UTILIZATION OF AUTOMATED INTERNAL CONTROL SYSTEM FOR EFFECTIVE FRAUD PREVENTION IN SMALL AND MEDIUM SCALE ENTERPRISES IN ANAMBRA STATE

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ABSTRACT

This study determined the utilization of automated internal control system for effective fraud prevention in small and medium scale enterprises in Anambra State. Two research questions guided the study. Two null hypotheses were tested at .05 level of significance. Descriptive survey research design was adopted for the study. This study was carried out in Anambra State which is one of five states in the south east zone of Nigeria. The population of the study comprised 2,837 SME managers of enterprises in Anambra State who are registered with the State Ministry of Commerce, Industry and Technology. The sample size of 351 SME managers was used for the study. The sample size was derived using the Taro Yamani formula. A structured questionnaire was used for data collection. The face validity of the instrument was established using the opinions of three experts. The application of Cronbach Alpha reliability method on the two clusters of the instrument yielded coefficient values of 0.85 and 0.81 for clusters B1 and B2 respectively. An overall reliability co-efficient value of 0.83 was obtained. From the findings of the study, it was revealed that managers of SMEs in Anambra State utilized accounting control automation to a moderate level and internal audit automation to a low level for effective prevention of fraud. The study further revealed that there is no significant difference in the mean ratings of managers on the level of utilization of accounting control automation and internal audit automation for effective fraud prevention in SMEs in Anambra State. Based on the findings, it was recommended among others that managers of small and medium scale enterprises should be trained in the area of *automation in accounting that will empower them to adequately utilize different internal control systems for smooth running of the enterprises.*

Keywords: automation, internal control system, fraud prevention, small and medium scale enterprises.

Introduction

Small and Medium Scale Enterprises (SMEs) are seen as the backbone of the economy and a key source of economic growth, dynamism and flexibility. Small and medium scale enterprises are indispensable in all countries and the motivating force of business, development, innovation, competitiveness and employers of labour. SMEs exist in the form of sole proprietorship and partnership, though some could be registered as limited liability companies and characterized by: simple management structure, informal employer/employee relationship, labour intensive operation, simple technology, fusion of ownership and management and limited access to capital (Olufemi, 2017). Small and medium enterprises (SME) are seen as agents of economic development and the most important sector contributor in developing countries (Nigeria inclusive). Their role in economic development includes: technological/industrial development, employment generation, technology acquisition, capacity building, promotion of economic growth, increased standard of living, industrial dispersal or spread, servicing of large-scale industries, export promotion, structural transformation of rural areas, flexibility and low take-off requirements. Small and medium enterprises (SMEs) make up about 97 percent of businesses in Nigeria and provide on average 50% of Nigeria's employment and industrial output (Yusf & Dansu, 2013).

Small and medium enterprises are largely present in Anambra State. Anambra State is a State where a large percentage of her citizens are entrepreneurs or owners of SMEs. The presence of small and medium scale enterprises has increased economic activities in the State and has helped to improve the revenue base of the State. Small and Medium Industries Entity Investment Scheme (SMIEIS) defined SMEs as enterprises with a total capital of not less than 1.5 million Naira, but not exceeding 200 million Naira ($4,800- $640,000), including working capital but excluding the cost of land. Since the rise in their popularity, small and medium scale businesses have consistently grown and generated interest from a wide range of stakeholders including governments, researchers, donors and non-governmental organizations because of their roles in tackling the employment challenges, stimulating innovations and advancement and achieving sustainable Development (World Bank, 2020). As a result, both the developed and the developing countries are actively engaged in and continue to seek pragmatic ways of improving the activities of small and medium scale businesses.

However, it has been discovered that SME owners and managers lack knowledge of implementing internal control systems effectively. This inevitably results in poor performance, SME failure, and negatively impacts the country's economic growth (Bruwer & Coetzee, 2016; Dubihlela and Nqala, 2017). The absence of effective and efficient internal control systems makes managing organisational performance difficult (COSO, 2013; Tetteh et al., 2022). Internal control is a system put in place in organization by its management / owners for an effective control of financial and other resources of the organization to ensure effective and efficient operation as it concerns the realization of the organization goals (Edori & Ogaluzor, 2018). Internal control refers to the measures instituted by an organization so as to ensure attainment of the entity's objectives, goals and missions. Accordingly, Turner and Weickgenannt (2013) viewed internal controls as policies, processes, or procedures within the accounting cycles designed to prevent, detect, or correct errors and fraud. They are a set of policies and procedures adopted by an entity in ensuring that an organization's transactions are processed in the appropriate manner to avoid waste, theft and misuse of organization resources (Ejoh & Ejom, 2014). Internal control system is a critical component of an organization's management and a foundation for its safe and sound operations. In any entity, an effective internal control system must comprise all vital and necessary procedures to safeguard all assets from theft, waste; assess and promote compliance with the entity's policies, encourage accurate reliable accounting records or information, effective and efficient operations in the different departments existing within the entity (Edori & Ogaluzor, 2018). Strong internal control system strengthens enterprise governance, allows management objectives to be achieved and mitigates the risk of fraud by increasing employee perception of detection.

