Internal Control System on Fraud Detection: Nigeria Experience

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The study focused on evaluation of the effects of internal control system on fraud detection in selected Nigerian commercial banks. Data were analyzed using General Least Square Regression Analysis, Correlation Analysis, Panel Data Analysis. Results were statistically significant at 5% with 95% degree of freedom; internal control system 0.532$^{(**)}$ and 0.423$^{(**)}$. Fraud detection 0.338$^{(**)}$ with correlation being significant at 5% level and 0.234$^{(***)}$ relationship between ICS and FD at the significant level of 0.001. Improved employee training, 0.338$^{(**)}$ and 0.234$^{(**)}$ with correlation being significant at 5% level and 0.524$^{(***)}$ relationship between ET and FD at the significant level of 0.001.

INTRODUCTION

Internal control systems can be described as the whole system of control, financial and otherwise established by management in order to carry on the business of the enterprises in an orderly and efficient manner. It involves the control environment and control procedure, all the policy and procedure adopted by the directors and management of an entity to assist in achieving their objectives, including adherence to internal policies, the safe-guarding of assets, the prevention and detection of fraud and error as well as the completeness and accuracy of records, with the timely preparation of reliable financial information (Benjamin, 2001).

It is necessary that every bank must have an internal audit department to ensure that accounting systems provide an efficient means of recording and reporting financial transactions, providing management information and protecting the company's asset from fraud and misappropriation (Achibong, 1993). One of the most effective systems for detecting fraud is internal control, which is a system by definition, operating in the same environment as the fraud itself and serving as an effective, formidable adversary to the fraud scheme and that the definition of internal control, described as a process, framework, or function, do not touch upon systematic concepts (Mcshane, 2007).The most widely used definition is that of the Committee of Sponsoring Organizations of the Treadway Commission (COSO,ICIF, 1994): a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations. (COSO, ICIF, 1994).

Fraud, on the other hand, can be defined as an act of deliberate deception with the aim of securing a personal benefit by taking advantages of other. Also, it could simply be put as the misappropriation, theft or embezzlement of corporate assets in a particular economic environment in the simplest thinking" it is also known as "stealing by tricks" (Achibong, 1993). It is the trusted and valued employee who generally commits business fraud. When frauds are discovered, there is often shock and disbelief that they could have committed such an act. The perpetrator of business fraud could be "the person next door." This person is likely to be a married male with a family, religious affiliation, and above average education (Russell and Norvig, 2003).

In most cases, offenders do not view stealing from companies as harmful; they may think that the crime was victimless; and they do not view their theft as being devastating or costly to the business. Many frauds occur because the opportunity exists and the perpetrator does not believe he/she will be caught. In many cases the offender has "little or no criminal self-concept and offenders view violations as part of their work" Further; they usually minimize their crime since it results in minor losses for a large volume of clients; no one client is usually targeted for the crime.

It has been an ongoing issue for thousands of years and continues to be a problem today. There are several definitions for fraud as a legal (or criminal) concept. According to the Encyclopedia Britannica, (2009), it is "the deliberate misrepresentation of fact for the purpose of depriving someone of a valuable possession. Although fraud is sometimes a crime in itself, more often it is an element of crimes such as obtaining money by false pretense or by impersonation" To understand the components of fraud, a systematic approach is in order. As a system, fraud involves victims and perpetrators, and as a structure, it involves a fraud scheme. It can be evaluated as an open system, and the challenge is to evaluate the weaknesses of this system in order to impact it (detect, prevent, or deter).

It can be seen as the intention, deception, misrepresentation, omission or concealment of the truth for the purpose of obtaining unlawfully the assets of the bank, which is the major reason for setting up on internal control system, has become a great pain in the neck of many Nigerian bank managers. It has also become an unfortunate staple in Nigeria's international reputation. It is really eating deep into the Nigerian banking system and that any bank with a weak internal control system is dangerously exposed to bank fraud (Adeduro, 1998).

The cost of fraud to a business is difficult to estimate because not all fraud and abuse is discovered, not all uncovered fraud is reported, and civil or criminal action is not always pursued. Therefore, the main thrust of this study is to examine whether the internal control system in banking sector in Nigeria is effective in fraud detection or not, and also to appraise effectiveness of employee training within the context of internal control system as fraud detector.

