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Fraud Risk in Focus. A Qualitative Analysis of Internal Audit Role in Fraud Risk Management in Africa

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Abstract:

Fraud is a concerning factor to organizations worldwide, particularly on issues of finance, reputation, and efficiency in operations. The African business environment has generally featured rapid economic growth, varied regulatory regimes, and an uneven maturing process in corporate governance. The manifestations of fraud are more heightened in Africa, because of the diverse nature of economies, political challenges, and oversights and regulatory entities. Organizations depend on internal auditing to identify, measure, and mitigate fraud risks that make an organization capable of responding to fraudulent activities efficiently and effectively. The paper focuses on the role of internal audit in fraud risk management, the challenges and opportunities internal auditors face in Africa, and the best practices to fight against fraud on the continent. This study uses a qualitative approach and gathers secondary data from reputable sources and organizations like ACFE, IIA, and Transparency International to examine internal audit's role in fraud risk management in Africa. The study's findings and results highlight the significant role internal auditors can play in managing fraud risk across Africa effectively by strengthening controls, promoting integrity, and aligning with global standards. The study enhances practical and theoretical understanding of internal audit functions in managing fraud risks in African organizations, ensuring that the risk of fraud is identified, properly assessed, and mitigated in all African organizations. In theory, the study adds value to the existing literature by qualitatively assessing internal auditors' crucial role in managing fraud risk on fraud risk management in the African context.

Keywords:

Fraud Risk, Fraud Risk Management, Risk Management, Internal Audit Role in Fraud Risk Management, Fraud Risk Management in Africa.

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Introduction

Fraud is one of the wide-ranging problems affecting large organizations and different industries from various parts of the world. Much of the complexities in measuring the true extent of damage caused by occupational fraud stem largely from the very nature of the deceitful acts, which are often designed to be concealed. This makes it difficult to quantify fully the financial losses and operational disruptions they cause. In a recent study, the Association of Certified Fraud Examiners (ACFE) estimates that organizations lose 5% of their revenue annually due to fraud, which, in dollar figures, amounts to about $4.5 trillion in loss globally (Warren, 2024; Carney, 2024). Occupational fraud takes the form of misappropriation of assets and financial statement fraud, among others. According to Carney (2024), the former is the most common but generally less destructive than the latter. Other findings in the ACFE disclose that fraud schemes can take a very long time before their discovery; the average detection period is about 14 months, resulting in large losses that accumulate over this period. The difficulties of detection further complicate the assessment of the impact of fraud, in which longer concealment periods are related to greater financial damage. Thus, if the prevalence of fraud was not already alarming, the hidden nature of these acts stands as a significant barrier to the full understanding of their real implications on organizations across the globe. In addition, ACFE (2024, p. 9) emphasized that:

“Fraud is a truly global problem, affecting organizations in every region and every industry worldwide. Measuring the true extent of the damage caused by occupational fraud can be challenging due to the inherent nature of concealment and deception involved in most schemes.”

Accordingly, global fraud costs represent one of the key concerns that have taken their toll on organizations and economies worldwide (ACFE, 2024, p. 9). The enormous number of fraud cases committed in every sphere of activity and region is responsible for gigantic financial losses, which damages trust. It puts both the public and private sectors at high risk. The problem cannot be underemphasized; apart from reducing company profits, fraud has also contributed to global economic stability, distorted markets, and undermined confidence in systems among the general public. As such, the growing problem indeed calls for concerted efforts with stronger internal controls and effective risk management strategies to protect against growing fraud risks.

The 2024 ACFE Report to the Nations gave a glimpse into the scope of fraud worldwide, a pretty rampant and serious problem (ACFE, 2024, p. 9). This report represents an astonishing number of fraud cases received from January to September 2023, affecting 138 countries/territories. The losses associated with these fraud incidents in this report totaled an amount higher than $3.1 billion, a pretty sobering financial effect fraud has on organizations around the world. Equally distressing was the average loss per case, which has been estimated at $1.66 million per incident. Even more troubling is that 22% of the cases reported losses exceeding $1 million, an indication that big-ticket fraud is still causing mayhem

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across the world's industries. For this reason, the report estimated that organizations lose 5% of their revenue annually to fraud (ACFE, 2024, p. 4).

These figures point out the urgent need for proactive fraud prevention and risk management. Since fraud can affect virtually any industry and part of the world, no organization, irrespective of its size and location, is completely safe from the impact of fraud. The global cost of fraud reflected in this report shakes the very foundations of economic stability, undermines confidence, and impairs organizational survivability. This underpins the increasing call for companies to enhance controls, strengthen the role of internal audit functions, and implement stringent anti-fraud strategies as a way of mitigating the increasing risks posed by fraudulent activities (ACFE, 2024, p. 4).

Data Methods, Data Collection and Analysis

This study adopts a qualitative approach, selecting multiple prior studies conducted in different African countries related to internal audit function and fraud risk management to provide a comprehensive understanding of the internal audit's role in fraud risk management. Additionally, secondary data from reputable sources such as the ACFE, the Institute of Internal Auditors (IIA), and Transparency International were utilized to contextualize findings. This study examined the needed secondary data from these different international organizations and assessed a few trends in fraud risk management and internal audit practices with particular emphasis on the African environment.

This study uses a qualitative approach by reviewing existing research on internal audit functions and fraud risk management in African countries. It doesn't involve collecting new data, as it relies on reports and data already analyzed by organizations like the ACFE, the IIA, and Transparency International. These organizations provide valuable information on global and regional fraud trends, governance, and the role of internal audits. By using this data, the study connects African fraud risks with global best practices, giving a broader perspective on how internal auditors handle fraud in Africa.

However, because the study focuses on depth rather than covering a wide range of data, the findings might not be generalizable to all sectors or populations. Despite this, the study provides valuable insights into the challenges and strategies for managing fraud risks in African organizations, aiming to explore themes rather than produce statistically generalizable results.

Table 1 displays the number of fraud cases by region, where North America (US & Canada) has the highest number of fraud cases, followed by Sub-Saharan Africa, while regions such as Eastern Europe & Western/Central Asia report fewer cases.

