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

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DECLARATION

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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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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