



Internal Control: Its Role in the Reduction of Fraud and Professional Misconduct among SMEs

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Authors' contributions

This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.

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ABSTRACT

The issue of fraud and professional misconduct is a challenge to many organizations. However, the small-scale and medium-scale enterprises (SMEs) are more vulnerable. This study evaluates the role of internal control in the reduction of fraud and professional misconduct among SMEs in the Enugu metropolis. This study adopted survey research design. The research made the following major findings: that internal controls are put in place by SMEs, that internal controls are adhered to in SMEs, and that the internal controls implemented are effective in curbing fraud and professional misconduct in SMEs. Hence, the research recommend that owners and managers of SMEs should evaluate existing internal control systems and continue to implement good internal controls and ensure that proper financial records are kept and statements are prepared periodically, and small-scale enterprises that do not have internal controls should establish such and implement them to curb fraud and professional misconduct and thereby improve efficiency of operations.

Keywords: Internal control; SMEs; fraud; professional misconduct.

1. INTRODUCTION

Small and Medium Enterprises (SMEs) can be defined in terms of investment, asset base, number of employees or sales volume (Ajide, Hameed & Oyetade, 2014 cited in [1]). There are varying definitions of SMEs in different places and context. However, the Central Bank of Nigeria defines SMEs in Nigeria based on asset base – between ₦5 million and ₦500 million and the number of employed staff – between 10 and 300 employees (CBN Guidelines, 2010 cited in [1]).

SMEs are said to be the backbone of any country. According to Ifekwem and Adedamola [1], Small and Medium Enterprises play a vital role in the development of many countries. They boost the rate of employment, level of productivity, industrial production and export, social enrichment as well as political stability.

Unfortunately, SMEs are faced with challenges that affect their performance and contribution to the economy at large. Among the challenges faced by Nigeria SMEs include fraud and professional misconduct. The occurrence of fraud and professional misconduct in SMEs can lead to financial loss, damage of trust and reputation, legal charges and demoralization of employees [2].

These challenges resulted in a heightened interest and research in the internal controls of SMEs. Internal control is defined by Millichamp (2002) as “the whole system of controls, financial and otherwise, established by the management in order to carry on the business of safeguard of the assets and secure as far as possible the completeness and accuracy of the records” (cited in Ndamenu, [3, p. 25].

According to Edori and Ogaluzor [4], internal control is effective in reducing payroll fraud and embezzlement in SMEs. However, they did not research on other classes of fraud nor consider how internal controls reduce professional misconduct in their research. Scholars like Bubilek [5] asserted that properly developed internal controls can positively influence business operations, risk management, and decision making on all levels of an organization, but to have most efficiency, internal controls need to be controlled and steered by internal audit. However, this research did not reflect how internal controls reduce fraud and professional misconduct.

Many research have been executed on internal controls on the prevention and detection of fraud, with little or no focus on how it can mitigate professional misconduct; regardless of the possibility that most frauds committed in an enterprise stems from professional misconduct. It was this observed research gap that prompted this study of the role of internal control in the reduction of fraud with emphasis on professional misconduct. Therefore, the general objective of this study is to examine the role of internal control in the reduction of fraud and professional misconduct in SMEs. To achieve the general objective, the following specific objectives are considered imperative: to ascertain whether internal controls are put in place by SMEs; determine the extent to which internal controls are adhered; determine the extent at which internal controls implemented are effective in curbing fraudulent practices and professional misconduct in SMEs.

2. LITERATURE REVIEW

2.1 Conceptual Review

Small and Medium Scale Enterprises (SMEs) as defined by National Council of Industries are those business enterprises whose total costs excluding land does not exceed two hundred million naira [6]. Onugu [6] further gave two distinct definitions of small scale enterprises and medium scale enterprises. According to him, a small scale enterprise is an enterprise whose total cost including working capital except land is between ten million naira and one hundred million naira and/or a workforce between eleven and seventy full-time staff and/or with a turnover of not more than ten million naira in a year. While, a medium scale enterprise is an enterprise with total cost including working capital except cost of land of more than one hundred million naira but less than three hundred million naira and/or a staff consisting of between seventy-one and two hundred full-time workers and/or with an annual turnover of not more than twenty million naira only.

