

**IMPACTS OF INTERNAL AUDITING PRACTICES ON FRAUD RISK
MANAGEMENT IN COMMERCIAL BANKS IN EMBU COUNTY**

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ABSTRACT

Auditing is the major functions adopted by many commercial banks of fraud risk management and still the frequency of occurrence of fraud and fraudulent practices in almost all banking sectors are still reported in the country. They are three main categories of fraud that affects a Firm; Assets misappropriation which involves the theft or misuse of firms assets; Fraudulent misstatement which is usually in the form of falsification of financial statements in order to obtain some form of improper benefits; Corruption which include activities such as the use of bribes, improper use of confidential information, conflict of interest and collusive tendering. A number of studies have been done in Kenya on fraud risk management and none of them as focused on the impacts of Auditing in fraud risk management in commercial banks in Embu. This study established the impact of auditing practices to the success of fraud risk management in commercial banks in Embu County. The scope of the study was limited to all of the commercial banks in Embu and the target population was senior officers in risk management unit and employees of the bank. 22 commercial banks were sampled and out of these 18 responded which give a response rate of 81.8%. The sample size of the study was 18 employees of commercial banks operating in Embu County. The researcher administered a structured questionnaire to each member of the target population since it was the most appropriate tool to gather information. The data was coded and analyzed. Quantative and regression analysis was used as data analysis techniques. Descriptive statistics such as mean, standard deviation, variance and frequency distribution was used in the analysis of data. Data presentation was done by use of tables for better understanding. The study concludes that internal auditing practices, fraud policy, audit analytics and fraud detection when combined contributes to the success of fraud risk management in commercial banks in Embu County.