Internal controls system or automation is a necessity in today's complex, highly regulated organizations. Automation has become increasingly prevalent in small and medium enterprises, as these organizations strive to enhance the efficiency and accuracy of their financial management processes. Automated internal controls refer to the integration of technology and software systems to monitor, manage, and regulate various processes without the need for constant human intervention. These controls encompass a wide spectrum of functionalities, including data collection, analysis, decision-making, and execution. Automating internal controls gives one visibility across entire operation, analyzing large data sets instantly to quickly identify areas of one's operations where fraud risk is exceptionally high (Farnham, 2022). This enables one to focus one's controls processes and risk management tactics on high priority areas. Financial risk management often focuses on discrete systems or applications, but fraud and security risks can be highest when data moves between systems. Automated internal controls can be focused on this sometimes overlooked. Automated internal controls allow for comprehensive aggregated data views (Farnham, 2022). Data from one's critical business applications is pulled into a single source of truth for the entire organization, enabling one to base one's internal controls management on comprehensive and reliable information. Managers, who are responsible for maintaining strong internal controls and ensuring compliance with accounting standards, have been significantly affected in their various organizations.

Many organizations have suffered great losses and collapsed in recent years because of failure to implement internal control systems (Hsiung & Wang in Olufemi, 2017). The internal control system is an important process that business leaders use to enhance their organizations' attainment of operational goals, improve operational effectiveness, strengthen corporate existence, and gain competitiveness. The size and age of a firm are two important determinants of the weaknesses in internal controls. Small organizations tend to have internal control weaknesses. Inadequate accounting resources could be the major reason for the majority of internal control weaknesses. Other reasons for internal control weaknesses could be attributed to lack of qualified personnel, deficient revenue recognition policies, and improper segregation of duties (Feng, McVay, & Skaife, 2015). The internal control unit is important for SMEs. Lack of internal control has an effect on the profits and continuity of business. Internal Control is a serious issue among SMEs. The adverse effect of internal control weakness can lead to loss of revenue, fraud, waste, loss of client and mismanagement (Stone, 2016). It can also lead to loss of business and inability of a firm to achieve set goals and objectives. A very high proportion of the failed SMEs can be attributed to financial crisis resulting from poor internal control (Fatoki, 2015). SMEs may have limited resources, making them more susceptible to fraud, theft, or misuse of assets.

Internal control systems help protect these assets by implementing checks and balances, segregation of duties, and proper authorization processes (Nandhakumar & Sundaran, 2023). SMEs often face challenges in maintaining accurate financial records due to their limited accounting expertise or reliance on a few key employees. Robust internal control systems enable the accurate recording of financial transactions, ensuring the integrity of financial statements. Internal control is critical to the survival of businesses, SME owners should improve on the internal control system of their firms. Corporate fraud and business failures lead to greater demand for better internal controls among companies. Owners or managers hold the key to the fight against internal control failures in small businesses and they must be attentive to the controls to maximize the business potential and minimize the risk of fraud, error and loss. Proper systems have to be put in place in order to discourage errors, fraud and identify mistakes quickly, and, if that fails, management can take corrective action to minimize losses. Small businesses are the most vulnerable to fraud because they are known for having weak internal controls.

Fraud always occurs because of a breakdown in internal control. Fraud is a major challenge and risk facing companies, governments and organizations. Each year, huge sums of money are lost because of the wide scale occurrence of fraud in addition to the high-profile cases highlighted in the media (Odimmega,2019). Fraud can manifest in various forms, including billing schemes, check tampering, and expense reimbursement fraud. Many types of fraud are perpetrated in small and medium scale businesses. Kramer (2015) found that asset misappropriation is the most common type of employee fraud while other typical methods include skimming cash, overstating expense reimbursements, and tampering with checks. The opportunities for employees in SMEs to perpetrate fraud and theft by misappropriation of assets can be greater than in larger organizations, mainly owing to the lack of a sophisticated internal control system. There is also a tendency in SMEs towards a higher level of trust between people and it is often the case that the owners or managers do not consider the possibility of being defrauded. Employees are more likely to abuse their position where they have unsupervised responsibilities and work in isolation or when the proper ethical culture or tone at the top is missing. However, misappropriation of assets can also involve management who are usually more able to disguise or conceal misappropriations in ways that are difficult to detect. A small business particularly is a natural target for fraudulent schemes, scams, employee embezzlement, pilferage, workers' crime, and theft (Braun 2016).

