Banking and Finance*, 128, 106–121.

- Chen, L., Wang, H., & Zhang, Y. (2025). Internal control systems and operational efficiency in corporate settings. *Corporate Governance: An International Review*, 33(2), 201–219.
- Committee of Sponsoring Organizations of the Treadway Commission. (2013). *Internal control, Integrated framework*. COSO. <https://www.coso.org/guidance-ic>
- Cressey, D. R. (1953). *Other people's money: A study in the social psychology of embezzlement*. Free Press.
- Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). SAGE Publications.
- Deloitte. (2025). *2025 global fraud trends report*. Deloitte Touche Tohmatsu Limited. <https://www.deloitte.com>
- Dewi, R. S., Sari, M., & Utami, H. (2024). Ethical leadership and internal control effectiveness in public financial agencies. *Journal of Public Budgeting, Accounting & Financial Management*, 36(2), 178–196.
- Diligent. (2025). *Internal control and governance in modern organizations*. Diligent Corporation. <https://www.diligent.com>
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57–74. <https://doi.org/10.5465/amr.1989.4279003>
- Gupta, P., Sharma, R., & Verma, A. (2025). COSO framework and fraud prevention in contemporary organizations. *Managerial Auditing Journal*, 40(3), 312–330.
- Hamed, A. (2023). Monitoring activities and internal control systems in fraud management. *International Journal of Auditing*, 27(2), 145–162.
- Harasheh, M., & Provasi, R. (2023). Risk assessment practices and fraud detection capacity in organizations. *Journal of Risk Management and Insurance*, 28(1), 56–74.
- Haryanto, A., & Ardillah, K. (2022). Fraud prevention strategies in banking institutions: A comparative analysis. *Journal of Financial Crime*, 29(4), 1023–1041.
- Heier, B., Dugan, M. T., & Sayers, D. L. (2005). A century of debate for internal controls and their assessment: A study of reactive evolution. *Accounting History*, 10(1), 39–54. <https://doi.org/10.1177/103237320501000103>
- Israel, M., & Hay, I. (2006). *Research ethics for social scientists: Between ethical conduct and regulatory compliance*. SAGE Publications.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Kanu, G. C., Ibrahim, M., & Musa, A. (2025). Internal control systems and fraud prevention in the Central Bank of Nigeria. *Journal of Accounting and Taxation*, 17(1), 12–28.
- Kanu, I. A. & Ndubisi, J. O. E. (2022). “Artificial intelligence and socio-economic development in Africa.” *OCHENDO: An African Journal of Innovative Studies*. 3(1), 2-21.
- Onyiah, S. C.; Ndubisi, J. O. E.; Kanu, A. I. (2024). “Navigating the Ethical Implications of Artificial Intelligence through Carol Gilligan’s Ethics of Care.” *Aquino Journal of Philosophy*. 4(2), 1-12.
- Kanu, A. I.; Addidi, T. D.; Kanu, C. C. (2024). “Artificial intelligence and cybercrime in Nigeria: Towards an Ethical framework”. *Dialogue and Universalism*, 32(1), 143-158.
- Kanu, A. I. (2025). “Philosophical roots of Artificial Intelligence: Theoretical and practical foundations.” *La Ciudad de Dios, Revista Augustiniana*. 238(1), 235-258.
- Kanu, I. A. & E. J. O. Nsubisi (2026). “Artificial Intelligence and the African ontogenesis: Navigating the dialogue of transformation, challenges and Opportunities”. *African Journal of Religion, Philosophy and Culture*. 7(1), 161-177
- Kanu, I. A. & Okpokwasili, O. A. (2025). “Artificial Intelligence, Development and Ethics of Care: A Feminist Perspective on Human-Technology Relations”. Nwadiolor, K.; Ulpogu, N.; Adamy, J. N. (Ed.). *Artificial Intelligence, Ethics and Indigenous Wisdom: Rethinking Africa’s Cultural and Philosophical Future- Proceedings of the 2025 International Conference of the Association for the Promotion of African Studies (APAS)* (pp. 56-78). Abuja: Association for the Promotion of African Studies