LITERATURE REVIEW

Internal control systems consists of five interrelated components that provide the foundation for fraud detection (COSO, ICIF, 1994). Internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations (COSO, ICIF, 1994).

Control environment: the control environment sets the tone for the organization. Factors of the control environment include "the integrity, ethical values, and competence of its people. The control environment provides discipline and structure for the whole system. The control environment should reflect several factors. First, the organization should display strong ethical values. This is difficult because various parties have different concerns, incentives, and temptations. Next, all parties should be competent in the performance of their duties. Another important factor that significantly affects the control environment is management's philosophy and operating style. Furthermore, human-resource policy, including proper assignment of authority and responsibility, adequate training, and promotion and compensation guidelines, greatly influences the control environment.

Risk assessment: Risk assessment denotes the identification, analysis, and management of uncertainties facing an organization from external and internal sources. Risk assessment is highly relevant to control objectives. Because internal control is a dynamic system (economic and operating conditions are continuously changing), mechanisms of risk assessment are also subject to changes and adjustments. Proper setting of objectives is a necessary precondition to effective risk assessment. Risk assessment looks at both internal and external threats. he entity's people; management's philosophy and operating style; the way management assigns authority and responsibility and organizes and develops its people. **Control a ctivities** include the policies and procedures maintained by an organization to ensure management directives are carried out. They include a range of activities such as "approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties." Control activities are the most visible element of internal control and arguably the most important in preventing wrong actions from occurring. However, the COSO suggests that the control environment is more critical because it influences motivation for proper behavior.

Information and communication: Information and communication concerns include the identification, capture, and exchange of financial, operational, and compliance-related data in a timely manner. People within an organization who have timely, reliable, and understandable information are better able to conduct, manage, and control operations. Information and communication stress the quality of information. Information should be appropriate, timely, current, accurate, and accessible. All these elements are extremely important and must be applied by the internal control system design; otherwise, the components of the internal control system will be unable to operate as a whole. Information is identified, captured, processed, and reported by information systems. Information systems can be formal or informal, can operate in routine monitoring mode or on call, and can be integral part of every activity, whether strategic planning, operations, or control.

Monitoring: refers to the assessment of the quality of internal control. Monitoring activities provide information about potential and actual breakdowns in a control system. Monitoring can occur through self-assessments, external audits, or through direct testing of a control. It is important that any significant deficiencies be reported to the individual responsible for the activity as well as to management one level higher. Monitoring can be done in two ways: through ongoing activities or separate evaluations. On-going monitoring is performed routinely and includes activities which managers perform routinely like comparisons or reconciliations. In fact, ongoing monitoring creates an effective balancing feedback loop for managers' decisions about internal control.

Fraud on the other hand is a deliberate deception with design of securing something by taking unfair advantage of others loss (private and public) by means of cheating dishonestly duplication or imposition. There have been various definitions and description of the phenomenon, one of such definition was from Adeleke (1996), which stated that fraud means an act or cause of deception deliberately practiced to gain unlawful or unfair advantage; such deception directed to the detriment of another.

Benjamin (2001), defined fraud as simply conscience and premeditated action taken by a person or group of people to the truth or fact with a view to deriving selfish personal monetary gain. It involved the use of deceit and trick to forge or falsify document and signature in order to steal. He contrived by highlighting incidences of where fraud will manifest, which among others over unauthorized overdraft presentation of forged cheques, posting of fictitious credit, suppressions of cheques and a host of others. He further remarked that experience has shown that name of the above type of fraud can succeed without insider connivance and or collaboration. Insider collaboration may be intentional or unintentional. This is why sometimes; innocent staffs when fraud occurs collaborate deliberately or undeliberately ranges from lack of adherence to laid down procedures to deliberate distortion, defection, interception, misappropriation and diversion of assets. He gave few instances of fraudulent practices to enable his audience differentiate between collaboration that is international and one that is unintentional.