The Association of Certified Fraud Examiners (ACFE) in 2016 reported that a typical business loses an average of 7% of revenues from employee theft alone. Although fraud and corruption can occur in large corporations and small businesses alike, small businesses suffer more from a greater percentage of frauds (38%) and a higher median loss ($200,000) than their larger counterparts. Small businesses are often more directly impacted with the negative psychological and emotional aspects of a loss than their larger organizational counterparts because small business owners have greater feelings of personal betrayal. Traditional manual processes often leave room for these frauds due to issues like: lack of segregation of duties, inadequate controls over vendor master files. These vulnerabilities can allow fraud to go undetected, impacting financial stability and stakeholder trust (Wallace, 2024). Fraud's impact is widely felt by employees, by other stakeholders, and ultimately on business performance. Fraud can produce serious consequences for businesses performance and in the long run even lead to insolvency or business failure. The cost of fraud to small and medium-sized enterprises is not easy to quantify, as many cases are either undetected or unreported. In any entity, an effective internal control system must comprise all vital and necessary procedures to safeguard all assets from theft, waste; assess and promote compliance with the entity's policies, encourage accurate reliable accounting records or information, effective and efficient operations in the different departments existing within the entity (Edori & Ogaluzor, 2018). Strong internal control system strengthens enterprise governance, allows management objectives to be achieved and mitigates the risk of fraud by increasing employee perception of detection. The most efficient tool to prevent fraud is the internal control implemented within enterprises.

Fraud prevention is activity done by management to implement policy, system and procedures to ensure that actions are done by board of commissioners, management, and other personnel in a company to provide trust to achieve three main points, rigid financial report, effective and efficient operations and obedience of rules and regulations (Amrizal in Widilestariningtyas & Karo, 2016). Fraud prevention focuses on identifying threats and opportunities, while internal control helps counter threats and take advantage of opportunities. Proper fraud prevention and internal control assist organization in making informed decisions about the level of risk they want to take and implementing the necessary controls to effectively achieve their objectives (Ogwili & Lasisi, 2022). Internal control is an essential procedural activity carried out regularly by the management to deliver acceptable assurance in achieving the company objectives. Internal control is a management tool that brings solutions to managerial problems, increases efficiency, effectiveness, abuse prevention and institutionalization in organizations and integrates management functions in a holistic way. Rae et al., (2017) stated that an effective and efficient internal control system requires identifying and understanding the dimensions of the controls and their importance in achieving the objectives of the company. Muthusi (2017) opined that firms are continuously realigning their internal policies in order to improve internal control systems. Fraud prevention should be the responsibility of the entire organization.

Automation is becoming a crucial tool in fraud prevention by enhancing the efficiency and accuracy of the process, reducing errors that could lead to fraud, providing secure and auditable trails and enforcing controls and segregating duties to prevent fraud (Wallace, 2024). By automating tedious data entry tasks for QuickBooks accounting software, employees can redirect their energies towards more critical business functions, enhancing productivity and reducing the risk of manual errors. Eliminating manual tasks helps one avoid data entry errors, facilitate efficient account reconciliation and reporting, detect suspicious activity and prevent fraud. An automated control would use job codes and provisioning profiles and compare the users to the employee directory, and any differences would be automatically resolved

(VComply Editorial Team, 2023). Automation builds robust internal controls in one's system in ways that cannot be bypassed; improves efficiency and speed; streamlines operations by reducing redundancy; improves the timeliness and accuracy of data. Working with accounting software provides the opportunity to introduce controls when it comes to systems and information. For example, employee access to financial data can be restricted, as can access to inventory or stock information. Automating this control will automatically require employees to create new passwords regularly and detect unauthorized access to the organization's data. This enable business enterprise to reduce risks associated with fraud, loss and obstruction of an enterprise's operating goals (Rakoma Associates, 2023). To combat this growing threat, businesses need to implement effective fraud prevention measures, and such measures are accounting control automation and internal auditing automation.

Accounting is an important part of any business and it plays a critical role in the success or failure of contemporary business enterprises. Accounting is the process of recording, classifying, summarizing, analyzing and interpreting financial transactions and communicating the results thereof to interested users (Azih, 2013). Accounting forms an integral part of the management process in an organization, where it provides essential information to the business in its planning, evaluating, controlling and decision-making process. Accounting information is provided by accounting control systems. Accounting control system comprises all the procedures necessary to record transactions, assets and liabilities in the books of accounts which will form a reliable basis for the preparation of the financial statements (Zotorvie, 2017). Maintaining a proper accounting control system ensures the accuracy of a company's financial statements. Without an accounting system, it would be very difficult for SMEs to determine performance, identify customer and supplier account balances and forecast future performance of the organization.