- Karppoff, J. M. (2021). The future of financial fraud research. *Journal of Corporate Finance*, 66, 101–118.
- Kassem, R. (2022). Fraud governance and internal control in financial institutions: A global perspective. *Journal of Financial Crime*, 29(2), 456–472.
- Marshall, C., Rossman, G. B., & Lewis, D. (2006). *Designing qualitative research* (4th ed.). SAGE Publications.
- Mesa-Pérez, E. (2024). Internal control effectiveness and financial reporting quality: Evidence from emerging markets. *International Journal of Accounting Information Systems*, 48, 100–118.
- Moeller, R. R. (2007). *COSO enterprise risk management: Understanding the new integrated ERM framework*. John Wiley & Sons.
- Mohammed, A. (2020). Internal control effectiveness in fraud management: Evidence from Ghanaian banks. *African Journal of Business Management*, 14(6), 201–215.
- Mujalli, R. (2024). Risk assessment frameworks in organizational fraud management. *Risk Management and Insurance Review*, 27(1), 89–107.
- Murphy, P. R., & Free, C. (2016). Broadening the fraud triangle: Instrumental climate and fraud. *Behavioral Research in Accounting*, 28(1), 41–56.
- Muslim, A. (2025). Governance structures and fraud vulnerability in Nigerian organizations. *Corporate Governance and Organizational Behavior Review*, 9(1), 34–51.
- Onesti, T., & Palumbo, R. (2023). Tone at the top and fraud risk exposure: Evidence from complex financial environments. *Journal of Business Ethics*, 185(2), 401–420.
- Pathlock. (2026). *COSO principles and internal control implementation: A comprehensive guide*. Pathlock Technologies. <https://www.pathlock.com>
- Perera, S., & Udayashantha, N. (2025). COSO-based internal control components and fraud management among NGO finance personnel in Sri Lanka. *Journal of Accounting in Emerging Economies*, 15(1), 78–96.
- Saadat, S., & Sopelola, O. (2024). AI-based monitoring systems and fraud prevention effectiveness in banking. *Journal of Financial Regulation and Compliance*, 32(3), 245–263.
- Sargiacomo, M., Ianni, L., & Everett, J. (2024). Fraud management and organizational resilience: A systematic review. *Critical Perspectives on Accounting*, 95, 100–118.
- Shapiro, S. P. (2005). Agency theory. *Annual Review of Sociology*, 31, 263–284. <https://doi.org/10.1146/annurev.soc.31.041304.122159>
- Shehu, A. (2025). Internal control systems and fraud mitigation among SMEs in Nigeria. *Small Business Economics*, 64(2), 401–420.
- Sofyani, H., Hadivinata, R., & Anggraini, D. (2023). Internal control systems and fraud prevention in banking institutions. *Journal of Accounting in Emerging Economies*, 13(4), 512–530.
- Suh, J., Oh, S., & Park, H. (2019). Risk assessment and fraud opportunity reduction in organizations. *Journal of Forensic Accounting Research*, 4(1), 45–62.
- Sulistyowati, E., & Husda, H. E. (2023). Internal control mechanisms and fraud management: A conceptual review. *International Journal of Business and Management*, 18(5), 78–92.
- Sulistyowati, E., Husda, H. E., & Wijaya, A. (2025). Systematic review of internal control and fraud management: Global evidence and implications. *Journal of Accounting and Organizational Change*, 21(2), 156–178.
- Sumsu. (2025). *Identity fraud report 2025–2026: Fraud shifts to complex multi-step schemes*. Sumsu. <https://sumsub.com>
- Taherdoost, H. (2021). Risk assessment and management in banking operations: A comprehensive review. *International Journal of Risk and Contingency Management*, 10(2), 45–62.
- Trompeter, G. M., Carpenter, T. D., Desai, N., Jones, K. L., & Riley, R. A. (2014). A synthesis of fraud-related research. *Auditing: A Journal of Practice & Theory*, 33(Suppl. 1), 287–321. <https://doi.org/10.2308/ajpt-50872>
- UBA Plc. (2024). *Annual report and accounts 2024*. United Bank for Africa. <https://www.ubagroup.com>

- Wells, J. T. (2014). *Corporate fraud handbook: Prevention and detection* (4th ed.). John Wiley & Sons.
- Wolfe, D. T., & Hermanson, D. R. (2004). The fraud diamond: Considering the four elements of fraud. *The CPA Journal*, 74(12), 38–42.
- Wongjantip, N., Srisa-ard, B., & Promsorn, J. (2025). Internal control components and financial reporting reliability in financial institutions. *International Journal of Accounting and Financial Reporting*, 15(1), 89–107.
- Yu, M., Zhang, L., & Chen, X. (2022). Internal control systems and compliance with regulatory standards in banking. *Journal of Banking Regulation*, 23(3), 245–263.
- Zaki, A., & Adrianto, D. (2026). Monitoring activities and fraudulent financial reporting in public sector enterprises. *Journal of Public Budgeting, Accounting & Financial Management*, 38(1), 56–74.