Adeleke (1996), observed that fraud has eaten deep into every aspect of the society to the extent that a three year old child talks about 419neers, the newly discovered sobriquets for an advance fees fraud (a section in Nigerian constitution) that is hunting as a nation. He described further that it is deceit or tricking deliberately practiced in other to gain some advantage dishonestly. He stated that, there must be a dishonest intention and the action must be intended to another person. In spite of the difficulty of arriving at a precise definition of fraud, in view of the multiplicity or diversity of opinions and so on, certain features or elements common to the definitions exist and when combined will give a clear idea of the nature of fraud. These are:

(i) ***Criminal acts:*** Acts with the intention to act and actually carrying out such acts are injurious to the society and forbidden by law.

(ii) ***Illegal acts:*** These are acts that are not authorized both by law or owner of the property fraudulently obtained.

(iii) ***Tortuous acts:*** Wrongful acts either by commission or omission, which affects the rights of another individual and therefore affects the society.

(iv) ***Deceptive acts:*** Acts that are engaged in to deceive another person with the intension to enjoy some benefits at the expense of the person being deceived.

(v) ***Concealed act:*** These are criminal deceptive acts such that their perpetrators are hidden from the knowledge of others.

Adeleke (1996) in this respect, stresses that "the degree of assurance of detecting errors would normally be higher than that of deterring fraud, since fraud is normally accompanied by acts specially designed to conceal its existence. More so, a clearer nature of fraud could be understood when viewed in the light of the various acts or activities considered to be fraudulent. Besides the definition given earlier, Achibong (1993) also stressed that the international guidelines consider an act fraudulent if it takes the following forms:

- Manipulation, falsification or alternation of records or documents;
- Misappropriation of assets;
- Suppression or omission of transaction record or document;
- Recording transactions without substance;
- Misappropriation of accounting policies; if it is material and deceitful.

Sequel to the above definitions and positions, bank fraud could be taken to deprive the bank of its goodwill as well as outside parties to deprive the bank of assets, largely in the form of cash and instruments representing cash. As seen in the foregoing discussing this includes acts that range from misrepresentation or distortion of financial statements by top management to outright theft of cash by cashier and others such as armed robbers, to their advantage.

Types of Fraud

There are different ways of which authorities have classified fraud depending on their perspectives and the criteria used. Some classified them into management and employees fraud, others on the other hand, classified them on the nature and the perpetrator. Cases of fraud according to perpetrators as mentioned above is then divided into two categories – whether the fraudster is one of the entire staff or involve outsiders; and whether the staff fraudsters are in top management position or non-management position. The former is now divided into:

- Internal fraud
- External fraud
- Mixed fraud

While the later according to Nwankwo (1991) gives rise to:

- Management fraud
- Employee fraud

Internal Fraud

Internal frauds are fraud committed among the member staff of the bank. Frauds are not only the most frequent occurring, but by far the highest in terms of number than the type involving both staff and outsiders (NDIC, 2005).

The following listed methods according to Jenfa, (1991) are categorized as the internal fraud:

i. Unofficial borrowing
ii. Over invoicing
iii. Unauthorized stamps
iv. Fictitious transactions
v. Committing
vi. Fraudulent use of document
vii. Cash on hand converted to personal use
viii. Premature writing off of assets
ix. Ghost workers
x. Figures falsification

External Fraud

There are three types of fraud committed wholly by persons and organization external to the bank that is, people and organizations other than or without the involvement of the bank staff, persons such as these could be bank customers or those who do not do business with these banks such as;

Over invoicing: Over invoicing of services rendered to banks are done by dubious suppliers and other contractors either, through inflation of normal rates over actual value of services rendered or through commitance with bank employees to get pay for services they already have been paid for. (Omachonu, and Ndulor 1998; Idowu, 2009).

Advance fee fraud: This may involve an agent who approaches a bank with an offer to access large funds at below market interest rates often for long term. The purported source of such funds is not specifically identified as the only way to have access to it. It is also known as the way by which the agent disappears as the facilities engaged in never come through (Omachonu, and Ndulor 1998). Generally, advance fee fraud is perpetrated in the following ways:

- Schemes ostensibly for the disbursement of money for mills.
- Contract frauds
- Purchase of real estates
- Transfer of funds.