According to Amir [7], the characteristics of SMEs include:

1. Mostly financed and managed by owners.
2. Many SMEs have employees that consist of friends and families of the owner.
3. There is a close employee and owner relationship.
4. Business is housed in small establishment.

5. Small and medium scale enterprises (SMEs) have limited budgets, resources and are more sensitive to costs.
6. SMEs operate within the domestic market.
7. Volume of sales are relatively small.

2.1.1 Concept of fraud

Pollick (2006) defines fraud as “deception made for personal gain; deliberate misinterpretation, which causes another person to suffer damages, usually in the form of property and/or services gained unjustly (cited in Viviers & Venter, [8]).

According to Cressey (1953), the causes of fraud include pressure which refers to the motives, opportunity, and rationalization which is justification of the fraudulent behaviour. These three factors are the causes of the types of fraud in SMEs (cited in Abdullahi & Mansor, [9]).

According to the Association of Certified Fraud Examiners (2016), the common types of fraud that occur within a business can be grouped under the following categories: asset misappropriation, misuse of an entity’s assets for personal gain, corruption, and fraudulent financial statements (cited in Bekiaris & Papachristou, [10]).

2.1.1.1 Effect of fraud on the SMEs

The effects of fraud are extremely destructive to both small business owners and employees, deceitful business practices affect all stakeholders of the organization including community, vendors, customers and others (Jackson, Holland, Albrecht, & Woolstehulme, 2010 cited in [11]). According to the Fédération des Experts Comptables Européens (FEE) [2], the effects of fraud on SMEs include financial loss, damage of trust and reputation which can cause loss of revenue from their important customers and trade credit from their important suppliers, and decline in morale of other employees in the SME which could create an atmosphere of distrust and affect their performance and customer service.

2.1.2 Professional misconduct

According to the College of Medical Radiation Technologists of Ontario (CMRTO) [12], professional misconduct is the omission, the act of failing to do something required by the practice of a profession, or violation, doing something which violates the legislation or standards of practice governing a profession. According to Phongstorn [13], professional misconduct can be

divided into low impact misconduct and high impact misconduct.

Low impact misconduct does not have a significant impact on the organization or its stakeholders. They include persistent lateness to work, doing a piece of work incorrectly, not following instructions properly, and not managing attendance properly. High impact misconduct on the other hand, has a significant impact on the organization and may be a serious threat to the organization’s reputation and survival. They include theft, physical violence, damage to property, discrimination or harassment, breach of confidence, and bringing serious disgrace to the entity.

2.1.2.1 Effect of professional misconduct on SMEs

According to Freedman [14], some of the effects of professional misconduct on organizations include:

1. Loss of Human Capital
2. Decrease in productivity
3. Reputational loss: This could lead to a loss in investors due to unethical behaviour or a loss in customers and suppliers due to unprofessional employees.
4. Legal charges: In severe cases of professional misconduct, stakeholders or other parties affected could sue the organization or the employee involved leading to severe legal issues that could result in loss of time, large fines, penalties, and possible jail term.

2.1.3 The concept of internal control

One of the most accepted definitions of internal control is the one by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) [15]. Internal control was defined as a process, implemented by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance towards the achievement of objectives relating to operations, reporting, and compliance.

Internal control simply refers to those structures that have been put in place by the management and those in charge of governance to ensure strict adherence to organizational policies, safety of the organization’s assets, reliability and accuracy of financial statements and maximum efficiency and effectiveness of the organization’s operations.

2.1.3.1 The components of internal control

According to COSO [15], internal control consists of five integrated components which are considered as criteria for measuring and attaining an effective internal control system. They include the following:

