



**EFFECTIVENESS OF INTERNAL CONTROLS IN DETECTING AND
PREVENTING FINANCIAL FRAUD AT THE EAST AFRICAN
COMMUNITY SECRETARIAT, ARUSHA, TANZANIA**

By

ROBERT MAATE

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DECLARATION

I, Robert Maate, declare that this research is my own original work and has not been submitted to any institution of learning for award of a degree or any other award.

SIGNED:

DATE:

APPROVAL

The dissertation was supervised and submitted for examination with our approval as supervisors.

Dr. Benon C Basheka (PhD)

SIGN:

DATE:

Pross Nagitta Oluka

SIGN:

DATE:

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LIST OF ACRYNOMS

ACFE	Association of Certified Fraud Examiners
AIDS	Acquired Immune Deficiency Syndrome
AUS	Australian Auditing Standard
CCTV	Closed Circuit Television
COSO	Committee of Sponsoring Organizations of the Tread way Commission
DSG (F&A)	Deputy Secretary General in charge of Finance and Administration
EAC	East African Community
EALA	East African Legislative Assembly
HIV	Human Immune Virus
ISA	International Standards on Accounting
ISO	International Standards Organization
PCAOB	Public Company Accounting Oversight Board
TB	Tuberculosis

ABSTRACT

The study investigated the effectiveness of internal controls in preventing and detecting financial fraud at the EAC secretariat, Arusha, Tanzania. The independent variable was the effectiveness of the internal controls which included specifically, control environment, control activities, information and communication and risk assessment activities while the dependent variables were fraud detection and prevention. The study followed the model of the Committee of Sponsoring Organizations of the Tread way Commission (COSO) in the United States of America. Literature was reviewed based on the themes and sub themes and the study followed a cross sectional design. A purposive, stratified, systematic random sampling approach was used for selecting a sample of 52 respondents. Survey questionnaires, face to face interviews and documentary reviews were used for data collection. Statistical Package for Social Scientists and content analysis were used for analyzing quantitative and qualitative data respectively. Validity and reliability tests were done for quality control. Chi square tests were used to establish the relationship between the selected internal financial controls under investigation and financial fraud prevention and detection. The study revealed that the EAC Secretariat had established the principal components of internal control which include control environment, information and communication, control activities and risk assessment activities. The internal controls established were effective in preventing financial fraud but were ineffective in detecting financial fraud in the organization under review. The study recommended that there is need to enhance the internal controls established to effectively detect financial fraud. However, the study only covered the EAC Secretariat and not all the organs of the East African Community and hence the study results cannot be generalized for the entire EAC.