Loan fraud: Loan and other form of credit extensions to business and individuals customers constitute traditional functions of financial institutions. In the process of credit extensions, fraud may occur at any stage, from the first interaction between the customer and the bank to the final payment of the loan. Loan fraud occurs when credit extended to non-borrowing customers or to a borrowing customer who has exceeded his credit ceiling. The fraudulent aspect of this class is that there is an intention to conceal it from the inspectorate staff on routine check to deceive them with plausible but falsified statements and documents. On some instances loans are granted on false collaterals that are not existing, over-valued, stolen or counterfeited. Improper loans may also be granted to insider, relatives and friends of corrupt bank officials who collect kickbacks for such transactions (Omachonu, and Ndulor 1998).

Mixed Fraud

This is evident in the sessions of the Failed Bank Tribunals nationwide; in the Ibadan zone of the tribunal, a case revealed that four (4) staff of Universal Trust Bank conspired with customers to defraud the bank through unauthorized loans, overdrafts, fraudulent and false accounting procedures to the tune of ₦84.27 million (Ogbu, 1998). Also, it was revealed that a total number of 152 bank staff were involved in frauds and forgeries in the year 2001 and that operation staff such as supervisors, officers, accountants, clerks and cashier account for about 95.4% of the total number of fraudsters (NDIC, 2005). Quite often signature of customers are forged by non-customers with the active connivance of staff who in most cases provide the specimen signature cards, where forgeries are not perfected, arrangements are made with staff to beat the signature verification process.

Management Fraud

This type of fraud essentially refers to frauds committed by bank employees in top echelon that is, top management level staffs that are aimed largely at deceiving the shareholders and to a considerable extent, auditors and the regulatory authorities through deliberate presentation of false financial statement – the key device of perpetration (Jat, 1992). Like in other type of business endeavours, bank management frauds often take these two forms:

- Concealing inadequate business operation performances
- Concealing prohibited business activities.

Banks had until the outset of the prudential guidelines, presented over bloated fantastic profit positions in their dubious acts and return there on. These give shareholders and the government regulatory agencies the false impressions of their impressive performances and general health of bank, until the enforcement of the guidelines revealed the emptiness and terminally ill nature of most banks (Nwankwo, 1990).

NDIC reports and other sources have revealed that top management bank officials have at time been behind several bank frauds. In a related report, Enechi (1998) states that "since NDIC commenced operations in 1995, it has prosecuted top class bank directors on offences contained in the failed banks.

Investigations shows that the majority of the Nigerian banks were perpetuated by those occupying privileged positions and those employed to protect the banks finances. For instance, the former Managing Director of Equity Bank, Mr. Zoaka Machar, was alleged to have used his position to steal ₦372.68million. In the same vein, the former branch manager of Nigeria Universal Bank, Alhaji Jinadu Munai took undue advantage of his position to defraud the bank of ₦12million (Omachonu and Ndulor, 1998).

Employee Fraud

Employee fraud refers to fraud committed by employees below management position. As distinguished from management fraud, employee fraud does not involve alternations or misrepresentation of financial statements or information but the outright misappropriation of assets of the bank or the alternation of individual instruments such as cheques, drafts, for their personal advantages. Typical examples of employee frauds are the conversions of cash or other assets of the employer to the fraudster's immediate benefit. Like their management counterpart, quite a number of employee's fraudulent acts occur after having gained a position of trust and responsibility. A considerable higher proportion of bank frauds are usually committed by employees in non-management positions majority of who are cashiers, clerks, accountants etc.

Perpetrator's Method of Frauds

According to Onkagba (1993) and Idowu (2009), though the list of methods is usually not exhaustive however, there are some common methods through which fraud can be perpetuated in the banks and other organizations:

Foreign exchange fraud: According to Ekechi (1990), this is the way by which the staffs of a company forge letters of credit and other foreign transaction documents paving way for illegal transfer of funds.

Cheque kitting: This is explained as method by which depositor utilize the time required for cheque to clear to obtain an unauthorized loan without an interest charge.

Till borrowing: Staffers borrow from the till in form of I Owe You (I.O.U) with the hope of refunding it, but which eventually not done. Therefore, fictitious entries arises in that respect.