The success or failure of any business depends on keeping accurate and timely accounting information to give a clear financial business image. Amoako (2013) opined that small and medium scale enterprises do not maintain proper books of accounts because owners/managers do not appreciate the need to keep accounting records, lack accounting knowledge and find the cost of hiring professionals prohibitive. According to Aladejebi and Oladimeji (2019), keeping record of income and expenditure helps manager/owner of business to keep proper track of financial transactions because poor record keeping of financial records have consequences of mismanagement of resources and poor cash management. These have led to the collapse of many SMEs. Accounting control seriously influences the achievement of a firm's objectives. In Nigeria, some SMEs are forced to prepare their financial records because they want to obtain tax clearance certificate, without which they cannot bid for government contracts. Also, some SMEs prepare their accounts because they want to obtain bank loans. Poor record keeping makes it difficult to distinguish between business transactions and personal transactions of SME owners. Many business owners and managers use the assets of SMEs for their personal benefits which lead to loss in the affairs of the business and have led to the collapse of many SMEs. The accounting record of small and medium scale enterprises needs to follow the standard of generally accepted accounting principles (GAAP). A good accounting control system is not only judged by how well records are kept but also by how well it is able to meet the information needs of both internal and external decision makers. SMEs depend on the manager's level of utilization of accounting knowledge in preparation of credible financial statements which enhances financial reporting. Ibarra (2016) stated that financial reporting system is necessary in order to ensure that SME's resources are utilized effectively and that information must be accurate and reliable in order to provide a platform for timely and sound decisions.

Internal audit automation is an aspect of internal control system established by management of an organization in order to ensure proper compliance with the stipulated policies and procedure in order to achieve management objectives. It is designed in order to evaluate and improve the effectiveness of risk management, control and governance processes. Auditing is the arts of checking the books and accounts of any business to protect the business from fraud and fraudulent activities, highlighted by any discrepancies in accounting methods of the day-to-day business transaction of an organization for its growth and survival. The constant review and verification of the accuracy of financial records of any organization is the certain way to curb if not eliminates completely fraud and fraudulent activities in any organization (Bello & Orah, 2019). According to Institute of Internal Auditors (IIA) (2015), internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The IIA believed internal audit insights on governance, risk and control provoke positive change and innovation within the organization. It inspires organizational confidence and enables competent and informed decision making. Successful internal auditing can mature to provide foresight to the organization by identifying trends and bringing attention to emerging challenges before they become crises. SMEs should conduct regular internal audits to identify any weaknesses in their internal control systems and take corrective action where necessary (FasterCapital, 2024). For example, an SME may conduct an internal audit of its inventory management system to ensure that the inventory records are accurate and up-to-date.

Internal audits play a crucial role in maintaining the accuracy and integrity of an organization's financial processes. For SMEs, it is not just about compliance, it is about establishing trust with stakeholders. Regular internal audits help detect discrepancies, irregularities or potential fraud, ensuring reliable and trustworthy financial records. Internal audits keep SMEs up-to-date with changing regulatory landscapes and internal compliance requirements, thus avoiding penalties, reputational damage and operational disruptions associated with non-compliance. Implementing advanced, cloud-based accounting systems enables real time monitoring of financial transactions. Automation reduces errors and provides a transparent, auditable financial trail (Exseede, 2024). Blockchain – a fraud-resistant superhero, as called by some sources – is the foundational technology that guarantees cybersecurity as a result of being a non-changeable verifiable record of transactions. The inability to change data entries of transactions provides a way of security. Some specific digital technologies for fighting fraud now in the field include voice biometrics to authenticate callers based on their voiceprint and adaptive authentication, which is an Artificial Intelligence fraud risk scoring capability to provide clear guidance to agents during a call-center call, among others. Blockchain, and data analytics are some of the most up-to-date tools that can be applied to the internal audit process and fraud protection to provide maximum protection and control (Mamdouh, 2021). The success of internal audits heavily relies on the expertise of the audit team. For SMEs, internal audits are a strategic tool to ensure financial integrity, compliance and operational efficiency. By implementing and continuously improving internal controls, SMEs can safeguard their assets, build stakeholder trust and position themselves for sustainable growth.