1. **Control Environment:** According to COSO [15], control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. It is established by the board of directors as well as the importance of internal control and expected standards of conduct. Management reinforces the expectations at the various levels of the organization. It is very important because it influences the organizational structure, discipline, objectives, and risk assessment of the entity. The control environment also consists of the characteristics of an entity, dominates the employee's control perspectives, and establishes organizational structure as well as the code of ethics in the entity. According to Loan [16], there are five control environment principles, that is five factors for building a control environment and they include exercising oversight responsibility, establishing commitment to integrity and ethical values, establishing structure and authority, enforcing accountability, and exhibiting commitment to competence.
2. **Risk Assessment:** According to COSO [15], risk has been defined as the possibility that an event will occur and adversely affect the achievement of objectives. Every organization no matter the size, structure, type, or industry, is susceptible to risk. Risk could either be internal or external. Businesses are always prone to risks because the higher the risks, the more profit they make. Hence, they must undergo risk assessments. Risk assessment has been defined as the determination and analysis of risk in relation to the achievement of the entity's objectives, financial statement reliability and obedience to laws [16]. It also forms the basis for determining how risks will be managed. Principles of risk assessment include specification of objectives, identification and analysis of risk, consideration of fraud, and identification and assessment of changes,
3. **Control Activities:** Control activities according to COSO [15] are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are implemented in all levels of the organization to ensure that directives are executed, policies are adhered to and work is done efficiently and effectively. The various types of control activities according to Loan [16] include segregation of duties, evaluation and reviews, physical controls, and activities to ensure the accuracy and reliability of accounting information.
4. **Information and Communication:** This component consists of two elements. These elements are:
 - i. **Information:** Management relies on relevant and quality information both from internal and external sources to support the functioning of other components of internal control and also to make decisions and control the organization's operations. Information is also needed in all levels of the organization to support their operations and meet their objectives in terms of financial reporting and compliance.
 - ii. **Communication:** This is seen as the continuous process of obtaining and sharing this quality and relevant information. Communication simply means the exchange of information and ideas between two or more individuals or groups. Communication is very important in the organization because it provides a clear understanding of responsibilities, control systems implemented in the organization, how the controls work, organization's objectives, expectations, policies, and financial reporting among individuals within the organization.
5. **Monitoring Activities:** This is the last component of internal control. This component involves the assessment of the quality of the performance of the organization's internal control systems over time. It ensures that the components of internal controls are present, functioning, and efficient. This can be done through ongoing monitoring, separate evaluations, or some combination of the two.

2.2 Theoretical Review

2.2.1 Contingency theory

According to Drazin and Van de Ven (1985) and Scott (1992), the contingency theory simply states that the optimal way an organization can be organized is dependent on the kind of environment in which the organization operates (cited in Amissah, [17]). Donaldson (2006) asserted that some elements of contingency theory are related to the components of internal control. This means that there is a link between the structure of internal control systems and the contingency characteristics that affect it, such as its organizational structure, size, and working environment and so on (cited in Amissah, 2017). Hence, to improve organizational effectiveness and performance, changes in contingency factors cause changes in the structure of internal control systems (Dropulić, 2013 cited in [17]).

2.2.2 Systems theory

Systems theory is a theory that analyses a concept or phenomenon as a whole and not just the sum of its parts. It focuses on the interactions and relationships between parts in order to understand an entity's organization, functioning and outcomes [18]. In complementing the contingency theory, which states that components of internal control systems are affected by contingency factors as explained above, this theory focuses on the interactions among the components of internal control system and how they affect the effectiveness of the internal control system. The internal control system is seen as a whole consisting of control environment, risk assessment, information, and communication, monitoring activities and control activities as its parts. An effective internal control system is seen as an integrated system with interrelated and interdependent components. The components are interdependent meaning that if one of them is inefficient, it causes failure or weakness on the entire internal control system. Each component of an internal control system must be sufficient and work together efficiently so that the entire internal control system will be effective.

2.3 Empirical Review

Loan [16] in her research, "Internal Control System for Small Business to reduce Risk of Fraud", examined how internal control systems

could help small businesses prevent frauds and thereby reduce the risk of fraud. The case study of the research was an organization D which is a French Information Technology business enterprise established in 2003 in Ho Chi Minh City, Vietnam. She used the questionnaire and interview method to obtain information about the organization that will aid the research. She asserted that a sound internal control system is considered as an appropriate and effective management tool to reduce the risk of fraud and enhance business performance. She also noted that organization D, to some extent had a good internal control system but needed some improvements. She suggested three effective approaches for improving their internal control system which are segregation of duties, review and oversight and authorization.