Advance fee fraud: This is the one which involves an agent approaching a bank or individual with an offer to access large funds at below market interest rate often for long term; the purported source of such funds is not specifically identified the only way to have access to it is through the agent who must receives a fee or commission "in advance" as soon as the agent collects the fee, he disappears into thin air and the facility never come through.

Computer fraud: Computer frauds can remain undetected for a long time. It can take the form of corruption of the programmed or application package and even hacking/breaking into the system via a remote sensor.

Account opening fraud**:** This is categorized as the normal fraudulent practice by staff and customer to open current and banking accounts using fake documents into or from which fictitious transactions are transferred.

Money transfer fraud: Money transfer services are means by which the involved funds are transferred to or from a bank to a beneficiary account at any banking point worldwide in accordance with the instruction from the bank customers.

Counterfeit securities: This is known as the modern photographic printing equipment which has greatly aided criminals in reproducing good quality forged instruments. The document may be totally counterfeit stock or bonds as collateral for loan, other counterfeit items such as treasury notes and bankers acceptances may be presented to bank for redemption.

METHOD

Primary and secondary data were used for this study. Primary data were collected from the structured questionnaires, while the secondary data were extracted from the published accounts and reports of the banks, based on information supplied by the CBN from reports or return of the banks to the later from 2001-2010. Number of fraud cases, number of persons involved, amount involved, total loss, equity, asset, loan advances ,profit before tax, profit after tax and tax among others were considered.

Ten (10) banks were randomly selected from the15 banks with their headquarters in Lagos, (200) heads of the banks were sampled, five (5) were the heads of each units of 10 banks selected. They are: Branch Managers – BM (4), Operations Managers - OM (4), Head of Human Resources-HHR (4), Head of Internal Control – HIC (4) and Head of Foreign Exchange - HFOREX (4) totalling twenty (20) staff in each bank, while this sample size was selected from Lagos area. Lagos being a commercial nerve centre and former federal capital of the nation was chosen, and it was believed will serve as good representatives of the other banks without being biased.

Descriptive and inferential statistics were used in analyzing the data. Inferential statistics involve the use of statistical tools such as correlation analysis, regression analysis containing fixed effects (FE), random effects (RE) and feasible generalized least square (FGLS) of panel data analysis thus:

$$FC_{it} = F(Tx_{it}, \pi_{ait}, Eq_{it}, LoA_{it}, Am_{it}, Yr_{it})$$
$$FC_{it} = \alpha_0 + \alpha_1 Tx_{it} + \alpha_2 \pi_{ait} + \alpha_3 Eq_{it} + \alpha_4 LOA_{it} + \alpha_5 AM_{it} + \alpha_6 Yr_{it}$$

Where;

FC_{it}: Causes of fraud/Antecedents of fraud in bank **í** in year **t**,
Tx_{it}: Tax of bank **í** in year **t**:
Eq_{it}: Equity of bank **í** in year **t**.
AM_{it}: Amount of Loss in bank **í** in year **t**
LoA_{it}: Loan advances of bank **í** in year **t**
πb_{it}: Profit before tax of bank **í** in year **t**
πa_{it}: Profit after tax of bank **í** in year **t**

RESULTS AND DISCUSSION

Two hypothesis were formulated and tested; one to find out the relationship between internal control system on fraud detection; the second one is to test the relationship between employee's training on fraud detection in Nigerian commercial banks.

Hypothesis One

Ho_1: there is no significant relationship between internal control system and fraud detection in Nigerian commercial banks.

The variables used in before testing the hypothesis are:

Fraud related questions were coded as 1, 2, 5, and 6.
Internal control system related questions were coded as 8, 9, 10, and
Employee training related questions were coded as 1, 2, 5, and 7

Pearson chi-squares calculated were all statistically significant at 5% with 95% degree of freedom. Also, table shows the correlation analysis results of the relationship between employee training and fraud detection in Nigerian banks, depicted value $0.317^{(**)}$ from the table shows that proper, well designed employee training techniques improves fraud detection, adequate employee training on internal control system also has effect on fraud detection as shown from the value $0.628^{(**)}$. Therefore, improved employee training increases the chance of detecting fraudulent activities of perpetrators as depicted from the values $0.338^{(**)}$ and $0.234^{(**)}$ with correlation being significant at 5% level (2-asteriks) and $0.524^{(***)}$ relationship between et and fd at the significant level of 0.001. Null hypothesis was rejected, which shows that there is strong and significant relationship between employee training and fraud detection in Nigerian commercial banks.