The internal audit is intended to give the management the information that the risk management processes are functioning properly and are effective. In addition, it should identify opportunities to improve these processes in order to increase business efficiency (Klamut, 2018). The process of analyzing the functioning of the risk management system requires the auditor to know the following: law, accounting, finance, logic (associating facts), finding links and logical definition of the purpose of the crime and acquiring source evidence. Internal audit will not be effective if all management units do not properly cooperate. The management's awareness of the need to control and manage risk will make it a supporting and advisory tool. The internal audit function is an efficient line of defense against fraud and has an important role within organizations in detecting and preventing fraud. Internal audit supports management by determining whether the organization has adequate internal controls and promotes an adequate control environment (Obonyo, 2017). According to Chimeocha (2018), the role of the internal audit can include a varied set of responsibilities: supporting the management in establishing auditable anti-fraud mechanisms; facilitating the assessment of fraud and reputational risks at the level of an organization and its business process; assessing the connections between fraud risks and internal controls; auditing frauds; supporting the specialists in fraud investigation; supporting the efforts to rectify deficiencies; and reporting to the audit committee the problems regarding anti-fraud mechanisms, fraud and reputational risks assessment, or fraud cases and suspicions. An effective internal audit activity can be extremely helpful in addressing fraud issues. Internal auditors evaluate risks faced by their organizations based on audit plans and testing, and need to be alert to the signs and possibilities of fraud.

However, the relevance and needfulness of these automation techniques on fraud prevention can never be over-emphasized. Their utilization in these organizations may equally vary. The influencing factor in the utilization of automated internal system in fraud prevention in SMEs could be years of experience. Years of experience in this study refers to level of experience acquired over months or years of actual practice and which, presumably, has resulted in superior understanding, performance or mastery. Sandra in Mgbe (2018) stated that experience is the process or fact of personally observing, encountering, or undergoing something. Experience refers to the knowledge and skills that one gains through doing something for a period of time. Managers with vast experiences in managing business are more capable of finding ways to open new business compared to employees with different career pathways. However, the extent to which these assertions apply in Anambra State demands an empirical investigation, hence, the need to determine managers' utilization of automated internal control system for effective fraud prevention in small and medium scale enterprises in Anambra State.

Statement of the Problem

The internal control system is a vital course of action that firms use to improve their organizations' attainment of goals and objectives, improve operational efficiency, and strengthen their financial performance. In spite of the notable contribution made by SMEs, particularly in emerging markets such as Nigeria, sustainability remains a major challenge. One root cause of the failure is the absence of adequate and effective internal control systems to prevent and mitigate a variety of risks that operations falling within small businesses face. It could be factual that SMEs industry is perceived to be exposed to various risks due to its complex nature. Globally, internal control failure among small businesses often leads to loss of assets, fraud, waste, mismanagement, inefficiency, loss of client assurance, and failure to achieve business goals. The accounting practices seem to lack transparency, proper accounting and auditing records and as a result there seems to be much room for embezzlement probably because there is no accurate record or effective machinery in use that dictates accounting and financial fraud in SMEs. Furthermore, problems of the manual financial transactions become a time-consuming task, inefficient information flow, lack of visibility and control. Miscalculations and incorrect entries in accounting are huge problems which can end up costing an institution a lot of time and money to identify and rectify the issue.

Lack of utilization of automated internal control has a negative effect on the profits and continuity of business. The general business problem was that managers of SMEs face internal control challenges. The specific business problem was that some managers of SMEs in Nigeria lack strategies for utilizing automated internal control techniques. Inadequate accounting resources could be the major reason for the majority of internal control weaknesses. Other reasons for internal control weaknesses could be attributed to lack of technical expertise in accounting automation, deficient revenue recognition policies, and improper segregation of duties. Most small firms cannot afford to segregate duties because of limited personnel and inhibited resources. All these are factors that drive the use of automated internal control. Automated internal control if utilized by managers of SMEs could satisfy these demands such as eliminating cash transactions and providing accuracy and security for all business transactions which may enhance an easy accounting and management of SMEs financial database. There is need to find out whether small and medium enterprises utilize the technique. Therefore, this study is aimed at determining the utilization of automated internal control system for effective fraud prevention in small and medium scale enterprises in Anambra State.

Purpose of the Study

The purpose of this study is to determine the extent of utilization of automated internal control system for effective fraud prevention in small and medium scale enterprises in Anambra State. Specifically, the study sought to determine the managers' level of utilization of:

1. Accounting control automation for effective fraud prevention in small and medium scale enterprises.
2. Internal audit automation for effective fraud prevention in small and medium scale enterprises.

Research Questions

The following research questions guided this study:

1. What is the level of utilization of accounting control automation by managers for effective fraud prevention in small and medium scale enterprises in Anambra State?
2. What is the level of utilization of internal audit automation by managers for effective fraud prevention in small and medium scale enterprises in Anambra State?

