



AUDITORS' ROLE IN FINANCIAL STATEMENT FRAUD PREVENTION AND REPORTING QUALITY IN NIGERIAN NOT- FOR-PROFIT ORGANIZATIONS: EVIDENCE FROM NATIONAL AGENCY FOR THE CONTROL OF AIDS (NACA)

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ABSTRACT

This study investigates the role of auditors in financial Statement fraud prevention in not for profit organization in Nigeria: by taking audit assertions and evidence to enhance financial reporting quality , using the National Agency for the Control of AIDS (NACA) as a case study. The research examined how auditors' compliance with international audit standards, audit planning and execution, and risk assessment/internal control systems influence three key dimensions of financial reporting quality: relevance, faithful representation, and comparability. The study adopted a descriptive survey design and employed a purposive sampling technique to gather data from 70 audit and finance professionals affiliated with NACA. A structured questionnaire was used to collect primary data, which was analyzed using SPSS for reliability testing and E-Views for regression analysis. The Ordinary Least Squares (OLS) results revealed that each auditor role had a statistically significant positive effect on its corresponding reporting quality dimension. Specifically, compliance with audit standards enhanced relevance, audit planning improved faithful representation, and risk assessment strengthened comparability. The findings underscore the strategic importance of auditors not only in preventing fraud but also in promoting the credibility and usefulness of financial information in non- profit organizations by taking audit assertions and evidence to enhance financial reporting quality. The study contributes to literature by contextualizing audit practices within a donor-funded Nigerian agency, and it recommends stronger adherence to international standards, risk-based audit approaches, and capacity development for non -profit organisation focused auditors.

Keywords: Auditors Compliance, Fraud Prevention, Financial Reporting Quality, National Agency for the Control of AIDS, Risk assessment.



INTRODUCTION

In recent years, auditors have faced growing scrutiny over their ability to prevent fraud and ensure reliable financial reporting, especially in Not-for-profit sectors. Not-for-profit organizations (NPOs) play a vital role in the socio-economic development of Nigeria, providing essential services to vulnerable populations. However, the sector has been marred by financial statement fraud scandals, which have undermined the trust and confidence of stakeholders

Financial reporting is essential for conveying an organization's financial health and ensuring transparency and accountability. Auditors play a key role in enhancing the quality of financial reports by reducing information asymmetry and promoting trust. Their effectiveness depends on adherence to auditing standards, audit competence, and the ability to assess fraud risks and internal controls (Rahman et al., 2023; Soras et al., 2025; Novatiani et al., 2024; Campa et al., 2025). Fraud is a pervasive threat to not-for-profit organizations (NPOs), undermining their mission, integrity, and sustainability. The prevention of fraud is essential to maintaining public trust, ensuring accountability, and protecting resources.

Auditors play an especially critical role in non-profit organizations, which rely on public and donor funding to fulfill social missions. Despite not being profit-driven, non-profits manage significant financial resources, making them vulnerable to fraud, misuse, and weak financial reporting. (Aziz & Othman, 2021; Oyedotun et al., 2025). The lack of profit incentives, weak regulatory oversight, and poor internal controls often create an environment where financial misstatements can go undetected, and where auditors must navigate unique challenges in maintaining objectivity, independence, and audit quality.

Financial statement fraud is the deliberate manipulation of financial statements to misrepresent an organization's financial position or performance to meet the demand of interested parties or public. Audit assertions are claims made by management about the financial statements, while audit evidence is the documentation and verification of these assertions. They are claims that the financial statements are presented fairly and accurately, in accordance with the applicable financial reporting framework and standards..

In Nigeria, the National Agency for the Control of AIDS (NACA) illustrates the auditing challenges in public-sector non-profits, where effective audit systems are crucial for managing donor and government funds. Concerns persist that audit practices may not meet global standards like ISA 240, which requires auditors to detect material fraud despite management's primary responsibility. Implementation of such standards remains inconsistent,



especially in developing countries ((Campa et al., 2025; Nadirsyah et al., 2024).

Given the complexity of donor funding and audit expectations, it's essential to assess how auditors support fraud prevention and financial reporting quality in institutions like the NACA. High audit quality rooted in professional skepticism, risk assessment, and adherence to standards is vital for financial transparency and the sustainability of public health programs.

Despite extensive research on auditing and fraud prevention, little empirical focus has been placed on auditors' roles within Nigerian non-profit public institutions like the NACA. Although auditors are expected to promote transparency and enforce standards, their actual effectiveness, roles, and challenges in these settings remain largely underexplored.

Most existing research centers on corporate settings, with limited focus on public-sector nonprofits, which have distinct governance and accountability demands. Key audit areas, such as adherence to standards, risk assessment, and internal controls are under examined in relation to fraud prevention and reporting quality in nonprofits like the NACA, creating a significant gap in understanding audit effectiveness in these institutions (Oyedotun et al., 2025; Aziz & Othman, 2021).

