

Internal Control Mechanisms for Prevention of Accounting Errors and Frauds in Educational Institutions in Nepal

Harka Bir Rai

Reader, Diktel Multiple Campus, Faculty of Management

PhD Scholar, Sikkim Professional University, Sikkim

harka386@gmail.com

DOI:<https://doi.org/10.3126/dmcj.v10i9.90577>

Abstract

This study aims to examine the prevalent internal control mechanisms in educational institutions and the impact in prevention of accounting errors and fraud. The data were gathered by 65 structured questionnaires from the head teacher, campus chief, accountants, teachers and auditors. The descriptive statistics were used to analyze the data. Hypotheses were formulated and tested based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. The relation among the five points of the COSO framework and the prevention of accounting fraud and errors was established by formulating a hypothesis. It was found that the majority of the public schools, compared to private and higher educational institutions (campuses), do not have a strict internal control policy. According to the study's findings, the five components of the COSO framework have a positive correlation with the prevention of accounting fraud and errors. The study recommended that better implementation of an internal control system prevents fraud and decreases financial misconduct.

Keywords:

Internal control system, Accounting Fraud and Errors, COSO Framework, Educational Institutions, Financial Irregularities

Background of the Study

In Nepal, the educational institutions are fair and maintain financial integrity. The cases of fraudulent activities are very rare, but the large budget for developing infrastructure is being allocated every year. The private schools are registered under company act, and the taxes are levied under the provisions of the Companies Act. In these connections, there are chances of the misappropriation of the budget and accounting fraud. Fraud has emerged as a serious danger to the long-term viability of organizations in the more dynamic and complicated modern corporate environment (Rahman et al., 2024). Internal control systems serve as essential barriers against such dangers by facilitating accurate financial reporting and safeguarding institutional assets. According to the Association of Certified Fraud Examiners (ACFE), fraud costs multinational corporations about 5% of their yearly profits (ACFE, 2022). Empirical research shows that companies with a strong internal audit record

have up to 50% lower fraud incidents than those without an internal audit function (Sukandani et al., 2024).

These concerning statistics show that fraud is a serious problem for company governance and operational integrity (Mousavi et al., 2022). Beyond only financial losses, fraud has far-reaching effects such as damaged reputation, legal repercussions, and mistrust among stakeholders. (Umoh & Ofurum, 2024). This calls for the creation of thorough fraud prevention plans that are included at all organizational levels (Oyedotun et al., 2023). The present study is targeted to explore the different internal control systems in educational institutions and evaluate how well they work to prevent fraud and accounting mistakes. When internal auditors function independently, competently, and with organizational support, fraud prevention is most successful (Oyedotun et al., 2023). Hendri & Sari (2023) and Ekasari et al. (2024) mainly examined how well internal control systems aid in preventing fraud. Furthermore, research like Melinda et al. (2022) emphasized how crucial managerial support is. Fraud prevention is a systematic effort to eliminate the factors that allow fraud to occur, namely pressure, opportunity, and rationalization - as described in the Fraud Triangle theory (Cressey, 1953). These tactics are both proactive and reactive in fostering an open and responsible workplace. Additionally, for prevention to be implemented effectively, all organizational components from top management to operational staff must be involved. Without this collective commitment, various anti-fraud programs risk becoming symbolic without any real impact in reducing fraud rates (Adi et al., 2023). According to Wells (2014), the effectiveness of fraud prevention strategies is much higher than relying solely on fraud detection. Prevention lowers any monetary losses and enhances the company's prestige as a morally and legally upright organization. Some preventive measures that have proven effective include systematic segregation of duties, routine reconciliation of financial accounts, consistent enforcement of discipline against policy violations, and development of anonymous reporting channels such as whistleblower systems (Haryanto & Ardillah, 2022).

Maximum research has been conducted in the area of banking, production and service organizations about internal control effect in controlling of fraud and errors. There are gaps in studies under the educational institutions in Nepal in the case of the internal control system and fraud prevention. According to the findings of Rai (2024), fraud-and-error prevention in secondary schools was strongly positively correlated with each of the five COSO internal control components.. IC implementation is perceived to have a positive contribution to accountability enhancement and fraud mitigation (Sofiya et al., 2022). In order to fill these gaps, this study examines internal control mechanisms in educational institutions.

