

**THE MODERATING EFFECT OF INFORMATION
TECHNOLOGY CONTROLS ON CORPORATE
GOVERNANCE IN FRAUD DETECTION AND
PREVENTION; EVIDENCE FROM SRI LANKA**

Rajapakshage Ashen Sangeeth Rajapaksha

219142U

Degree of Master of Business Administration in Information Technology

Department of Computer Science and Engineering

Faculty of Engineering

University of Moratuwa

Sri Lanka

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DECLARATION

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R.A.S. Rajapaksha

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The above candidate has carried out research for the Masters thesis under my supervision.

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Dr. Sunimal Rathnayake

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ABSTRACT

This study examines the moderating impact of information technology (IT) controls on corporate governance in the context of fraud detection and prevention. The primary objective is to investigate the relationship between corporate governance and fraud occurrence, with information technology controls acting as a moderating variable. The target population consists of accountants, internal auditors, and external auditors. Data was collected through a questionnaire administered to the selected participants. The findings indicate a strong positive association between corporate governance and the incidence of fraud, suggesting that inadequate governance mechanisms can contribute to fraudulent activities within organizations. However, the study also reveals that information technology controls play a significant moderating role in this relationship. The results underscore the importance of effective corporate governance practices in deterring and identifying fraudulent behavior. Furthermore, the findings highlight the crucial role of IT controls in enhancing corporate governance and strengthening fraud prevention and detection efforts. Implementing robust IT controls can help organizations mitigate the risks associated with fraud by providing a secure and reliable information environment. The implications of this research extend to practitioners, policymakers, and researchers alike. Organizations should prioritize implementing and maintaining appropriate IT controls, aligning them with established corporate governance frameworks. This study contributes to the existing body of knowledge by shedding light on the relationship between corporate governance, IT controls, and fraud prevention. Further exploration in this area is recommended to gain a comprehensive understanding of the mechanisms involved and to develop effective strategies to combat fraud in the digital era.

Keywords: Corporate governance, Frauds, Information technology, Internal controls

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TABLE OF CONTENTS

DECLARATION.....	I
COPYRIGHT STATEMENT	II
ABSTRACT.....	III
ACKNOWLEDGEMENT.....	IV
TABLE OF CONTENTS	V
LIST OF FIGURES	VII
LIST OF TABLES	VIII
LIST OF ABBREVIATIONS.....	IX
1. INTRODUCTION	1
1.1. Background	1
1.2. Problem Statement	4
1.2.1. Research Objectives	6
1.3. Research Significance	6
1.4. Outline	7
2. LITERATURE REVIEW	9
2.1 Theories and Concepts	9
2.1.1. Corporate governance	9
2.1.2. Information technology and IT controls	10
2.1.3. Frauds.....	13
2.2. Empirical Studies	15
2.2.1. Corporate governance in Sri Lanka	15
2.2.2. Corporate governance in fraud mitigation	16
2.2.3. The Moderating role of Information technology	17
2.2.4. Corporate governance and information technology	19
2.2.5. Impact of IT and corporate governance in fraud mitigation	20
2.3. Chapter Summary	22
3. RESEARCH METHODOLOGY.....	23
3.1. Research Design and Data Collection	23
3.2. Hypotheses Development.....	24
3.3. Conceptual Framework	25
3.4. Operationalization	25
3.4.1. Dependent Variable (Fraud Prevention and Detection)	26

3.4.2.	Independent Variable (Corporate Governance)	26
3.4.3.	Moderating Variable (Information Technology Controls).....	27
3.5.	Population and Sample Selection	28
3.6.	Data Analysis Tools	29
4.	DATA ANALYSIS.....	31
4.1.	Analysis of Validity.....	31
4.2.	Analysis of Reliability	32
4.3.	Data Presentation and Analysis of Personal Information.....	34
4.4.	Descriptive Statistics	36
4.5.	Testing for H1: There is a Negative Relationship Between Corporate Governance and Fraud Occurrence.	37
4.6.	Testing for H2: There is a Moderating Effect of Information Technology Controls on CG in Fraud Prevention and Detection.....	38
5.	RECOMMENDATIONS AND CONCLUSION.....	43
5.1.	Conclusion.....	43
5.2.	Recommendation.....	45
5.3.	Contribution of the study.....	48
5.4.	Limitation of the Study.....	49
	REFERENCES	50
	APPENDIX A: QUESTIONNAIRE.....	54
	APPENDIX B: CONDITIONAL EFFECT OF FOCAL PREDICTOR AT VALUES OF THE MODERATOR.....	58

LIST OF FIGURES

Figure 2. 1 Fraud triangle	15
Figure 3. 1 Moderating effects of information technology controls on corporate governance in fraud prevention and detection.	25
Figure 4. 1 Work experience.....	34
Figure 4. 2 Academic qualifications.	34
Figure 4. 3 Current positions.....	35
Figure 4. 4 Business type.	35
Figure 4. 5 Company operation.....	35
Figure 4. 6 Company legislation.	35
Figure 4. 7 Slop analysis	41

LIST OF TABLES

Table 3. 1 Summary of Operationalization.	27
Table 4. 1 Validity Analysis	31
Table 4. 2 Reliability analysis for the overall variables.....	32
Table 4. 3 Reliability analysis for the individual variables.....	33
Table 4. 4 Descriptive statistics of the variables.....	36
Table 4. 5 Correlation between corporate governance and fraud occurrence.....	37
Table 4. 6 Model summary.	38
Table 4. 7 Model	38
Table 4. 8 Product terms key.....	38
Table 4. 9 Test(s) of highest order unconditional interaction(s).....	38
Table 4. 10 summary of analysis related to the hypothesis.....	42

LIST OF ABBREVIATIONS

ACFE	Association of Certified Fraud Examiners
AIS	Accounting Information Systems
CG	Corporate Governance
COSO	Committee of Sponsoring Organizations
FDT	Fraud Diamond Theory
FSF	Financial Statement Frauds
IT	Information Technology
IAS	International Auditing Standard
ICASL	Institute of Chartered Accountants of Sri Lanka
SEC	Securities and Exchange Commission