Given NACA's strategic role in Nigeria's health sector and its reliance on large-scale public and donor funding, assessing how auditors help safeguard financial integrity is both timely and necessary. This study is therefore driven by the need to evaluate the role of auditors in financial Statement fraud prevention in not for profit organization in Nigeria: by taking audit assertions and evidence to enhance financial reporting quality in non-profit public agencies, using the NACA as a case study.

The main objective of this study is to examine the role of auditors in financial statement fraud prevention by taking audit assertions and evidence to enhance financial reporting quality in non-profit organizations, with a focus on the NACA. The specific objectives are to:

- i. Examine the extent to which auditors' compliance with international audit standards in financial Statement fraud prevention by taking audit assertions and evidence to enhance financial reporting quality
- ii. Assess how auditors' planning and execution of audit procedures for financial statements fraud prevention affect the faithful representation of financial reporting quality



iii. Evaluate the impact of auditors' risk assessment and internal control systems for financial statements fraud prevention on the comparability of financial reporting quality

Research hypotheses

H₀₁: The auditor's role in complying with international audit standards to prevent financial statement fraud does not significantly enhance the relevance quality of financial reporting in non-profit organizations.

H₀₂: The auditor's role in planning and executing audit procedures to prevent financial statement fraud does not significantly enhance the faithful representation quality of financial reporting in non-profit organizations.

H₀₃: The auditor's role in risk assessment and strengthening internal control systems to prevent financial statement fraud does not significantly enhance the comparability quality of financial reporting in non-profit organizations.

By examining the role of auditors in financial statement fraud prevention and financial reporting quality, the study provides critical insights into how audit functions contribute to effective financial governance in government-funded non-profit organizations such as the NACA:

The study provides practical recommendations for enhancing audit effectiveness in non-profit public institutions like the NACA. It emphasizes the importance of adhering to international audit standards, effective planning, and risk assessment to strengthen internal controls, financial integrity, and stakeholder trust. The study highlights the role of audits in ensuring proper fund use, boosting donor confidence, and informing policies that improve audit frameworks. Additionally, it contributes to academic literature by addressing the underexplored area of auditing in Nigerian non-profit public agencies, supporting future research and policy development in public sector accountability and transparency.

This study examines the role of auditors in financial statements fraud prevention and improving financial reporting quality in non-profit organizations, focusing on the NACA (NACA) from 2015 to 2024. Set at NACA's headquarters in Abuja, it excludes state-level units to concentrate on national financial oversight. The study involves 70 finance and audit professionals who play key roles in ensuring financial integrity and transparency, within the context of IPSAS adoption and increased donor scrutiny in Nigeria.

The study is divided into five sections; Section one introduces the study showing the background to the study, statement of the problem, research



objectives, research questions research hypotheses, significance and scope of the study. Section two looked at the literature review on the subject matter from conceptual, theoretical and empirical contexts. Section three dealt with the methodology used in carrying out the study under research design, study population, sample, and methods of data collections, techniques of data analysis as well as their justification are described. Section four provided the presentation, analysis, and interpretation of data. While Section five concluded the study with a summary of findings, recommendations, contribution to knowledge and suggestions for further studies.

LITERATURE REVIEW

This section provides a literature analysis on Auditors Role in Fraud Prevention and Enhancing Financial Reporting Quality (FRQ) of Non-Profit Organization. The conceptualization of the study's variables, pertinent theories that underpinned the research, and a review of relevant empirical investigations are all discussed in this section.

This section of the work will review the different proxies used in the work, from the independent variable and their proxies to the dependent variable and their proxies.

Auditing is the independent evaluation of financial records and internal controls to ensure accuracy, compliance, and fairness in financial reporting. It enhances credibility, supports decision-making, and includes internal, external, and forensic audits (Bonrath & Eulerich, 2024; Nadirsyah et al., 2024). In public and non-profit sectors, auditing plays a critical role in promoting transparency, preventing fraud, and ensuring responsible use of funds (Bari et al., 2024). It serves both diagnostic and preventive purposes, especially in organizations like the NACA, where audit quality affects funding, accountability, and public trust.

This is a deliberate act of deception and misrepresentation of figures in the financial statement for unlawful gain, often involving asset misappropriation or falsified financial reporting. It undermines financial credibility, stems from ethical failures and weak controls, and is explained by the Fraud Triangle: pressure, opportunity, and rationalization (Rashid, 2022; Kassem & Omoteso, 2023). In public and nonprofit sectors, fraud is especially damaging, eroding trust, jeopardizing funding, and impairing service delivery, highlighting the need for strong auditing and governance to prevent and detect fraudulent activities. (Astuti, 2024; Aziz & Othman, 2021; Oyedotun et al., 2025).

This involves proactive strategies and internal controls designed to stop fraudulent activities before they occur and reported in the financial statements.