Regions	Fraud Cases	Percentages
North America (US & Canada)	623	38%
Sub-Saharan Africa	299	18%
Middle East & North Africa	119	7%
Asia-Pacific	183	11%
Southern Asia	124	8%
Latin America & the Caribbean	93	6%
Western Europe	117	7%
Eastern Europe & Western/Central Asia	66	4%

Table 1: Number of Fraud Cases by Regions in Global Perceptive
(Authors Construction with Figures Adapted from ACFE Occupational Fraud 2024 Report)

Figure 1 below depicts a combined histogram with chart lines. The bars represent the number of fraud cases across different regions, while the orange line charts the corresponding percentages for each region. This visualization allows you to see both the absolute number of cases and their proportion relative to the total fraud activity. This graph shows the geographical distribution of fraud; North American areas, which include the US and Canada, have the highest percentage, followed by Sub-Saharan Africa, while areas like Eastern Europe & Western/Central Asia are smaller in percentage. However, unlike in the global context, the issue being addressed in Africa is no different. In Sub-Saharan Africa, the ACFE report indicated that 299 fraud cases were reported with a median loss of $128,000 in 18% of fraud cases (ACFE, 2024, p. 92-93).

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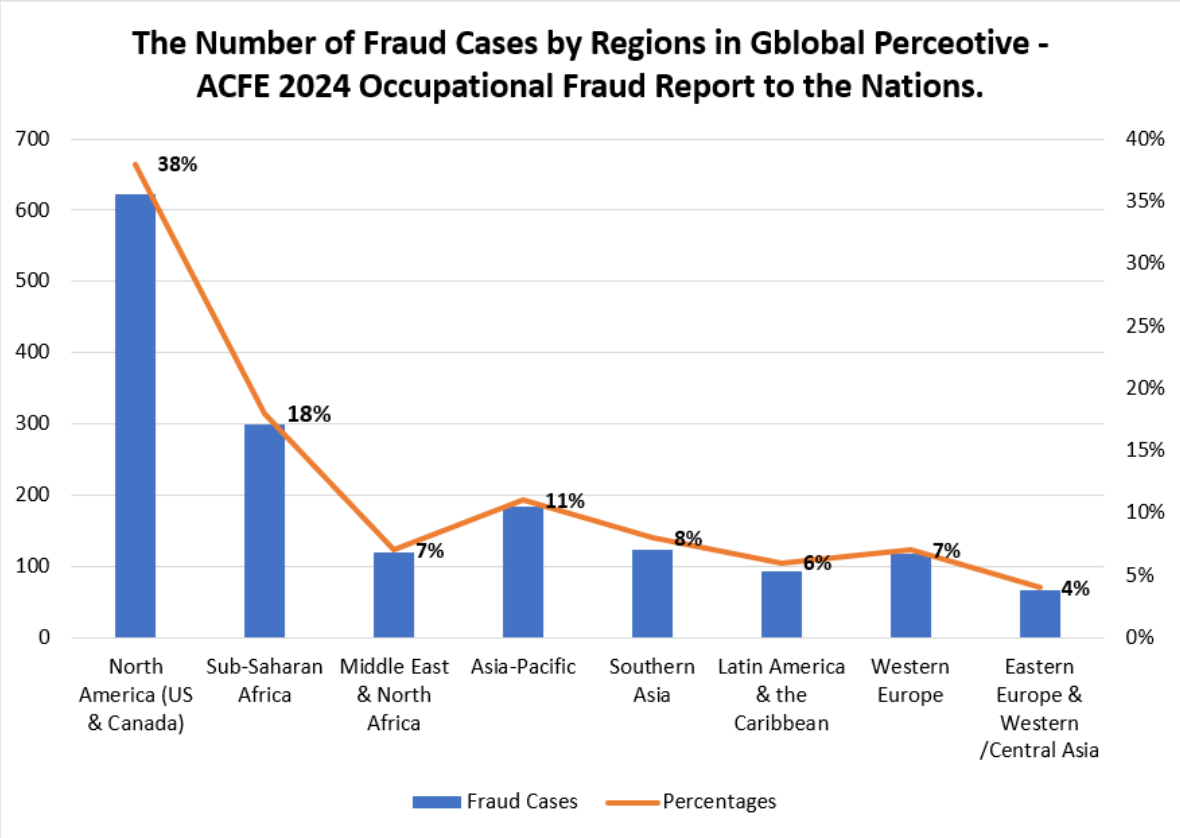

Figure 1: Number of Fraud Cases by Regions with Percentage Line Chart in Global Perceptive (Author's construction. Adapted from ACFE Occupational Fraud 2024 Report)

Table 2 and Figure 2 demonstrate country figures for fraud cases with a percentage line chart for each Saharan country. The combined histogram and line chart show the bars representing the number of fraud cases reported in each country, while the blue line with markers illustrates the corresponding percentages relative to the total 299 cases. This provides a clear view of both the absolute figures and their proportions across global regions (ACFE, 2024, p. 8).

Country or Territory	Number of Cases	Country or Territory	Number of Cases	Country or Territory	Number of Cases
Angola	2	Lesotho	3	Rwanda	2
Botswana	3	Liberia	5	Senegal	1
Burkina Faso	1	Madagascar	2	Seychelles	1
Burundi	1	Malawi	5	Sierra Leone	5
Central African Republic	1	Mali	3	Somalia	2
Cote d'Ivoire	1	Mauritania	2	South Africa	88
Democratic Republic of the Congo	10	Mauritius	2	South Sudan	1

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Eswatini (formerly Swaziland)	1	Mozambique	2	Sudan	1
Ethiopia	2	Namibia	5	Tanzania	2
Gambia (The)	1	Niger	1	Uganda	13
Ghana	12	Nigeria	62	Zambia	4
Kenya	40	Republic of the Congo	1	Zimbabwe	11
Total Cases: **299**					

Table 2: Number of Fraud Cases by Countries Located in the Sub-Saharan African Region (Authors Construction with Numbers Adapted from ACFE Occupational Fraud 2024 Report)