Hypotheses

The following null hypotheses will be tested at 0.05 level of significance:

1. Managers' do not differ significantly in their mean ratings on the level of utilization of accounting control automation for effective fraud prevention in small and medium scale enterprises based on years of experience.
2. Managers' do not differ significantly in their mean ratings on the level of utilization of internal audit automation for effective fraud prevention in small and medium scale enterprises based on years of experience.

Method

A descriptive survey research design was adopted for the study. Nworgu (2015) defined survey research as the design in which a group of people or items are studied by collecting and analyzing data from only a few people or items considered to be representative of the entire group. This study was carried out in Anambra State which is one of five states in the south east zone of Nigeria. The population of the study comprised 2,837 SME managers of enterprises in Anambra State who are registered with the State Ministry of Commerce, Industry and Technology. The sample size of 351 SME managers was used for the study. The sample size was derived using the Taro Yamani formula. Instrument for data collection was a structured questionnaire titled Questionnaire on "Managers' Level of Utilization of Automated Internal Control for Effective Fraud Prevention (MLUAICEFP)". It has two major sections, A and B. Section A contains the demographic information of the respondents based on gender and years of experience while Section B consists of two sub-sections of B1 and B2 according to the research questions. Section B contained 10 and 11 items respectively on a 5-point rating scale of Very High Level (VHL), High Level (HL), Moderate Level (ML), Low Level (LL), Very Low Level (VLL) representing 5,4,3,2 and 1 respectively.

The face validity of the instrument was established using the opinions of three experts. To establish the instrument's reliability, the questionnaire was administered on a sample of 20 small and medium scale managers in Enugu State who are not included in the population of the study. The application of Cronbach Alpha reliability method on the two clusters of the instrument yielded coefficient values of 0.85 and 0.81 for clusters B1 and B2 respectively. An overall reliability co-efficient value of 0.83 was obtained for the instrument which shows that the instrument has a high internal consistency and is therefore considered suitable for the study. The researchers, with the help of three research assistants distributed copies of the questionnaire. The research assistants were instructed on how to distribute copies of the questionnaire to ensure that mangers filled the questionnaire. Data relative to the research questions were analyzed using mean and standard deviation to answer the research questions and determine the spread of the respondents means while ANOVA was used to test the hypotheses at 0.05 level of significance. Statistical Package for Social Sciences (SPSS) version 23 was used in the analysis of data. For the hypotheses, one-way analysis of variance (ANOVA) was used to test the null hypotheses at 0.05 level of significance. P-value was used for decision making for the hypotheses. Where the calculated p-value is less than or equal to the stipulated level of significance 0.05 ($p \leq 0.05$), it implies that there was significant difference between respondents' mean scores. Under this condition, the null hypothesis of no significant difference is rejected. On the other hand, if the p-value is greater than or equal to the alpha level of 0.05 ($p \geq 0.05$), the null hypothesis of no significant difference is accepted.

Results

Research Question 1: What is the level of utilization of accounting control automation by managers for effective fraud prevention in small and medium scale enterprises in Anambra State?

Table 1: Mean responses of managers on the level of utilization of accounting control automation for effective fraud prevention in SMEs in Anambra State (307)

S/no	Items on accounting control automation	Mean	SD	Decision
1.	Ensure that proper accounting records show and explain enterprise's transaction	3.35	0.53	Moderate level
2.	Ensure accurate and timely recording of transactions and events	2.06	0.67	Low level
3.	Ensure appropriate documentation of transactions	2.45	0.56	Low level
4.	Keeping track of assets and liabilities	2.29	0.48	Low level
5.	Ensures that company deposits cash/maintains bank account	3.32	0.47	Moderate level
6.	Use of computers in accounting	2.33	0.47	Low level
7.	Records daily expenditures	2.30	0.46	Low level
8.	Tracking accounts receivables and payables	2.61	0.65	Moderate level
9.	Ensures timely preparation of financial statements	2.93	0.68	Moderate level
10.	Ensure that business does financial planning and fund management	3.08	0.67	Moderate level
11.	Determining the financial position of the business	2.99	0.71	Moderate level
	Cluster Mean	**2.70**		**Moderate level**

Data in Table 1 show a cluster mean of 2.70 indicating that the managers utilized accounting control automation to a moderate level for effective fraud prevention in small and medium scale enterprises in Anambra State. Item by item analysis in Table 1 shows that items 1, 5, 8, 9,10 and 11 with mean scores ranging from 3.35 to 2.61 were utilized by managers of SMEs to moderate level, while items 2, 3, 4, 6 and 7 with mean scores ranging from 2.45 to 2.06 were utilized by managers of SMEs to low level. The standard deviations of 0.46 to 0.68 showed homogeneity in SMEs managers' responses indicating greater consensus of opinion.