Statement of the Problem

Fraud is getting more common in today's organizational systems, which are becoming more complicated and demanding. The significance of preserving and creating strong safeguards against fraud risk is highlighted by this increase. Because uncertainty and disturbance frequently result in the circumvention of established systems and controls, fraud thrives (Bonrath et al., 2024). The accounting frauds and errors are becoming a serious problem in every sector. According to the Commission for the Investigation of Abuse of

Authority (CIAA) 2024 report, in Nepal, especially in cooperative organizations, tax authorities, banking sectors, public enterprises, and educational institutions, many more financial irregularities and frauds have seen. Asset embezzlement, cash misuse and misappropriation are increasing day to day. The cases of frauds are increasing. Nonprofit organizations lost dollar 27.9 million to fraud, with educational institutions particularly vulnerable, despite having internal control measures in place (Archambeault et al., 2015). Ongoing challenges such as financial misreporting and ineffective management raise concerns regarding the effectiveness of internal control systems (Rahman et al., 2024).

According to the International Professional Practices Framework, internal auditors are essential in fostering accountability and reducing the risk of fraud (IIA, 2022). Effective anti-fraud measures and COSO components were found to have a good association (0.91 to 0.99) in a study on secondary schools in Nepal, but it also revealed enduring issues including managerial override and human error. These problems are made worse by the absence of government monitoring and uniform internal controls (Bhattarai and Sharma, 2023). Due to growing budgets and digital transactions, educational institutions are still susceptible to accounting fraud as a result of increased scrutiny, especially after the pandemic. This emphasizes the need for improved Internal Control Systems (Williams & Chen, 2023; Müller & Schmidt, 2022) to guarantee financial integrity in the industry. The study aims to find out the present internal control system used in EIs for the prevention of accounting fraud and errors. Notably, the Commission for the Investigation of Abuse of Authority (CIAA) in Nepal has identified fraud cases in public schools, with ongoing legal proceedings highlighting the need for effective internal controls in educational institutions. Investigating the internal control system and determining the statistical correlation between its elements and the prevention of accounting fraud and errors is another crucial aspect of the research.

Similarly, studies conducted since 2021 have found notable implementation gaps in higher education institutions throughout the world. While many HEIs design internal control systems, actual practice is weak due to a lack of resources, leadership commitment, inadequate training, and low awareness, according to a study in "Internal control implementation in higher education institutions: determinants, obstacles and contributions toward governance practices and fraud mitigation" (Sofyani et al., 2022).

Research Objectives

The study focuses about the internal control systems implemented in the educational institutions. The main objectives of the study are:

- i. To identify the current internal control mechanisms in place within educational institutions.
- ii. To evaluate the impact of these mechanisms in prevention accounting errors and fraud.

Research Questions

- i. What are the existing internal control mechanisms utilized by educational institutions?

- ii. How effective are these internal control mechanisms in preventing accounting errors and fraud?

Literature Review

Supporting Theories

COSO Model

The Committee of Sponsoring Organizations of the Treadway Commission framework, or COSO model, was established in 1992. The American Institute of Certified Public Accountants (AICPA), the Institute of Internal Auditors (IIA), the American Accounting Association (AAA), and the Institute of Management Accountants (IMA) were among the organizations that founded it. The COSO model provides a framework to help companies ensure the accuracy and reliability of their financial reporting as well as the efficacy and efficiency of their internal control and risk management systems.

The COSO Model consists of five components:

Control Environment (CE)

The control environment, which emphasises integrity and internal control through structure, rules, oversight, ethics, and managerial commitment, is crucial to organizational culture. In addition to enforcing discipline, legal compliance, and best practices, it also shapes the company's culture, which is summed up in the idea of "tone at the top."

Risk Assessment (RA)

For organizations to identify and address the possible risks that could impede the accomplishment of their objectives, risk management and assessment are essential. Setting goals, determining the significance of risks, detecting and assessing both internal and external risks, and developing management plans are all part of this process. Finding practical ways to address these risks is crucial for cooperative groups in order to achieve their goals.

Control Activities (CA):

Information & Communication (IC): Efficient communication is vital for minimizing risks through management's control measures, such as account reconciliation, job separation, asset controls, IT controls, permission procedures, and performance evaluations. These measures are essential for smooth business operations and alignment with corporate goals. Effective internal and external communication facilitates decision-making and supports information management systems that help individuals perform daily activities.