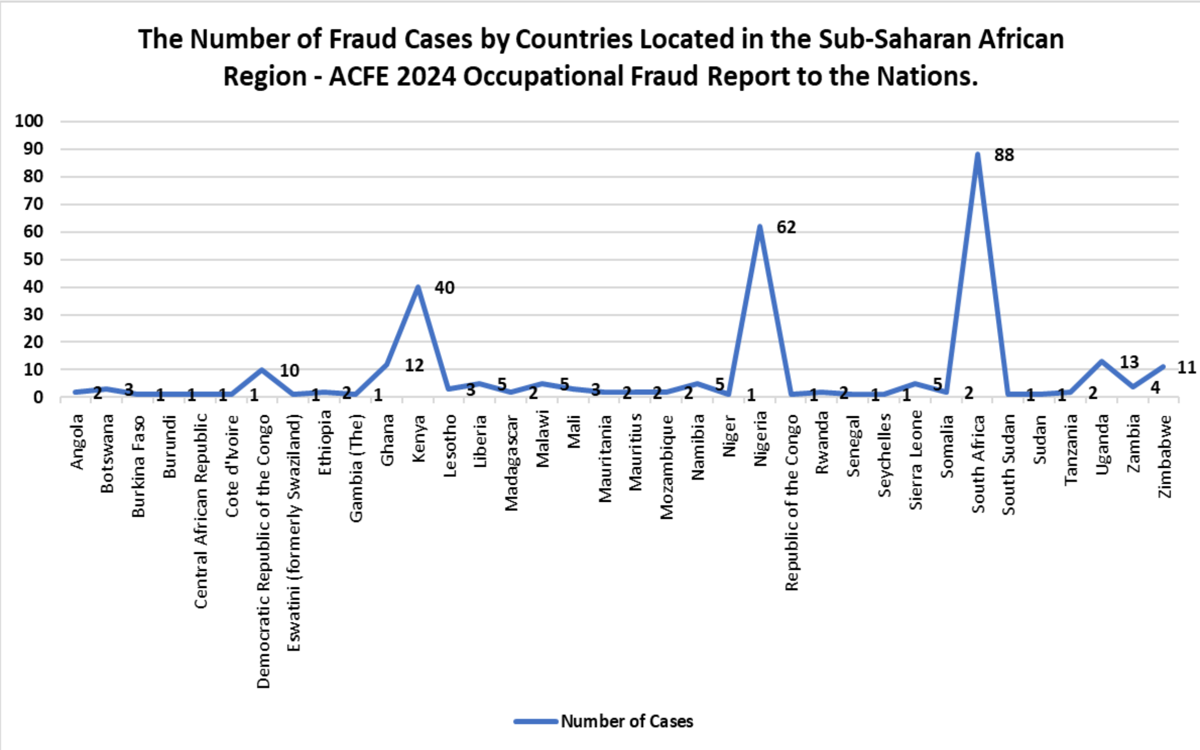

Figure 2: Number of Fraud Cases by Countries Located in the Sub-Saharan African Region (Authors Construction with Numbers (%) Adapted from ACFE Occupational Fraud 2024 Report)

Figure 2 above is a combined histogram and line chart with the bars representing the number of fraud cases reported in each country, while the blue line with markers illustrates the corresponding percentages relative to the total 299 cases. This provides a clear view of both the absolute figures and their proportions across different African countries (ACFE, 2024, pp. 92-93)**.**

This represents a distribution of fraud cases across various African countries and territories. The data further stipulates the wide disparities in the numbers reported across the continent per the following:

- *South Africa* leads with the highest cases of 88, followed by *Nigeria* with 62, then *Kenya* with 40.

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- Other notable countries that stand out in terms of relatively high fraud cases include *Ghana*, which ranks 12th, and *Uganda,* ranking 13th.
- Several countries that reported the least fraud cases were 1 case each for *Burkina Faso, Burundi, Eswatini,* and *South Sudan.*

This chart underlines fraud cases that concentrate in a few regions while the rest report very few; probably, the mechanisms of reporting, enforcement, or even the scale of economic activities differ. Fraud risk is a serious issue all over the world; however, in Sub-Saharan Africa, it is more outspoken due to many underlying factors that make an appropriate environment for fraudulent activities to thrive. Several reports have suggested, including those of ACFE, that due to corruption and fraud effects deeply rooted in the public and private sectors, Sub-Saharan Africa remains in the darkest regions of this illegal business. Indeed, recent studies by ACFE have estimated that the region accounted for 18% of fraud cases. This indicates that the fraud risk is high in most African countries, and managing it is becoming quite challenging.

In conclusion, fraud risk in Sub-Saharan Africa remains part of this region, negatively affecting economic development, investors' confidence in its economy, and governance institutions. Despite the projection of fraud soaring in Sub-Saharan Africa, not all is lost for change since through adequate internal control systems, good governance, and the use of technology in the detection of fraud, hopes are that it will eventually dwindle. It is high time these organizations concentrated on strengthening their internal audit functions, embracing aspects of accountability, and ensuring transparency within the confines of their organizations. For internal audit, the active role of managing fraud risk is important, not only in identifying fraud in various aspects of the region but also in preventing it. This would be accomplished through coordination between governments, businesses, and international partners, creating an environment where transparency and accountability will be assured as the order of the day in sub-Saharan Africa's journey towards minimizing fraud.

Results and Discussion

The primary aim of this paper is to explore the role of internal auditors in managing fraud risks within African organizations. Based on the complexity of the African business environment, characterized by resource strains, governance issues, varying degrees of political instability, inadequate and effective oversight or regulatory entities, the current research intends to investigate how the internal audit function is performed in Africa and how efficiently it identifies, assesses, and mitigates fraud risks. Using qualitative analysis, the paper aims to discover best practices, identify existing gaps in the literature on internal audit function and role in managing fraud risk in Africa, and provide workable recommendations leading toward stronger fraud-risk management in Africa. The paper aims to identify the Role of Internal Audit in Fraud Risk Management; explore the opportunities and challenges faced by internal auditors in managing fraud risks within the African context; propose an assessment of the effectiveness of internal audit functions in identifying and mitigating fraud risks in African organizations; identify best practices and strategies employed by internal audit departments to combat fraud in Africa.

In addition, the paper seeks to analyze the roles of internal auditing functions in managing the risks of fraud in African organizations. With the unique economic, governance, and institutional challenges facing Africa, the internal auditing process will become a watershed in identifying, assessing, and finding ways to mitigate fraud risks. To gain a holistic perspective on such dynamics, the study strives to answer the following key research questions: What is the role of the Internal Audit function in fraud risk management? What are the challenges faced by internal auditors in managing fraud risks within the African context? What can be the proposed assessment of the effectiveness of internal audit functions in identifying and mitigating fraud risks in African organizations? What are the best practices and strategies employed by internal audit departments to combat fraud in Africa?

In summary, this study aims to afford a more satisfactory understanding of internal audit's role in combating fraud risk management, with recommendations that would further bolster audit processes by promoting accountability and transparency within organizations in Africa.

The Significant Role of the Internal Audit Function in Fraud Risk Management.

Existing literature underscores the significance of internal audits in combating fraud. Studies by Albrecht et al. (2014) highlight the strategic role of internal auditors in fraud detection and prevention. Additionally, research by Moeller (2016) emphasizes the importance of robust internal audit functions in enhancing organizational accountability and transparency. However, there is a gap in the literature concerning the specific dynamics of fraud risk management within African organizations, necessitating focused studies and research in this area.