TABLE 1
PEARSON CHI-SQUARE ANALYSIS OF THE RELATIONSHIP BETWEEN INTERNAL CONTROL SYSTEM ON FRAUD DETECTION IN NIGERIAN COMMERCIAL BANKS

S/N	Relationship	Pearson chi-square value	Pr (value)	Remark
1	V_1 vs V_8	151.9807	0.000**	Significant
2	V_1 vs V_9	95.8391*	0.000**	Significant
3	V_1 vs V_{10}	100.6919	0.000**	Significant
4	V_1 vs V_{11}	61.1321*	0.000**	Significant
5	V_2 vs V_8	10.0886	0.000**	Significant
6	V_2 vs V_9	30.7193	0.000**	Significant
7	V_2 vs V_{10}	51.1832	0.000**	Significant
8	V_2 vs V_{11}	95.8391*	0.000**	Significant
9	V_5 vs V_8	12.8743*	0.005**	Significant
10	V_5 vs V_9	32.1867	0.000**	Significant

**Significant at 5% level with 95% degree of free.

TABLE 2
CORRELATION RESULTS SHOWING THE RELATIONSHIP BETWEEN INTERNAL CONTROL SYSTEM AND FRAUD DETECTION IN NIGERIAN COMMERCIAL BANKS

	V_1 vs V_8	V_2 vs V_8	V_5 vs V_8	V_6 vs V_8	V_7 vs V_8
V_1 vs V_8	1				
V_2 vs V_8	$.215^{(**)}$	1			
V_5 vs V_8	$.532^{(**)}$	$.423^{(**)}$	1		
V_6 vs V_8	$.338^{(**)}$	$.234^{(***)}$	$.653^{(**)}$	1	
V_7 vs V_8	C	C	C	C	C

** Correlation is significant of 5% level (2-asteriks)

C is Constant, since one of the variables must be constant.
V_1= Fraud occurrence
V_2= Effects of fraud on bank growth
V_5 = Effects of fraud on bank objective (s)
V_6= Effects of fraud economy of nation.
V_7= Existence of ICS in banks
V_8= Adequacy and capability of ICS in banks

Hypothesis Two

HO_2: there is no significant relationship between employee training and fraud detection in Nigerian commercial banks.

Table 1.3 shows that Pearson Chi-squares calculated were all statistically significant at 5% with 95% degree of freedom. Also, table 4 shows the correlation analysis results of the relationship between employee training and fraud detection in Nigerian banks, depicted value $0.317^{(**)}$ from the table shows that proper, well designed employee training techniques improves fraud detection, adequate employee training on internal control system also has effect on fraud detection as shown from the value $0.628^{(**)}$. Therefore, improved employee training increases the chance of detecting fraudulent activities of perpetrators as depicted from the values $0.338^{(**)}$ and $0.234^{(**)}$ with correlation being significant at 5% level (2-asteriks) and $0.524^{(***)}$ relationship between ET and FD at the significant level of 0.001. Null hypothesis was rejected, this shows that there is strong and significant relationship between employee training and fraud detection in Nigerian commercial banks.

TABLE 3
PEARSON CHI-SQUARE ANALYSIS OF THE RELATIONSHIP BETWEEN EMPLOYEE TRAINING AND FRAUD DETECTION IN NIGERIAN COMMERCIAL BANKS