Büyükçoban and Ünkaya [19] examined the importance of the internal control system for fraud and corruption prevention from the point of view of SMEs. They distributed questionnaires to obtain information and used SPSS software to analyze the data. They also applied an independence samples t-test to test the relationship between the existence of internal control system and fraud. They discovered that the existence of an internal control committee and an effective internal control system could prevent fraud. However, it is nearly impossible to create an internal control system that will completely eliminate the risks and will be suitable for all enterprises. Regardless, minimizing these risks with a well-functioning internal control system should be an obligation for all enterprises, no matter what their size is.

Pamungkas and Prasetyo [20] in their research, "Internal Control Systems by the Internal Control Unit (ICU) in Improving Officers Compliance", discussed whether the working environment, an understanding of ethics and oversight of internal control by ICU have an influence on the employees' unethical/corrupt behavior variables. Questionnaire and interview methods were used in their research. They discovered that the working environment and an oversight of internal controls have a significant and negative relationship with the employees' unethical behaviour. In other words, the better the working environment and internal control system, the lesser the employees' unethical behaviour. However, understanding of ethics does not affect an employee's ethical behaviour depending on the employee's principles and character. That is, the stronger the employee's character and

principles, the less likely he or she will engage in unethical behaviour.

Edori and Ogaluzor [4] investigated the role of internal control system in mitigating embezzlement and payroll fraud in SMEs. They distributed questionnaire to four departments of ten selected SMEs and analyzed the primary data obtained with the ANOVA statistical tool. They also complemented the primary data with secondary data from textbooks, journals, and the internet. They discovered a significant relationship between the internal control system (independent variable) and the dependent variables (embezzlement and payroll fraud). That is, increase in internal control system, using segregation of duty, internal check, and proper procedure for authorization, will result to a decrease in embezzlement and payroll fraud in SMEs. They also recommended that SMEs with weak or no internal control system should engage an expert to implement and strengthen the system as a way of mitigating embezzlement and payroll fraud.

3. METHODOLOGY

The research design of this study is the survey research design [21]. The nature of data used in this study is qualitative data. The source of data used in this study is primary source of data obtained directly from staff and owners of these SMEs. The population of this study was SMEs in the Enugu metropolis and the sample size from which data was collected consisted of two hundred and five SMEs located in Enugu Metropolis. The sampling technique used was a non-probability sampling technique known as convenience sampling. The data was collected through questionnaire. The questions were close-ended questions and were structured using Likert Scale approach to enable the measurement of the strength of responses from respondents.

The statistical tool used in analysing this data was the Chi Square test of independence which is mathematically expressed as:

$$X^2 = \frac{\sum (F_o - F_e)^2}{F_e}$$

Where:

X^2 = Chi Squared

F_o = Observed frequency

F_e = Expected frequency

\sum = Summation

F_e (Expected Frequency) is thus calculated as:

$$\frac{\text{Row total of observed frequency} \times \text{Column total of observed frequency}}{\text{Table total (Grand Total)}}$$

Degree of Freedom = (number of columns – 1)(number of rows – 1)

4. DATA PRESENTATION AND ANALYSIS

Two hundred (200) questionnaires were distributed and 189 were returned. The responses from the questionnaire were presented in tables and analysed using simple percentage and the chi-square statistical tool was used to test the hypotheses. The distribution of respondents is presented below:

Table 1. Distribution of respondents

Category		Frequency
Rank in the Organisation:	Employee	73
	Owner	116
	Total	189
Years of Experience	Below 3 years	67
	3 – 10 years	113
	Above 10 years	9
	Total	189

Source: Field Survey, 2021

4.1 Test of Hypotheses

4.1.1 Decision rule

If p-value is greater than 0.05 significance level, accept null hypothesis. If p-value is less than 0.05, reject null hypothesis and accept alternate hypothesis. The p-value of the calculated chi square values are obtained using the Social Science Statistics chi square calculator.

4.1.2 Test of hypothesis one

H_0 : Internal controls are not put in place in SMEs.
 H_1 : Internal controls are put in place in SMEs.

The calculated chi square value (X^2) is 186.3311. The p-value of 186.3311 with 0.05 significance level and a 16 degree of freedom is < 0.00001. Since the p-value is less than 0.05, the null hypothesis (H_0) is rejected and the alternate hypothesis (H_1) is accepted. Hence, it is concluded that internal controls are put in place in SMEs.