In recent literature, scholars have provided more comprehensive definitions of risk management and fraud risk management, particularly in the context of African countries where these concepts are increasingly gaining significance. Aven and Zio (2013) broadly discuss risk management as a proactive process that helps organizations navigate uncertainty and systematically identifies, assesses, mitigates, monitors risks in organizations, safeguards organizations' assets, and achieves their strategic objectives. Also, risk management plays a crucial role in ensuring business continuity and stability across industries (Aven & Zio, 2013). Aven and Zio (2013) underscore the increasing importance of integrating risk management into organizational decision-making processes to foster resilience and long-term success. In addition, Aven and Zio (2013) work delves into the foundational aspects of risk analysis, emphasizing systematic identification of risk and mitigation strategies against risk.

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Fraud risk management is, therefore, a very critical subcomponent of risk management; it addresses the pervasive problems of fraud, corruption, and financial mismanagement that pose great threats to efforts at development, investor confidence, and integrity of public resources. (Okanga, 2023, pp. 62-63). The various nuances involved demand that such risks must be managed using multi-approach methods that include continuous prevention, stakeholder involvement, and internal auditing.

The principal challenges are the under-capacity of fraud and corruption risk management in local government institutions. Okanga (2023, pp. 62-63) has pointed out that even though relevant units could be developed to address issues of fraud and corruption, most municipalities had to confront rather insurmountable challenges toward implementing risk strategies given the limited resources and capabilities. Chang et al. (2021) certainly reiterate this view and write that such an active and prevention-based approach is irreplaceable when it comes to building up institutional capacity and a civic climate of trust, hence making anti-corruption policies more effective in general. This is epitomized by the continuous effort of the Global Fund to strengthen its risk management framework as one sure way of making a proactive stance toward shifting focus from reactive measures to innovative strategies that prevent corruption. Chang et al. (2021) reiterate that fraud awareness plays a critical role in enhancing integrity within organizations. According to Sihombing et al. (2022), with the increased organization awareness of fraud to have a corruption-free environment, internal auditors should participate in developing strategies for fraud prevention and training. It is also in line with Rasheed & Jothimuni (2021), who mentioned that only efficient leadership, along with an effective internal audit department, can inculcate a culture of integrity and accountability in any public sector organization.

Continuous Auditing and applying data mining techniques have gained significant recognition in recent times as strategic tools for managing corruption risks. Cardoni et al. (2020) recommend that the continuous auditing processes of high-risk areas should be set up to manage resources effectively and reduce corruption (Cardoni et al., 2020). This is also made known in Dyck et al.'s (2010) work, which established that fraud detection is effectively managed as a collective responsibility between internal auditors, employees, and other stakeholders (Dyck et al., 2010). The involvement of external stakeholders also provides an avenue for the creation of public confidence and gives greater legitimacy to any risk management policy towards adoption, as observed by Monteduro et al. (2020).

In brief, fraud risk management should be comprehensive through the inclusion of strategies that prevent fraud, stakeholders' involvement, and monitoring. Institutional capacity building, increasing the level of fraud awareness, and auditing comprehensively help a great deal in mitigating fraud risks and corruption cases for the protection of public resources and the achievement of sustainable development.

Under this light, the role of internal audit in African organizations comes into sharper focus. Internal auditors are well placed to ensure that risk management and fraud risk management processes are effectively implemented. Internal auditors help in the detection of weaknesses that could expose the organization to fraud or any other form of risk through a system of review and evaluation of the organization's internal controls. Their mandate is not just to check on matters of compliance, but also to find emerging risks testing the resiliency and adaptability of organizations to changing threats.

In this respect, however, the rigors of a risk management framework may sound daunting, though the importance thereof becomes all the more pronounced for African countries where these economic and institutional frameworks in themselves face unique challenges of weak governance structures, political instability, and resource constraints. That is, internal audit may be a particularly powerful force for change in the African context, where governance and accountability are still developing (Adebayo & Nwankwo 2023).

It is through the inculcation of good risk management practices and fraud detection mechanisms within organizations that internal auditors can strengthen public and private institutions by creating a culture of integrity, hence contributing to raising the general trajectory of economic development on the continent. This growing body of literature suggests that risk management and fraud risk management, underpinned by an effective internal audit function, are paramount components in the need for African organizations to thrive within increasingly complex and changing environments.

Conclusively, each of these recent studies has highlighted the increasing need for apprehension of risk management as a systematic method that includes the identification, assessment, and mitigation of potential threats to organizational objectives. More specifically, fraud risk management, no less an important subset of risk management itself- has become a focus area of attention. They have indicated the role of the company in the protection of businesses against financial fraud by determining processes for detecting, preventing, and responding to fraud activities. It is through such strategies that an organization will be able to protect itself from fraud activities that may bring losses to its business activities as well as destroy its reputation, for stability and coexistence with regulatory measures.

In the African context, several research studies have explored the role of internal audit functions in fraud risk management within organizations. The following section reviews studies related to fraud risk management and internal audit practices and ensuing challenges in the Sub-Saharan African region. They offer a regional perspective to discuss issues related to weak regulatory frameworks, economic constraints, and changing roles of internal auditors in mitigating fraud across diverse industries in Sub-Saharan Africa.

- ***Identification and Assessment of Fraud Risks:*** Internal auditors in African organizations play a vital role in conducting comprehensive risk assessments to identify potential fraud vulnerabilities. They analyze organizational processes, assess the effectiveness of existing controls, and pinpoint areas susceptible to fraudulent activities. Since internal auditors are in a good position to detect fraud, techniques for fraud detection include data analytics and forensic accounting techniques. Garba's (2024) study on deposit money banks in Nigeria analyzed the impact of forensic accounting on fraud detection and highlighted the importance of the contribution of forensic accountants regarding fraud cases within financial institutions. The study further points to internal auditors playing an active role in utilizing data analytics and techniques in forensic accounting to better enhance the efforts of fraud detection and prevention in Deposit Money Banks or Institutions in Nigeria. Furthermore, Kranacher and Riley's (2024) studies mentioned that when fraud is suspected, internal auditors are often tasked with conducting investigations, gathering evidence, and reporting findings to senior management and the audit committee.