S/N	Relationship	Pearson chi-square value	Pr (value)	Remark
1	V_1 vs V_1	390.0000	$0.000^{(**)}$	Significant
2	V_1 vs V_2	150.5702	$0.000^{(**)}$	Significant
3	V_1 vs V_5	47.7559	$0.000^{(**)}$	Significant
4	V_1 vs V_7	29.3465*	$0.000^{(**)}$	Significant
5	V_2 vs V_1	150.5702	$0.000^{(**)}$	Significant
6	V_2 vs V_2	780.0000	$0.000^{(**)}$	Significant
7	V_2 vs V_5	87.9513*	$0.000^{(**)}$	Significant
8	V_2 vs V_7	83.8369	$0.000^{(**)}$	Significant
9	V_5 vs V_1	47.7559	$0.000^{(**)}$	Significant
0	V_5 vs V_2	87.9513	$0.000^{(**)}$	Significant

**Significant at 5% level and 95% degree of free.

TABLE 4
CORRELATION ANALYSIS RESULTS SHOWING THE RELATIONSHIP BETWEEN EMPLOYEE TRAINING AND FRAUD DETECTION IN NIGERIAN BANKS

.	V_1 vs V_2	V_1 vs V_7	V_2 vs V_5	V_2 vs V_6	V_6 vs V_7
V_1 vs V_2	1				
V_1 vs V_7	.317 $^{(**)}$	1			
V_2 vs V_5	.628$^{(**)}$	.472$^{(**)}$	1		
V_2 vs V_6	.327$^{(**)}$	.344$^{(**)}$	.524$^{(***)}$	1	
V_6 vs V_7	C	C	C	C	C

** Correlation is significant of 5% level (2-asteriks)
C is Constant, since one of the variables must be constant.
V_1= Employee training on internal control system
V_2= Improvement on employee training and fraud detection
V_5 = Inadequate employee training ICS causes fraudulent activities
V_6= Time taken on fraud detection through training
V_7= Certainty of fraud detection through employee training.

CONCLUSION AND RECOMMENDATIONS

Related to the above is the fact that fraud will be difficult to eradicate completely. It is not surprising therefore that while several hundreds of bank executives and other staff are being incarcerated and imprisoned for fraud, others are busy planning and executing it; this is evident in the sharp rise in fraudulent acts in 2001-2010 as seen earlier, while several thousands are being dismissed on account of fraud, others who read the reports are coming up with newer, more sophisticated ideas to commit the very crime as well as the ever-tightening control measures being instituted by banks are being over-ridden daily, sometimes even by those who instituted them. Since fraud cannot be totally eradicated, then there is need to find ways of minimizing it. This gives rise to the following recommendations:

Adequate remuneration and motivation
Banks should strive to remunerate their workers adequately to enable them to meet their basic needs, ensuring that they pay competitive salaries. This should serve as appropriate motivator, alongside other welfare issues such as promotion, giving staffers a sense of belonging so as to prevent segregation or alienation.

Exemplary leadership
Bank's management should exhibit exemplary leadership and conducts that do not encourage fraudulent activities. This is in line with the views of Asukwo (1991) and Oyeyiola, (1996), that the top management holds fiduciary duty to act honestly and with utmost good faith, and exercise of skill and care in discharging the statutory obligations of the bank. The board has collective responsibility of the members to ensure that suitable security systems exist, there are adequate accounting records and facilitate the discovery of any falsification.

Implementation of relevant legislation
Government should ensure relevant agencies such as Central Bank of Nigeria (CBN), Nigeria Deposit Insurance Corporation (NDIC), National Drug Law Enforcement Agency (NDLEA), Economic and Financial Crimes Commission (EFCC) carry out their duties with minimum interference (Nwaze, 2011). Banking laws relating to fraudulent and other illegal acts should be implemented to the letter; devoid of favouritism or selectivity as was alleged in the implementation of the Failed Bank Decree.

Source documents and authorization for all entries
Ensuring that all entry besides being adequately supported by source documents must be appropriately authorized and approved by different staff before being posted into the day's transactions.

Change of societal expectations of bank workers
The societal expectations of bank workers living standards should be discouraged. Bank workers, should strive to live within their legitimate means.

Welfare oriented macro-economic measure
The macro-economic policies of government should be such that promote the general welfare of the citizens - adequate employment, low rates of inflation, adequate wages and salaries such that would reduce or prevent undue pressure being exerted by dependants on bank workers, as well as the incidence of collusion of the unemployed with greedy bank staff to defraud banks or engage in outright robbery of banks.

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