Monitoring Activities (MA): Monitoring operations require on going evaluations or independent reviews by management or people to determine the efficacy of internal control systems. Regular control monitoring, periodic evaluation, reporting of deficiencies and corrective action are some of these activities. It is essential to track the effectiveness of internal controls over time, and companies can maintain this by continuing to regularly monitor and assess the internal control system.

Agency Theory

However, in the Indonesian context, agency theory is more frequently linked to the opinions of Shleifer & Vishny (1997), who stress that corporate control, ownership structure, and corporate governance mechanisms have a greater impact on conflicts of

interest between managers and shareholders. In this instance, the internal auditor acts as a crucial oversight tool to lower the possibility of managers acting opportunistically. Jensen & Meckling initially created agency theory in 1976 to describe the connection between principals (capital owners) and agents (managers), which may result in conflicts of interest. the interests of shareholders. Agency Theory was developed by Shleifer & Vishny (1997). The importance of internal audits in reducing agency costs, increasing transparency, and improving overall organizational effectiveness is very relevant to the conditions of companies in Indonesia (Budiarto & Nugraha, 2024).

Fraud Triangle Theory

According to Cressey (1953), fraud happens when three key elements come together at the same time: first, pressure, which encourages people to commit fraudulent acts; second, opportunity, which includes internal control flaws that permit fraud to happen; and third, rationalization, which is the individual's personal defense of these unethical acts. In this instance, internal auditors help reduce opportunities for fraud by bolstering the internal control system, lowering rationalization by fostering an integrity-based culture across the company, and helping the company identify and address pressure factors that may affect employees.

Reviews of Previous Studies

International Context

Otoo et al. (2023) found that internal control systems play a crucial role in boosting organizational effectiveness within the banking sector, particularly through control activities, control environments, and risk assessments, whereas monitoring and communication showed less influence. In Lebanon's commercial sector, Ghanem and Awad (2023) highlighted that strong internal control frameworks, featuring clear segregation of duties, consistent audits, and ethical initiatives, contribute to reducing fraud and safeguarding assets. Building on this, Hassan and Kelkar (2025) demonstrated that fraud prevention strategies do more than just protect organizations they also enhance overall performance, indicating that investing in these controls brings compliance and operational benefits. Novatiani et al. (2024) emphasized the importance of skilled internal auditors, showing that their technical proficiency is key to conducting thorough audits that help prevent fraudulent financial reporting when supported by solid internal controls. Bonrath and Eulerich (2024) discovered that a solid corporate governance structure greatly boosts the internal audit function's role in preventing and detecting fraud, noting that while stronger ties with management increase audit activity against fraud, too much involvement with the audit committee can actually limit this effort, suggesting that well-designed governance empowers auditors to better manage fraud risks. Lastly, Hikmah et al. (2022) revealed that effective internal controls combined with a strong ethical culture play a vital role in reducing accounting fraud, particularly in village governments, while discrepancies in information between managers and stakeholders often lead to increased fraud risk. Their study highlights the need for both technical control measures and ethical frameworks to address the root causes of fraud, such as opportunity and rationalization.

Research by Abdul et al. (2024) and Lukman with Chariri (2023) makes it clear that solid internal auditing leads to stronger finances and better handling of fraud risks, especially when paired with good detection methods though standalone prevention steps often don't pack much punch without that audit backbone. In places like schools and universities, dealing with student fees, research funding, and supplier deals in ways similar to local governments or banks, the takeaway is straightforward: build dedicated audit groups that zero in on spotting issues while keeping a close eye on money flows to protect assets and keep things running smoothly. Abdul et al. (2024) pulled together insights from Sierra Leone's local councils through surveys, crunched the numbers with SPSS 26, and saw that internal audits genuinely lift financial results in public setups, even as fraud prevention barely moves the needle; on the flip side, sharp detection setups deliver real gains. It boils down to audits offering hands-on checks and responsibility that matter most, particularly where budgets are tight and forward-thinking safeguards don't stand alone. Meanwhile, Lukman and Chariri (2023) talked to 80 bank auditors via questionnaires, backing up how these pros sit at the heart of stopping and catching fraud with hard data, stressing their spot-on skills and freedom to catch glitches like dodgy deals right away. They point out that auditors need real expertise and no strings attached to handle sector quirks such as fiddled records. Campuses spread out money handling across offices and projects, just like those councils, opening doors to slip-ups in funding claims, billings, or buying goods. Big schools churn through tons of payments too, echoing banks, so having auditors lead the charge on early warnings is key to jumping in fast. The findings demonstrated that internal auditors have a major influence on efforts to prevent and detect fraud. Internal auditors play a significant role in effective fraud prevention, as evidenced by their increased efforts.