- ***Design and Implementation of Anti-Fraud Controls/Control Evaluation:*** Evaluating the robustness of internal controls is a fundamental responsibility of internal auditors in Africa. Effective control evaluation involves reviewing policies, procedures, and operational practices to ensure they are designed to prevent and detect fraud. Mbatha (2023) and Mbatha and Moosa (2024) indicate that African organizations benefit significantly from internal auditors who not only assess control effectiveness but also recommend enhancements tailored to local contexts, thereby strengthening the overall fraud risk management framework.
- ***Detection and Investigation of Fraudulent Activities/Fraud Detection and Investigation:*** The ability to detect and investigate fraud is a critical function of internal auditors in African settings. Utilizing advanced techniques such as data analytics and forensic accounting, internal auditors can identify irregularities and patterns indicative of fraudulent behavior (Ziorklui et al., 2022). In addition, Adekoya et al. (2024) underscore the growing adoption of technology-driven audit methodologies in Africa, which enhance the capability of internal auditors to uncover sophisticated fraud schemes efficiently.
- ***Promotion of Fraud Awareness and Training:*** Promoting a culture of integrity and ethical behavior is another key role of internal auditors in African organizations. They spearhead training programs and awareness campaigns to educate employees about fraud risks and the importance of ethical conduct (RSM, 2024). RSM (2024) in Kenya mentioned in their newsletter that the internal audit function also supports fraud risk management through a culture of integrity and ethical behavior of the organization by raising awareness among employees about fraud risks. They often provide, or at least actively support, training programs to increase fraud risk awareness. Karuti et al. (2019) indicate that fraud happens less in organizations with good training and effective communication about fraud policies.

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- ***Collaboration with Management and External Parties:*** Internal auditors in Africa often act as strategic advisors, providing insights and recommendations to enhance fraud risk management practices. By collaborating with management and other stakeholders, they help design and implement effective fraud prevention strategies tailored to the specific challenges faced by African organizations (The Accountant Online, 2022). The Africa Risk in Focus 2025 report focuses on the increasing trend of internal auditors in Africa, working more and more with management and external stakeholders to address fraud risk management (IIA, 2025). It further sets internal auditors to be in a strategic advisory role, providing perspectives and recommendations tailored to enhance fraud prevention strategies (IIA, 2025). Also. Internal auditors help design and implement appropriate fraud prevention measures, establish robust control systems that counteract the risks, and offer governance enhancements suited to the unique challenges faced by organizations in Africa (OECD, 2024).

In addition, the literature review found from the secondary data gathered from the ACFE and various sources such as African-published articles, papers, IIA, and Transparency International reports illustrate the vital roles of internal auditor in managing fraud risks effectively, providing a foundation for organizations aiming to enhance their fraud prevention and detection strategies.

The model shown in Figure 3 offers a comprehensive and structured approach underpinning fraud risk management and internal auditing role to effectively identify, assess, and mitigate fraud risks, as well as ensure the organization has the necessary tools to detect and prevent fraudulent activities.

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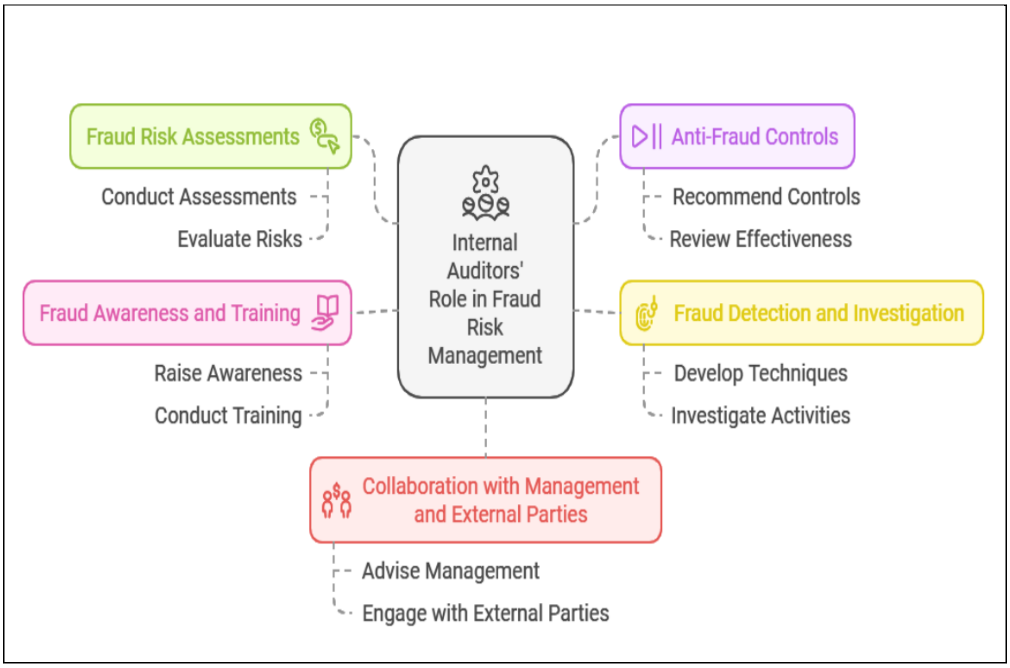

Figure 3: A model framework for addressing fraud risks based on the roles and actions outlined for internal audit functions (Author's Construction)

How Internal Audit Detects Occupational Fraud

Globally, occupational fraud is most commonly detected through tips, accounting for 43% of initial detections, followed by internal audit functions, which play a significant role in identifying 14% of fraud cases (ACFE 2024, pp. 92-93). These findings highlight the importance of both hotlines and internal audits as key tools in identifying fraud within organizations (Veno, 2024; Lextegrity Blog, 2022).

The internal audit function is crucial in fraud risk management, providing independent assurance that internal controls and governance processes are working effectively to mitigate the risk of fraud. By systematically reviewing operations, internal auditors help to uncover fraud schemes that may otherwise go unnoticed, particularly those embedded within complex processes or involving collusion among employees.

In the African context, the detection of occupational fraud through tips is even higher, with 49% of fraud cases initially identified this way. Management reviews are responsible for detecting 12% of cases, and internal audits account for 10% of initial fraud discoveries (ACFE 2024, pp. 92-93). Although internal audit plays a smaller role in fraud detection in Africa compared to tips, it remains a critical component of an organization's fraud risk management strategy (ACFE 2024, pp. 92-93).

Although there is no comparative review concerning the impact of internal audit on fraud detection and prevention in Africa, its impact is generally relatively small compared to tips, which are the main method

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of detection for most organizations (Gaduga, 2021). The internal audit function would, therefore, remain very important to the wider fraud risk management strategies of organizations through the provision of objective assurance and independent assessments. Internal audits can help emphasize irregularities and identify patterns of risks that strengthen internal controls and promote accountability in both the public and private sectors across Africa (Gaduga, 2021).