Table 2. Number and the percentage (% in bracket) of Responses to the questionnaire distributed

	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
A						
A ₁	35 (18.5%)	98 (51.9%)	12 (6.3%)	26 (13.8%)	18 (9.5%)	189 (100%)
A ₂	46 (24.4%)	94 (49.7%)	0 (0.0%)	38 (20.1%)	11 (5.8%)	189 (100%)
A ₃	45 (23.8%)	97 (51.3%)	11 (5.8%)	22 (5.8%)	14 (11.7%)	189 (100%)
A ₄	98 (51.8)	78 (41.3%)	0 (0.0%)	13 (6.9%)	0 (0.0%)	189 (100%)
A ₅	21 (11.1%)	69 (36.5%)	31 (16.4%)	57 (30.2%)	11 (5.8%)	189 (100%)
B						
B ₁	30 (15.9%)	76 (40.2%)	11 (5.8%)	49 (25.9%)	23 (12.2%)	189 (100%)
B ₂	11 (5.8%)	65 (34.4%)	6 (3.2%)	93 (49.2%)	14 (7.4%)	189 (100%)
B ₃	45 (23.8%)	87 (46.0%)	0 (0.0%)	38 (20.1%)	19 (10.1%)	189 (100%)
B ₄	29 (15.3%)	56 (29.6%)	26 (13.8%)	47 (24.9%)	31 (16.4%)	189 (100%)
B ₅	42 (22.2%)	93 (49.2%)	11 (5.8%)	31 (16.4%)	12 (6.4%)	189 (100%)
B ₆	43 (22.7)	76 (40.2%)	26 (13.8%)	35 (18.5%)	9 (4.8%)	189 (100%)
B ₇	41 (21.7)	113 (59.8%)	0 (0.0%)	28 (14.8)	7 (3.7%)	189 (100%)
C						
C ₁	41 (21.6%)	102 (54%)	0 (0.0%)	37 (19.6%)	9 (4.8%)	189 (100%)
C ₂	41 (21.7%)	98 (51.9%)	18 (9.5%)	21 (11.1%)	11 (5.8%)	189 (100%)
C ₃	42 (22.2%)	91 (48.2%)	13 (6.9%)	32 (16.9%)	11 (5.8%)	189 (100%)
C ₄	39 (20.6%)	98 (51.9%)	12 (6.3%)	31 (16.4%)	9 (4.8%)	189 (100%)
C ₅	24 (12.7%)	104 (55.0%)	2 (1.1%)	53 (28.0%)	6 (3.2%)	189 (100%)
C ₆	41 (21.7%)	97 (51.3%)	4 (2.1%)	38 (20.1%)	9 (4.8%)	189 (100%)

4.1.3 Test of hypothesis two

H₀: Internal controls are not adhered to in SMEs

H₂: Internal controls are adhered to in SMEs

The calculated chi square value (X^2) is 205.29. The p-value of 205.29 using a significance level of 0.05 and a 24 degree of freedom is < 0.00001. Since the p-value is less than 0.05, the null hypothesis (H₀) is rejected and the alternate hypothesis (H₂) is accepted. Hence, it is concluded that internal controls are adhered to in SMEs.

4.1.4 Test of hypothesis three

H₀: Internal controls implemented are not effective in curbing fraudulent practices and misconduct in SMEs.

H₃: Internal controls implemented are effective in curbing fraudulent practices and professional misconduct in SMEs.

The calculated chi square value (X^2) is 56.3637. The p-value of 56.3637 using a significance level of 0.05 and a 20 degree of freedom is 0.000026. Since the p-value is less than 0.05, the null hypothesis (H₀) is rejected and the alternate

hypothesis (H₃) is accepted. Hence, it is concluded that internal controls implemented are effective in curbing fraudulent practices and professional misconduct in SMEs.

5. DISCUSSION OF FINDINGS

From the test carried out on hypothesis one, since the p-value (< 0.00001) is less than 0.05, the null hypothesis (H₀) was rejected and the alternate hypothesis (H₁) was accepted. Hence, the research revealed that internal controls are put in place in SMEs. This result is in agreement with the research of Adedeji and Olubodun [22] who stated that most small scale manufacturing enterprises have internal control activities and they consist mainly of employment of competent staff, authorisation and approval procedures for transactions, documentation and record retention, time and leave reporting, monitoring operations, new technologies, physical restrictions and segregation of duties.