National Context Review of Literature

Bhusal T.P. (2024) showed that solid internal controls make a real difference in strengthening finances for cooperatives around Butwal, Nepal, by streamlining how money is handled and leading to stronger results overall. On the banking side, Libi and Pokhrel (2023) pinpointed what matters most for stopping fraud: alert customers, cutting-edge tech, helpful government rules, plus tackling sneaky motives and money stresses that push people toward bad choices. Maharjan's findings stress how awareness drives really cut down on tricks like social engineering, especially since more than 70% of folks have gotten hit with phony lottery texts on WhatsApp calling for steady public education to build tougher defenses. Rai H.B. adds that in schools, the building blocks of internal controls do help fend off fraud, but slip-ups by staff and top-down meddling from leaders often create weak spots.

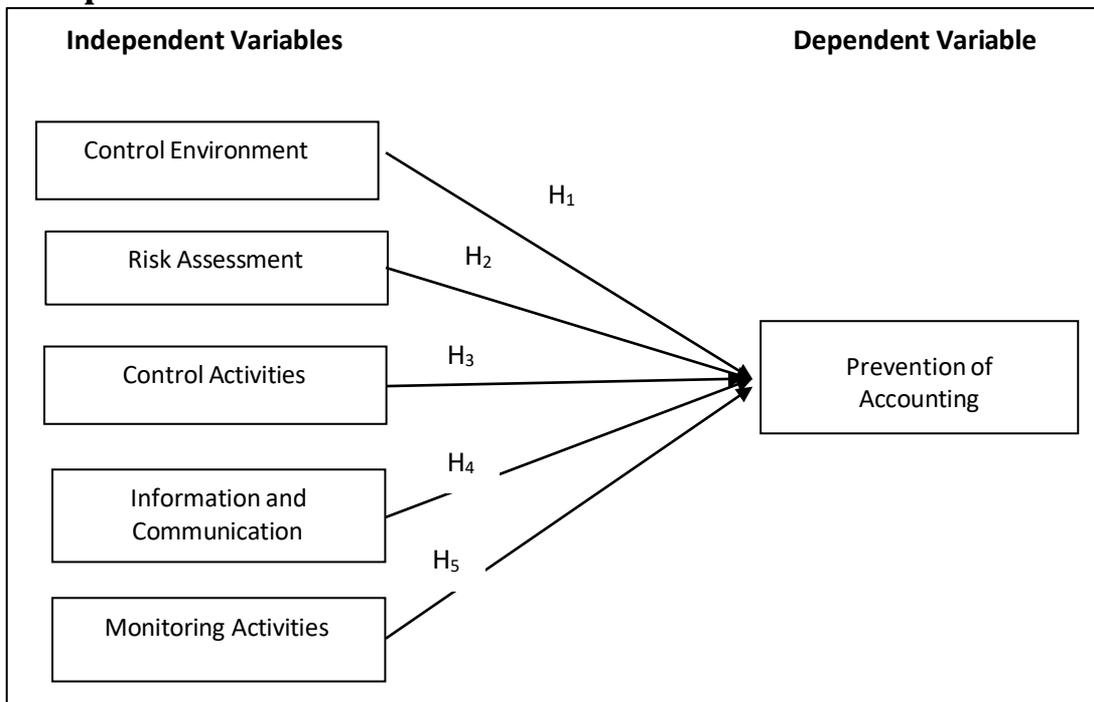
Sapkota's 2022 study underscores the effectiveness of Nepal's public sector audit policy, highlighting the need for better financial governance and accountability through improved audit reports. Ghimire et al. (2024) reveal in their Pokhara Valley survey that insurance fraud severely impacts insurers, eroding trust and causing financial instability; they suggest a multi-faceted anti-fraud framework including legal reforms and advanced detection technologies. Limbu's 2024 study emphasizes the importance of identifying

mistakes for maintaining audit quality, with factors like audit expertise and professionalism being more significant than experience. Parajuli (2022) demonstrate that risk assessment and effective monitoring enhance internal control in Nepalese insurance companies, promoting transparency and accountability.