Research Question 2: What is the level of utilization of internal audit automation by managers for effective fraud prevention in small and medium scale enterprises in Anambra State?

Table 2: Mean responses of managers on the level of utilization of internal audit automation for effective fraud prevention in SMEs in Anambra State (307)

S/no	Items on internal audit automation	Mean	SD	Decision
1.	Examining the adequacy and the effectiveness of internal controls within organization	2.35	0.59	Low level
2.	Identifying suspicious transactions for further investigation	2.06	0.47	Low level
3.	Planning and performing audits reviews in assessing fraud risk	2.45	0.66	Low level
4.	Identifying opportunities for risk management	2.29	0.55	Low level
5.	Finding links for acquiring source evidence	2.32	0.57	Low level
6.	Logical definition of the purpose of the crime	2.33	0.57	Low level
7.	Assessing plans and procedures to determine weaknesses in the system	2.30	0.56	Low level
8.	Evaluate risks based on audit plans and testing	2.41	0.61	Low level
9.	Assessing the connections between fraud risks and internal controls	2.43	0.63	Low level
10.	Proper utilization of revenue and expenditure	2.08	0.48	Low level
	Cluster Mean	**2.30**		**Low level**

Data in Table 2 show a cluster mean of 2.70 which revealed that the managers utilized internal audit automation to a low level for effective fraud prevention in small and medium scale enterprises in Anambra State. Item by item analysis showed that all the items, with mean scores ranging from 2.06 to 2.45 were utilized by managers of SMEs to a low level. The standard deviations of 0.47 to 0.66 are within the same range showing homogeneity in SMEs managers' responses.

Testing of Null Hypotheses

Hypothesis 1: Managers' do not differ significantly in their mean ratings on the level of utilization of accounting control automation for effective fraud prevention in small and medium scale enterprises based on years of experience.

Table 3: Summary of analysis of variance on the mean responses of SME's managers on the level of utilization of accounting control automation for effective fraud prevention based on years of experience (N= 307)

Sources of variance	Sum of Squares	df	Mean Square	F	P-value	Decision
Between Groups	39.452	2	19.987	1.647	.01	Significant
Within Groups	1170.822	304	3.794			
Total	1232.396	306				

As shown in Table 3, there is a significant difference among the three groups in terms of their mean responses on the level of utilization of accounting control automation based on years of experience (5 years and below, 6 -10 years and above 10 years), as the F-ratio (2, 304) is 1.647

and *P-value* (.01) is less than the stipulated 0.05 level of significance. Therefore, the null hypothesis is rejected.

Table 4: Scheffe post hoc test on mean responses of SME's managers on the level of utilization of accounting control automation based on years of experience

Years of experience (I)	Years of experience (J)	Mean difference (I-J)	P-value
5 years and below	Above 5-10 years	.06481	.043
	Above 10 years	.00814	.835
6-10 years	5 years and below	-.06471	.043
	10 years and above	-.05556	.027
Above 10 years	5 years and below	-.00814	.835
	6-10 years	.05666	.027

*significan5

The Scheffe test of multiple comparisons in Table 4 shows that the difference is between managers with 5 years and below and above 10 years' experience in small and medium enterprises in Anambra State.

Hypothesis 2: Managers' do not differ significantly in their mean ratings on the level of utilization of internal audit automation for effective fraud prevention in small and medium scale enterprises based on years of experience.

Table 5: Summary of analysis of variance on the mean responses of SME's managers on the level of utilization of internal audit automation for effective fraud prevention based on years of experience (N = 307)

Sources of variance	Sum of Squares	df	Mean Square	F	P-value	Decision
Between Groups	1.9	2	1	.237	.672	Not Significant
Within Groups	1152.3	304	3.9			
Total	1154.3	306				

Data analysis in Table 5 show that there is significant difference among the three groups in terms of their mean responses on the level of utilization of internal audit automation for effective fraud prevention based on years of experience (5 years and below, 6 -10 years and above 10 years), as the F-ratio (2, 304) is .237 and *P-value* (.672) is less than the stipulated 0.05 level of significance. Therefore, the null hypothesis is rejected.