From the test carried out on hypothesis two, since the p-value (< 0.00001) is less than 0.05, the null hypothesis (H₀) was rejected and the alternate hypothesis (H₂) was accepted. Hence, the research revealed that internal controls are adhered to in SMEs.

From the test carried out on hypothesis three, since the p-value (0.000026) is less than 0.05, the null hypothesis (H_0) is rejected and the alternate hypothesis (H_3) is accepted. Hence, the research revealed that when internal control is properly implemented it will be internal controls implemented are effective in curbing fraudulent practices and professional misconduct in SMEs.

These findings agree with the research of Edori and Ogaluzor [4] who stated that there is a significant relationship between internal control system, and embezzlement and payroll fraud. Also, the relationship is on the negative direction, that is, increase in internal control system, using segregation of duty, internal check and proper procedure for authorization, will result to a decrease in embezzlement and payroll fraud in SMEs.

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

Fraud and professional misconduct occur in various kinds of organizations. Small and medium-scale enterprises are more susceptible to fraud and professional misconduct. Based on the findings of the study, internal controls are implemented and adhered to in many Enugu SMEs. Some of these internal controls implemented by SME owners include installation of security cameras and locks, evaluation of employee performance, segregation of employee duties, authorization of transactions, unannounced on-the-spot checks and establishing a code of conduct. However, majority of Enugu SMEs do not prepare financial statements according to the relevant standards. From the research, the internal controls implemented in these SMEs are effective in reducing fraud and professional misconduct. They provide measures to ensure that the assets are protected and well managed, and employees exhibit good conduct.

6.2 Recommendations

In carrying out this research, it was observed that the SMEs that implement internal controls are more of medium scale enterprises than small scale enterprises. It was also discovered that although many SMEs segregate duties, have security measures and procedures, perform periodic evaluations, and authorize transactions,

many SMEs do not keep proper financial records and financial statements. Thus, the following recommendations were made:

1. Owners and managers of SMEs should continue to implement internal controls, and evaluate existing internal control systems.
2. Proper records should be kept and financial statements should be prepared periodically. This would strengthen the internal control system as it would aid in monitoring cash flow, and movement of inventory and other assets in the enterprise.
3. Small-scale enterprises that do not have internal controls are advised to establish such and implement them. This study recommends that owners and managers of small-scale enterprises should establish and implement internal control activities to reduce the risk of fraud and professional misconduct in their enterprises. Moreover, these activities help to improve the general efficiency of operations.

DISCLAIMER

The products used for this research are commonly and predominantly use products in our area of research and country. There is absolutely no conflict of interest between the authors and producers of the products because we do not intend to use these products as an avenue for any litigation but for the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by personal efforts of the authors.

CONSENT

As per international standard or university standard, respondents' written consent has been collected and preserved by the author(s).

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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APPENDIX 1

Questionnaire Distributed:

The existence of internal controls	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
There are approved written policies and internal operating procedures for all aspect of the organization.						
Employees’ performances are periodically evaluated against established standards and, findings are documented.						
Responsibilities and duties are properly segregated, so no single employee is responsible for all phases of a task.						
Procedures and measures are put in place to safeguard the enterprise’s assets from damage and theft.						
The overall effectiveness of the control system is routinely evaluated						
Adherence to internal controls						
All employees possess strong ethical and personal values and comply with the SMEs’ policies and procedures.						
The financial statements of the SMEs’ are prepared and reviewed accurately according to relevant standards and the SMEs’ policies by authorized personnel.						
The SMEs’ assets and funds are not used for personnel or unauthorized purposes.						
All records/cards/register are regularly updated						
Unannounced on the spot checks are carried out from time to time						
There are no unusual differences in departmental accounts and inventory counts						
Only official and authorized transactions are carried out.						
Effectiveness of Internal control in curbing fraud and professional misconduct						
Security procedures protect the SMEs’ assets from theft						
Periodic performance evaluation curtails fraudulent practices and misconduct of employees						
Segregation of duties minimizes the occurrence of fraud and misconduct in the SMEs.						
The SMEs’ establishes code of conduct						
Control environment is effective in making employees uphold integrity and good ethical conduct.						
Proper authorization of transactions and other activities are effective in reducing the occurrence of fraud and professional misconduct.						

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