Research Gap

The majority of current research on fraud prevention and internal controls in educational institutions is on developed western economies or other Asian contexts, such as China and India. Because of Nepal's distinct socioeconomic environment, regulatory framework, and cultural influences on governance, the results of these studies cannot be directly applied there. Empirical studies that examine the particular vulnerabilities, control flaws, and operational realities within Nepalese educational institutions which range from community schools to sizable private colleges and universities are severely lacking. Although (COSO) framework is still not used in EIs in Nepal.

Conceptual Framework



According to the COSO Framework, the independent variables of the internal control system are control environment, risk assessment, control activities, information and communication, and monitoring, which are important elements. The independent even is the prevention of accounting fraud and errors. Institutions can reduce fraud opportunities and improve accountability by establishing strong procedures and cultivating an ethical culture.

By identifying risks specific to educational environments, effective risk assessments make it easier to implement control measures like frequent financial audits and job segregation. Enhancing information flow also guarantees accurate and timely reporting, which is essential for transparency. Overall, this framework shows how educational institutions in Nepal may greatly reduce financial mismanagement and promote an atmosphere of integrity and trust in their financial operations by implementing thorough internal control measures.

Hypothesis Formulation

Based on the literature gaps and theoretical frameworks COSO model, the following hypotheses are formulated:

H₁: The Control Environment has a positive effect on prevention of accounting errors and fraud in educational institutions.

H₂: Risk Assessment practices are positively and significantly associated with reduced accounting errors and fraud.

H₃: Control Activities positively and significantly affect the prevention of accounting errors and fraud.

H₄: The quality of Information and Communication within the institution is positively related to the effectiveness of fraud and error prevention.

H₅: Monitoring Activities have a positive relation on prevention of accounting errors and fraud.

Research Method

This section describes the research design, population and sampling, data collection methods, measurement of variables, and data analysis procedures to be used in exploring internal control mechanisms in educational institutions for the prevention of accounting errors and frauds.

Research Design

After selecting the issues of a research, a researcher formulates a plan and framework incorporating the activities that are to be performed from the beginning till the end for completing research work, which is the research design. It incorporates the blueprint for the collection, measurement and analysis of the data (Adhikari & Pandey 2024). A mixed-methods research design is adopted. The quantitative approach uses descriptive statistics, and the component will test hypotheses concerning the relationships between internal control components, risk of accounting errors and fraud. Qualitative data are gathered from semi structured interview. The objectives of the study can be fulfilled and strong support by mixed method research approach. *Triangulation* findings from various data sources, the use of several approaches improves the validity and dependability of the research findings.

Population and Sample

The population of the study is all the educational institutions in Nepal. They are consists public, private schools and higher-level institutions. The sample was selected from Koshi province, Nepal.

Sampling method

Purposive sampling for the institutions, followed by stratified random sampling for the respondents head teacher, account heads, auditors and teachers for both questionnaire and qualitative interview. The study will employ a stratified random sampling technique to ensure proportional representation of different types of educational institutions:

Strata 1: Public vs. Private institutions

Strata 2: Schools vs. Colleges

Strata 3: Urban vs. Rural locations

Simple random sampling will be used to select a sample from each stratum. Statistical power analysis will be used to calculate the overall sample size, taking into account population variability, the margin of error (5%), and the confidence level (95%). For a reliable statistical analysis, a minimum sample size of 200 institutions (50 per stratum) is suggested.

The sample size were determine using the Taro Yamane (1967) formula. The numbers educational institutions and related manpower is finite. The Formula is used in the case of a finite population Size.

$$n = \frac{N}{1 + N \cdot \alpha^2}$$

Where N = Total Population

α = Level of Significance (Assume 95 % Level of Significance)

$$\alpha = 0.05$$

The sampling techniques will be the non-probability Convenience Sampling will be applied.

Data Collection Methods

The quantitative data are collected through semi structured questionnaire, adapted from literature COSO components, prior studies on internal control and fraud prevention). Items on control environment, risk assessment, control activities, information & communication, monitoring activities. Also, the qualitative data was gathered from Semi-structured interviews with the head of the organization, internal auditors, and finance heads.