Internal auditors not only act as a secondary line of defense in detecting fraud but also help create a culture of accountability and transparency within organizations. They proactively assess fraud risks by conducting risk assessments and audits focused on areas prone to fraud, such as financial reporting, procurement, and asset management. This proactive approach ensures that organizations are better equipped to detect fraud early, reduce losses, and enhance overall operational efficiency (RADD, 2024; Kashona, 2019; Purnomo, 2017).

Additionally, the combination of tips and internal audits highlights the need for a comprehensive fraud detection framework. While tips, often coming from whistleblower programs, remain essential, the structured and analytical role of internal auditors complements these efforts by uncovering fraud through systematic reviews, data analysis, and process audits (Veno, 2024 and Lextegrity Blog 2022). This underscores the importance of strengthening the internal audit function within African organizations to enhance fraud risk management and bolster overall organizational resilience against fraudulent activities.

Challenges Faced by Internal Auditors in Managing Fraud Risks in Africa

While internal audit is critical to fraud risk management, areas of concern in Africa include limited resources, audit expertise, and sometimes regulatory support. Internal auditors in Africa face a different set of challenges related to fraud risk management, which is often exacerbated by unique economic, political, and institutional environments. This significantly hinders the effectiveness of internal audit functions in detecting and preventing fraud. According to Pinga (2015), the challenges vary from one country to another and depend on many factors, including limited awareness of internal audit as a profession, narrow scope, shortage of qualified internal auditors, limited access to quality training, absence of national regulation/legislation, and low implication of audit firms in the delivery of internal audit services and guidance for the profession.

One of the major challenges is resource constraints for internal auditors in Africa. Many African organizations operate under significant resource limitations, including inadequate funding, lack of advanced auditing tools, ineffective oversight or regulatory entities, and insufficient staffing. This makes it difficult for management to implement robust fraud detection mechanisms.

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Motubatse et al. (2015, pp.7-9) highlight several major challenges faced by internal auditors in South Africa, including a lack of knowledge about business operations and their environments, limited management support, inadequate monitoring of actions, and the reluctance of external auditors to rely on internal audit work. Similarly, Yeye et al. (2023, pp.54-58) emphasize that one of the main growing challenges in fraud detection and prevention as well as fraud risk management in most African countries is the ongoing struggle to establish the independence of internal audit functions. With the growth of corporate governance, internal auditors face additional challenges such as weak fraud policies, insufficient remuneration, inexperience among auditors, poor bookkeeping practices by accounting staff, and inadequate annual audits. Furthermore, the failure to conduct thorough employee background checks exacerbates these difficulties or challenges (Yeye et al., 2023, pp.54-58).

According to the ACFE (2023, p. 8-10), lessons learned from Namibia, resource constraints are a major barrier for internal audit departments, limiting their ability to deploy sophisticated forensic tools necessary for fraud detection and mitigation (ACFE 2023, p. 8-10).

The absence of up-to-date legal frameworks and the failure to continuously enhance legislation to keep pace with evolving forms of illicit activities, such as fraud and corruption, pose significant challenges for internal auditors in many African organizations. For instance, in Namibia, this has hindered auditors' ability to effectively fulfill their role as watchdogs in managing fraud risks (ACFE 2023, p. 8-10).

Anti-fraud risk management in Africa would demand the presence of well-established internal audit functions, along with institutional capacity for investigating, prosecuting, and preventing fraud. Other big challenges facing the continent include poor infrastructure, both in terms of human resources and technological tools necessary to combat fraud adequately. This gap is further presented through insufficient training and empowerment of professionals managing these risks (ACFE 2024, p. 8-10).

Identifying hopping obstacles of the challenge is dependent on the internal auditors within various African states when it comes to tackling the risk of fraud (PFW). Weak governance structures and the continued state of political instability are the source of enabling fraud in many African countries. This environment becomes conducive to fraud; in many instances, as a result of political instability, there is very poor enforcement of rules and little accountability which further allows for the spread of fraud. A more recent study by Adebayo and Nwankwo (2023) illustrates how fragmented governance systems impair the authority and independence of internal audit functions, therefore making it difficult for risk assessment and fraud management.

The majority of African nations also struggle with weak and inefficient institutional processes to ensure transparency and accountability. This bureaucratic ineffectiveness where proper procedures have not been set into motion, opens avenues for corruption, therefore enabling these public officers to exploit these for their personal gain. Ogundipe et al. (2023) remark that boosting governance integrity and

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instilling a more solid institutional framework are basic for the efficacy of internal audit and the war against fraud in a region. Governance aspects among these African countries would subsequently create an environment favorable enough to help support integrity and accountability, making internal auditors' tasks smoother. The study by Ogundipe et al. (2023) underscores the importance of enhancing governance integrity and establishing a robust institutional framework as critical for the effectiveness of internal audits and combating fraud in Africa. It emphasizes that improving governance in various African nations can create a conducive environment that fosters integrity and accountability, thereby facilitating the work of internal auditors.

Another difficult challenge for internal auditors in Africa lies in the lack of expertise and specialized training in fraud risk management. Many internal auditors do not possess the training, or skills needed to recognize and assess complex fraud schemes or run proprietary advanced auditing software. According to Biasharaleo Digital (2023) and Techish (Kenya) (2023), a massive gap in fraud training exists in organizations that implicitly reduces the effectiveness of internal audit functions, affecting predominantly organizations in emerging markets.

Moreover, in Africa, Internal auditors are often threatened due to lack of Independence, especially where corruption is common. Auditors can face external pressure from senior management or political figures that prevent a complete investigation. The Transparency International's Corruption Perceptions Index (2023) indicates that corruption remains rife in many African countries, thereby undermining the credibility of internal audit functions.

Lastly, Africa offers technological limitations. Most organizations in Africa are still using manual or obsolete auditing methods that blunt the effectiveness of internal checks to detect and address fraud effectively. In a world that is increasingly digital, fraud is becoming more prevalent on such platforms and internal auditors need to have adequate technology tools at their disposal. Additionally, it only serves to increase the likelihood of fraud risk across some of Africa's most critical sectors as seen in a recent report published by Deloitte (2023a) in its regional fraud risk report for Africa.

Summarily, African internal auditors face a combination of resource, governance, technical expertise, and technology challenges in managing fraud risks. To overcome these challenges, investment in capacity building is needed as well as strengthening governance frameworks and promoting auditor independence to enhance the success levels of fraud risk management in African organizations.