Discussion

The results of the study indicated that managers utilized accounting control automation to a moderate level for effective fraud prevention in small and medium scale enterprises in Anambra State. This implies that majority of SMEs managers in Anambra State often lack strong technology skills in accounting and have a relatively weak understanding of the process for appropriate documentation of transactions and keeping track of assets and liabilities which helps in ensuring timely preparation of financial statements. This could lead to poor record keeping of financial activities which may result in fraudulent activities and failure of the small and medium scale enterprises in achieving their objectives. This finding is in consonance with the findings of Aladejebi and Oladimeji (2019) who stated that keeping record of income and expenditure helps manager/owner of business to keep proper track of financial transactions because poor record keeping of financial records have consequences of mismanagement of resources and poor cash management. These have led to the collapse of many SMEs. In view of this, Alfartoosi et al. (2021) and Dubihlela and Nqala (2017) stated that effective internal controls contribute to the efficiency of the operation by mitigating and preventing risks such as the misuse of assets, wastage, and the preparation of unreliable financial reporting.

The use of accounting control automation could significantly reduce the occurrence of fraud cases in SMEs. It is clear that accounting automation software may help one to boost the productivity of one's enterprises by providing the tools that can perform various tasks with ease and accuracy. This could aid in eliminating fraudulent practices. The result of the first hypothesis indicated that there is a significant difference among the managers of SMEs on the level of utilization of accounting control automation based on years of experience. Therefore, it followed that the null hypothesis of no significant difference was rejected. This agrees with the findings of Ghanem and Awad (2023) and Agustina et al. (2021) who found a significant difference.

The results of the study revealed that managers utilized internal audit automation to a low level for effective fraud prevention in small and medium scale enterprises in Anambra State. This implies that SMEs managers utilized internal audit control to a low level in examining the adequacy and the effectiveness of internal controls within organization, identifying suspicious transactions for further investigation, regular monitoring of accounting processes and proper utilization of revenue and expenditure. This could be as a result of inability of SMEs managers to evaluate system of control relating to disclosing revenues and expenses, upgrading/replacement of some existing information technology system, data structure and compliance to accounting guidelines in the preparation of reliable financial statements and ensuring accountability of accounting information. This will give room for fraudulent practices. In view of this result, Nyakarimi et al. (2020) stated that the existence of internal audit department in a business organization is a good tool of corporate control of errors, irregularities and fraud. Regular monitoring of processes and dealings is required to detect anomalies or warning signs early on. This may be aided by conducting frequent internal audits and reviews and using technology-based monitoring tools (Mamdouh, 2021).

Furthermore, Tumwebaze et al. (2018) asserted that internal auditing involves evaluating a company's internal control, including its corporate governance and accounting processes. These audits ensure compliance with laws and regulations and help maintain accurate and timely financial reporting and data collection. For SMEs in Anambra State to survive in this technological era, internal audits are a strategic tool to ensure financial integrity, compliance and operational efficiency. When SME owners and managers prioritize the implementation of internal audit controls, the business will not be susceptible to high risk, which is the cause of most SME failures. The result of the second hypothesis indicated that there is no significant difference in the mean responses of SMEs managers on the level of utilization of internal audit automation for effective fraud prevention. Therefore, it followed that the null hypothesis was not rejected. This agrees with that of Nyakarimi et al. (2020) who found no significant difference and it is concluded that internal control has no significant effect on fraud prevention. SMEs should improve on unannounced or surprise checks to complement and support internal audit. This will deter employees from engaging in teaming and landing form of fraud as they will not be able to know time for surprise checks to clean their accounts.

Conclusion

From the findings of the study, it was revealed that managers of SMEs in Anambra State utilized accounting control automation to a moderate level and internal audit automation to a low level for effective prevention of fraud. Automated internal controls are operations performed automatically through an information system or software which allows for comprehensive, aggregated data views. This will give one's enterprises visibility across one's entire operation, analyzing large data sets instantly to quickly identify areas of one's operations where fraud risk is exceptionally high. Based on the findings, it is importance that the utilization of automated internal controls by SMEs managers would enable the provision of more meaningful information for decision makers and improve the quality of financial reporting system. This is also used to maintain accountability and safeguard the system against fraud and internal data theft.

Recommendations

Based on the findings of this study, the following recommendations are made:

1. Managers of small and medium scale enterprises should be trained in the area of automation in accounting that will empower them to adequately utilize different internal control systems for smooth running of the enterprises.
2. Conducting regular internal audits and reviews to guarantee the efficacy of control efforts.
3. The management should encourage workers, customers, and stakeholders to report suspicious or concerns about fraudulent activity by establishing transparent and confidential reporting tools like hotlines or online platforms.
4. Keeping up with the ever-evolving fraud threats and new technology by regularly reviewing control actions.
5. Managers of small and medium scale businesses should subject their financial statements to auditing since audit reports are seen as useful accounting information for effective fraud prevention and finance managements

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