Data Analysis Techniques

The quantitative data are analyzed by descriptive statistics as well as using SPSS software. Analysis of Interview data audio files containing the qualitative information gathered from interviews was stored on a digital recording device. The data turned into text by transcribing it, making text analysis possible. The interpretive approach, which includes data reduction, data display, and conclusion drawing, was then used to examine the text data narratively (Miles & Huberman, 1992; Sekaran & Bougie, 2016). The text data was interpreted using an inductive theme analysis, as suggested by Braun and Clarke (2006). Data reduction, data display, deriving conclusions, and verification from initial operations are the three primary activities that make up the processes. Four assessments of interview data credibility, transferability, dependability, and confirmability would be carried out for data quality assurance (Guba & Lincoln, 1989; Long & Johnson, 2000; Morse, Barrett, Mayan, Olson, & Spiers, 200

Discussion and Conclusion

71 questionnaire were distributed and five organizational heads semi structure interview were conducted to collect the data. 65 complete responses were received and other 6 were found partially as well as not returned. . 30.8% Head of the Institutions, 33.8% teachers, 29.20 % Account Head and 4 Auditor were involve as a respondents. The analysis of the respondent result is represented in tabular form and is shown below:

Table 1

Provision of Internal Check

S.N.	Frequency of Provision of Internal Check (Yes)		Frequency of without Provision of Internal Check (No)		Total
	Numbers	Percentage	Numbers	Percentage	
Public School	13	30.95%	29	69.01%	100%
Private School	7	77.78%	2	22.22%	100%
Campus	12	85.71%	2	14.29%	100%
Total	32		33		65

Sources: Interview and Questionnaire Survey 2025

Table 1 represents 30.95% were found the public School have provision of internal check but 69.01% were not. 77.78% private school have the provision of internal check and 22.22% are not. Similarly 85.71% campuses were found the provision of internal check and 14.29% were not. The result can be conclude that public schools have majority of without provision of internal control and campuses have high percentage of provision of internal check.

Table 2

Provision of Internal Audit Committee

S.N.	Frequency of Provision of Internal Audit Committee (Yes)		Frequency of without Provision of Internal Audit Committee (No)		Total
	Numbers	Percentage	Numbers	Percentage	
Public School	13	30.95%	29	69.01%	100%
Private School	7	77.78%	2	22.22%	100%
Campus	12	85.71%	2	14.29%	100%
Total	32		33		65

Table 2 represents the provision of Internal Audit Committee. 30.95% of the public schools have provision of Internal Audit Committee, 69.01% have no provision. 77.78% private schools have provision of Internal Audit Committee, 22.22% were not. Similarly 85.71% Campuses have the standing audit committee. Also it was found that all the educational institution conducted yearly internal audit before the final audit.

Table 3

The Availability of policies and procedures of Internal Control

S.N.	(Yes)		(No)		Total
	Numbers	Percentage	Numbers	Percentage	
Public School	42	100%	-	-	100%
Private School	6	50%	3	50%	100%
Campus	7	50%	7	50%	100%
Total	55		10		65

Sources: Interview and Questionnaire Survey 2025

Table 3 represents the availability of policies of the organizations for the Internal Control. The research result shows that 100% public schools have the policies of Public Hearing Program about accounting record every year but it is no complete system 50% private Schools and 50% Campuses have the Internal control policies by Act.

Table 4

Use of Accounting Software

S.N.	(Yes)		(No)		Total
	Numbers	Percentage	Numbers	Percentage	
Public School			42	100%	100%
Private School	6	66.67%	3	33.33%	100%
Campus	4	28.57%	10	71.42%	100%
Total	10		55		65

Sources: Interview and Questionnaire Survey 2025

Table 4 represents the use of software system in maintain and recording of the accounting transactions. It is found that 100% public schools have not any use of accounting software. 33.33% private schools found the use, and 28.57% campuses are using the accounting software system.

Table 5

The Staff Training for Internal Control

S.N.	(Yes)		(No)		Total
	Numbers	Percentage	Numbers	Percentage	
Public School	-	-	42	100%	100%
Private School	-	-	9	100%	100%
Campus	6	42.86%	8	57.14%	100%
Total	6		59		65

Sources: Interview and Questionnaire Survey 2025

Table 5 represents the provision of staff training for internal control in educational institutions. There is no any provision of staff training program in public and private schools. 42.86% campuses have run the staff training program.

Table 6

Reliability Test

	Coefficient of Correlation	Cronbach's Alpha
CE	.683	.873
RA	.746	.863
CA	.788	.856
IC	.563	.892
MA	.855	.847

Sources: SPSS Result Analysis 2025

Table 6 represents the reliability test result displayed by SPSS Version 28. All the value of Cronbach's Alpha is more than 0.70. The Reliability and Consistency of the date are generally considered adequate.