Opportunities for Internal Auditors in Managing Fraud Risk in Africa

This literature review underscores the critical role of internal audit functions in managing fraud risks within African organizations. By addressing unique regional challenges and leveraging opportunities for improvement, internal auditors can significantly enhance the effectiveness of fraud risk management

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strategies across the continent. However, these challenges also present opportunities for capacity building, leveraging technology, and fostering stronger governance frameworks. Addressing some of these challenges through investment in training, adoption of advanced audit tools, and enhancing regulatory collaboration can significantly bolster the effectiveness of internal audit functions in managing fraud risks. African internal auditors have many opportunities that would help improve their role in the management of fraud risks especially because organizations and governments are making strides in advancing governance and anti-fraud efforts. The opportunities include the following:

First of all, there will be increased application of technology and data analytics. In these modern times of digital transformation across African economies, internal auditors are in a better position to apply the usage of data analytics and artificial intelligence to help improve the detection of fraud cases. Through various technologies like forensic accounting software, auditors can review large datasets that have suspicious transactions or patterns showing evidence of fraud. These tools help auditors increase their effectiveness in identifying more anomalies that manual processes cannot catch, Deloitte's (2023b) report states.

In addition, governance structures are viewed as opportunities for internal auditors. The governance structures in Africa create favorable opportunities for internal auditors to make significant contributions to enhancing fraud risk management through facilitating greater transparency, accountability, and best practices in the prevention and detection of, and responding to, fraud. More African organizations are now focusing on their governance frameworks, which provide the internal auditor with the full opportunity to strengthen internal controls and fraud prevention mechanisms. Ogundipe et al. (2023) support this by noting that setting up better governance and accountability structures will facilitate ease in internal auditing when performing fraud risk identification and mitigation.

Furthermore, capacity building through training with continuous programs to educate internal auditors in current skills in forensic investigation and fraud risk management is another opportunity. As documented by the ACFE (2023, pp. 8-10), opportunities for capacity building through certification and professional development programs are provided for internal auditors, equipping them with skills that better position them to address fraud more effectively.

Moreover, collaboration with government anti-corruption units and financial crime agencies presents auditors with a bigger platform on which to address frauds of a wider magnitude. Such collaborations could give full steam to the work of internal auditors in industries like banking and procurement in the public sector, where systemic fraud tends to occur more frequently (UNODC Practical Guide, 2012).

Collaborative efforts between internal auditors and African governments' anti-corruption units, and financial crimes agencies, enhance efforts and opportunities toward fighting such large-scale fraud in systemically fraudulent sectors of business operations, for instance in banking and public procurement activities. These are partnerships and opportunities that present internal auditors with wider platforms to fight massive fraud cases. The United Nations Office on Drugs and Crime emphasizes that in the efforts of preventing and combating corruption, there has to be cooperation between Supreme Audit Institutions (SAIs) and Anti-Corruption Bodies (ACBs). This practical guide pinpoints that through cooperation, fraud cases within public sectors, procurement included, can be detected, and deterred more effectively, as revealed by the UNODC Practical Guide (2012). This, therefore, presents an opportunity for internal auditors in Africa to be in a position to make a real contribution in bringing fraud risk management closer and closer to the core of organizational transparency and integrity.

The literature review underscores that while both risk management and fraud risk management share common goals, fraud risk requires specialized tools and approaches due to the complexities of detecting intentional deception, and the role of the internal audit function in helping to mitigate against risk and fraud risk.

Conclusively, the internal audit function is indispensable in fraud risk management within African organizations. By conducting thorough risk assessments, evaluating internal controls, detecting and investigating fraud, promoting ethical awareness, advising management, ensuring transparent reporting, and ensuring regulatory compliance, internal auditors significantly contribute to safeguarding organizational assets and maintaining stakeholder trust. As the African business environment continues to evolve, the literature again underscores the need for internal audit functions to adapt by embracing technological advancements and enhancing their methodologies to combat fraud effectively.

Comparative Analysis of Fraud Risk Management: Africa and the Rest of the World

A comparative analysis of fraud risk management in the African context and the global context reveals significant disparities influenced by regulatory frameworks, economic environments, and cultural attitudes toward fraud (PwC, 2024; Oxford Economics, 2023). Organizations across the globe increasingly use standardized practices to fight fraud more effectively, with technologies like AI and data analytics at the forefront. In developed regions, more comprehensive governance structures coupled with regulatory oversight have made the easy implementation of such technologies allow for the detection of fraud with early interception, hence minimizing financial loss (Anthony et al., 2024).

Conversely, most organizations in Africa experience many inabilities to act effectively and efficiently, such as resource limitations, weaker regulatory environments, and uneven enforcement of anti-fraud regulations (Boniface, 2016). Research done recently cited gaps in regulatory compliance and the non-existence of effective fraud risk management systems as creating the gaps that make the organizations in the continent more vulnerable to fraud, especially in critical sectors like public services, banking, and procurement (Mlangeni, 2024). Besides that, the digital transformation in Africa is still nascent in comparison with the rest of the world, and this necessitates a change because such places many organizations at a disadvantage while dealing with technology-based fraud risks brought on by the slow adoption of fraud detection technologies, including cybercrime threats now being felt globally (Anthony et al., 2024).

Not only that, but cultural attitudes toward fraud are also very dissimilar. A greater emphasis on transparency, accountability, and ethical governance has raised awareness regarding fraud prevention in more developed economies (UNDP, 2013). Corruption remains a major issue in Africa; many African countries rank low in the Corruption Perceptions Index released by Transparency International. Corruption has been normalized and the lack of strong governance structures in some African countries, therefore, increases the challenge of instituting an integrity culture within organizations (Diagana and Diagne, 2023) as a result, corruption has eaten into the moral fiber of the society in the sub-Sahara Africa region as this affirms the statement made by Samuel Kaninda, Africa Regional Advisor of Transparency International:

"A decade of stagnating corruption levels has been devastating for Sub-Saharan Africa. Natural resources are plundered, and millions of people lack access to public services while violent conflicts rage on and terrorist threats rise. Meanwhile, grand corruption allows elites to act with impunity, siphoning money away from the continent and leaving the public with little in the way of rights or resources."