Table 7

Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.903 ^a	.816	.800	.31802

Sources: SPSS Result Analysis 2025

a. Predictors: (Constant), Monitoring Activities, Control Environment, Control Activities, Risk Assessment, Internal Control.

Table 8

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.179	.383		.039	.641
	CE	.050	.081	.053	.029	.538
	RA	.003	.084	.003	.032	.974
	CA	.358	.072	.409	0.08	.000
	IC	.360	.084	.400	.017	.000
	MA	.187	.069	.200	.08	.009

Sources: SPSS Result Analysis 2025

- a. Dependent Variable: Prevention of Frauds and Error
 Dependent Variable=Y, Prevention of Accounting Frauds and Errors
 Independent Variables:
 Control Environment=CE(X₁)
 Risk Assessment=RE(X₂)
 Control Activities=CA(X₃)

Information and Communication=IC(X₄)

Monitoring Activities=MA(X₅)

Errors=e

and the regression Model is:

Y is the dependent variable, and $Y = \beta_0 + \beta_1. X_1 + \beta_2.X_2 + \beta_3.X_3 + \beta_4.X_4 + \beta_5.X_5 + e$

$Y = 0.179 + 0.05 X_1 + 0.003 X_2 + 0.358 X_3 + 0.36 X_4 + 0.187 X_5 + e$

In this study, a multiple regression model was used to compare independent variables and the dependent variable, which is the prevention of accounting frauds and errors. The following organizational framework was used in the model.

Table 9

Regression Coefficient

Hypothesis Testing

Hypothesis	P Value	Significance Level	Accepted /Rejected
H1	CE	.029 0.05	Accepted
H2	RA	.032 0.05	Accepted
H3	CA	0.08 0.05	Accepted
H4	IC	.017 0.05	Accepted
H5	MA	.08 0.05	Accepted

Sources: SPSS Result Analysis 2025

Table 9 represents the result of Hypothesis Testing. The p value are 0.29,.032,.08,.017 and .08 are less than significance values .05. Thus H₁,H₂,H₃,H₄,H₅ are accepted . The p value are 0.29,.032,.08,.017 and .08 are less than significance values .05. The result of hypothesis testing based on COSO framework is: The CE has a positive and significant effect on prevention of accounting errors and fraud in educational institutions. RA practices are positively and significantly associated with reduced accounting errors and fraud. CA positively and significantly affect the prevention of accounting errors and fraud. The quality of IC within the institution is positively related to the effectiveness of fraud and error prevention. Monitoring Activities have a positive and significant impact on prevention of accounting errors and fraud.

Findings and Implication

A total of 71 questionnaires were distributed, yielding 65 completed responses, representing a substantial response rate. It was found that there were not the job rotation policy due to the limited accounting manpower. The external audit was mandatory found once a year. Within the sample, 30.95% of public schools, 77.78% of private schools, and 85.71% of campuses reported having provisions for an Internal Check System. This indicates that campuses predominantly implement such systems, whereas public schools exhibit a lower prevalence of these provisions. Furthermore, the presence of Internal Audit Committees was notably high in campuses at 85.71%, contrasted with a mere 30.95% in public schools and 77.78% in private institutions. Additionally, it was observed that the

frequency of both internal and external audits in these educational entities occurs only once annually, despite the establishment of Internal Audit Committees.

Also, all educational institutions have a provision for rotation of duties among the accounting employees. It was due to single person appointment in many schools. Availability of policies of the organizations for the Internal Control. The analysis of respondents' responses shows that 100% public schools have the policies of Public Hearing Program about accounting records every year, but there is no complete system 50% private Schools and 50% Campuses have the Internal control policies by Act. In the case of using a software system in maintaining and recording accounting transactions, no public schools use it, 33.33% private schools, and 28.57% campuses are using. About the provision of staff training for internal control in educational institutions, only 42.86% of the campuses reported that they are running staff training.

The result of the hypothesis testing according to the COSO framework is accepted. The CE has a positive and significant effect on the prevention of accounting errors and fraud in educational institutions. RA practices are positively and significantly associated with reduced accounting errors and fraud. CA positively and significantly affect the prevention of accounting errors and fraud. The quality of IC within the institution is positively related to the effectiveness of fraud and error prevention. Monitoring Activities have a positive and significant impact on the prevention of accounting errors and fraud.

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