With all these challenges, African organizations can improve fraud risk management practices by adopting best practices from around the world and adapting those to the local context. Indeed, recent developments in areas such as governance strengthening, improvement of regulatory frameworks, and investing in internal audit functions heralded some success in mitigating fraud risks. For instance, this improved collaboration between internal auditors and governance bodies as well as public accounting firms has been noted as one of the key reasons behind improved fraud detection and preventive measures within organizations.

While there are indeed various challenges that African organizations face in fraud risk management, greater awareness has occurred in the form of building consensus on the need for an integration of local practices to take steps consistent with global standards (Signé & Signe, 2018).

Moving forward, effective strategies tailored to the unique regulatory and economic environments of Africa, combined with much-needed attention to capacity building and technology adoption, are going to be at the heart of making possible better fraud prevention and management throughout the continent.

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Conclusion

Understanding the role of internal audit in risk management, particularly in fraud prevention, is essential for organizations operating in Africa. This study seeks to fill the existing knowledge gap by providing empirical evidence and practical insights that can inform policymaking, enhance internal audit practices, and ultimately contribute to the reduction of fraud-related losses in the region.

The study recommends several key best practices emerge as a way to make them (i/e., Internal Auditors) more effective in their role in fraud risk management in Africa. First, there is a need to enhance training and development by implementing continuous professional development programs. This will help the internal auditors to be abreast of the latest tools and techniques necessary to handle ever-changing fraud risks, facilitated by partnerships with international organizations. Secondly, the governance structures, for transparency and accountability, are to be further developed, to which the internal auditors will actively contribute to shaping such frameworks. The organizations must be fully designed with fraud risk management that entails regular risk assessments and effective reporting lines, thereby empowering the auditors in the discharge of duties. Thirdly, the way forward should be directed towards ensuring a culture of integrity by involving all employees in ensuring ethical conduct in the organization. This will help the internal auditors increase their credibility because their practices will align with the global standards in managing fraud risks while borrowing successful practices across the globe.

This can also be achieved through collaborations between the internal audit function and governance bodies that eventually devise ways of controlling fraud and making decisions.

Since there is a need for organizations to embrace emerging technologies to improve the detection and prevention of fraud by equipping internal auditors with the necessary skills in data analytics and other technological tools, it is important to consider that African organizations have their peculiar problems, hence fraud risk management strategies need to be tailored in light of the local context. Establishing periodic monitoring and evaluation mechanisms will help internal auditors assess their strategies' efficiency and make necessary modifications. In addition, internal auditors can advocate for policy changes that would strengthen the institution's fraud risk management framework. If these recommendations are implemented, then internal auditors in Africa would or can significantly be empowered to fight fraud risk management to help improve organizational integrity and continue economic development within the continent.

The following includes some of the possible future research directions related to this study:

- Comparative study between regions. Compare the role of internal auditors in fraud risk management in different African countries or regions. This may pinpoint country-specific challenges and best practices that could inform customized strategies.

- A study to discuss how emerging technologies such as artificial intelligence and blockchain have been adopted in improving fraud detection and prevention by internal auditors in Africa. Thus, the impact of technology on Fraud Management. This study can evaluate various benefits and challenges associated with these technologies.
- Longitudinal studies on fraud trends could be an interesting topic for research or study. Longitudinal studies are those that observe fraud risks and internal audit practices over time in organizations. These would be useful in appreciating how the landscape of fraud risk management is changing over time in African organizations.
- Examine organizational leadership and culture and explore the impact of these factors on the effectiveness of internal auditors in managing fraud risks. That is the role of leadership in fraud prevention in Africa could highlight the role that leadership can play in fostering good ethics and accountability.
- How cultural influence shapes perceptions of fraud and the roles of internal auditors in varied African contexts could be discussed. That is, cultural Influences on fraud perception may provide insight into how fraud risk management practices are impacted by cultural attitudes.
- Ethics and Integrity in Internal Auditing in African countries: This topic may point out the impact of ethical practices and integrity on the performance of internal auditors in Africa or other regions. In addition, it can be used to explore how the promotion of ethical behavior influences fraud prevention efforts.

The study makes valuable contributions to both practical and theoretical domains through the improvement of knowledge in internal audit functions vis-à-vis fraud risk management across organizations in Africa. This study has thus practically implicated internal auditors in ensuring that the risk of fraud is identified, properly assessed, and mitigated in all African organizations. In this regard, internal auditors should be relevant to influencing transparency, accountability, and ethical conduct necessary for effective fraud management. This also encourages the internal auditor's need for continuous professional development. In addition, this study underlines that training programs should be implemented to provide auditors with advanced tools and techniques in the fight against fraudulent behavior, which is becoming increasingly evolvement-with a new trend that has emerged because of the technological boost in this area. In such a way, organizations will improve their chances of fighting against fraud but also of being compatible with global standards of best practices.

Practically, a very important implication is that this study highlights keyways to promote a culture of integrity within organizations in Africa. In this regard, internal auditors are strategically placed in leading the entrenchment of behavior that is ethical and characterized by accountability acts likely to significantly reduce the risk of fraud. This practical guidance is imperative in enabling organizations to develop sustainable fraud risk management systems that deter, but at the same time enhance, organizational integrity in its entirety.

Theoretically, the study adds to the existing literature through a qualitative assessment of the role of internal audit on fraud risk management, especially in the African context. It therefore provides a framework for understanding how internal auditors may use governance structures to influence policy changes and make certain decisions about fraud risk management. These implications challenge the traditional perception of internal auditors as merely 'compliance-focused' and stress the emerging role of internal auditors as a strategic partner in ensuring governance and risk management within an organization. This invitation to a change in perception extends an invitation to further investigate the contribution that an internal auditor can make toward organizational effectiveness and ethical governance. The diverse nature of fraud risk challenges, as portrayed by the research among African organizations, may, however, suggest that one-size-fits-all conceptual approaches or frameworks may not exist. This realization calls for future research on context-specific antecedents of fraud risk management in further expanding theoretical discussions of the subject.

In a nutshell, the study provides a significant contribution, first of all, with practical guidance on how internal auditors may take an active role in fraud risk management while developing the theoretical frames that analyze all the complexities of this important function in the African setting. This study, with the bridging gap between theory and practice, sets the premise for further research and efforts toward fraud risk management improvements across the continent. In this regard, that is why the study provides answers to all of the research questions notable; the role of the Internal Audit function in fraud risk management, the challenges faced by internal auditors in managing fraud risks within the African context, the proposed assessment of the effectiveness of internal audit functions in identifying and mitigating fraud risks in African organizations, and finally, the best practices and strategies employed by internal audit departments to manage fraud risk and combat fraud in Africa as described in the literature.

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