Key measures include segregation of duties, audits, whistleblower systems, and ethical policies. A strong control environment, driven by leadership integrity, auditor competence, and organizational culture, is essential (Handoyo & Bayunitri, 2021; Novatiani et al., 2024). In public and donor-funded organizations like the NACA, effective fraud prevention is critical to maintaining financial integrity, accountability, and trust, ultimately supporting the delivery of vital social services (Astuti, 2024; Aziz & Othman, 2021)

High-quality financial reporting relies on relevance, faithful representation, and comparability to ensure transparency and accountability. In donor-funded organizations like the NACA, these qualities are vital for sustaining funding, meeting governance standards, and advancing development goals. Auditors play a key role in upholding these standards by monitoring and evaluating financial reporting practices (Rahman et al., 2023; (Appah&Tekerebo, 2024; Bonrath and Eulerich, 2024).

Auditors in non-profit organizations have a broader role beyond financial verification, focusing on transparency, accountability, and governance. Since non-profits are accountable to donors and the public rather than shareholders, auditors must ensure that resources are accurately reported, ethically used, and efficiently managed (Oyedotun et al., 2025).

Auditor effectiveness in non-profits hinges on compliance with international audit standards, ensuring quality, consistency, and donor confidence. Key aspects include thorough audit planning and execution to identify risks and guide corrective actions. Additionally, strong risk assessment and internal control evaluations are essential for fraud prevention and financial discipline ((Kassem & Omoteso, 2023; Novatiani et al., 2024; Campa et al., 2025)., especially in complex public-sector institutions like the NACA.

Given the NACA's vital role in managing health programs and donor funds, auditors are essential for maintaining financial integrity. They act as both watchdogs and strategic advisors, guiding risk management, compliance, and improving financial reporting quality.

The NACA plays a vital role in coordinating Nigeria's response to HIV/AIDS, working with various stakeholders and managing substantial international funding. Due to its financial and ethical sensitivity, strong internal and external audits are essential to ensure transparency, prevent fund misuse, and maintain donor trust. However, there is a lack of research on how its audit systems impact fraud prevention and financial reporting quality, highlighting the need for audit approaches tailored to its complex, donor-driven environment (Oyedotun et al., 2025; Bari et al., 2024).



The analysis of the NACA provides key insights into strengthening financial accountability in public-sector nonprofits. As a nationally significant organization with global ties, it highlights best practices in fraud prevention, auditing, and financial reporting within Nigeria's public health sector.

Oyedotun et al. (2025) reviewed over 30 studies to explore the evolving role of internal audit in fraud prevention and detection. They emphasized key audit traits (independence, competence, objectivity, and skepticism) as vital to fraud mitigation. The review highlighted a shift from compliance-focused auditing to a strategic governance role but noted research gaps, including limited geographic scope, methodological constraints, and insufficient focus on technology and behavioral factors. The authors called for future research that incorporates innovation, ethical leadership, and interdisciplinary approaches to enhance fraud resilience.

Campa et al. (2025) reviewed 64 studies to assess how auditors and enforcement bodies tackle financial statement fraud. They found wide variation in terminology and methods, with quantitative studies often lacking depth. The study highlighted a shortage of case-based research and limited focus on auditor-enforcer collaboration, urging stronger partnerships among researchers, policymakers, and practitioners to improve fraud detection in complex financial systems.

Bonrath and Eulerich (2024) examined the role of internal audit functions (IAFs) in fraud prevention and detection within companies in Germany, Switzerland, and Austria. Drawing on survey responses from 275 Chief Audit Executives, they found that strong corporate governance significantly boosts IAF involvement in anti-fraud efforts. Closer collaboration with management enhanced fraud response, while stronger ties to audit committees reduced such engagement. The study also showed that the use of advanced auditing technologies improved proactive fraud detection, underscoring the changing role of internal auditing in organizational risk management.

Rahman et al. (2023) examined the effect of audit committee members' accounting and financial expertise (AFE) on financial reporting quality (FRQ) in corporate settings. Utilizing the Generalized Method of Moments (GMM) to manage endogeneity, the study found that AFE auditors significantly enhance financial reporting by reducing real earnings management and improving accrual quality. By constructing a Financial Reporting Quality Index, the study emphasized the critical role of AFE directors in strengthening audit committee oversight and recommended that firms prioritize financial expertise in committee appointments to improve audit outcomes.



Wati (2024) examined the influence of internal control systems and internal auditor professionalism on fraud prevention within state-owned enterprises (BUMN) in Bandung. Employing a descriptive verification approach and utilizing primary data gathered through structured questionnaires, the study offered empirical insights into how organizations can combat fraud. The results, analyzed using SPSS version 20, demonstrated a significant relationship between the effectiveness of internal control mechanisms and the reduction of fraudulent activities. Furthermore, the research underscored the critical role of internal auditor professionalism in mitigating fraud, highlighting the need for both institutional controls and skilled audit personnel in enhancing financial transparency and accountability.

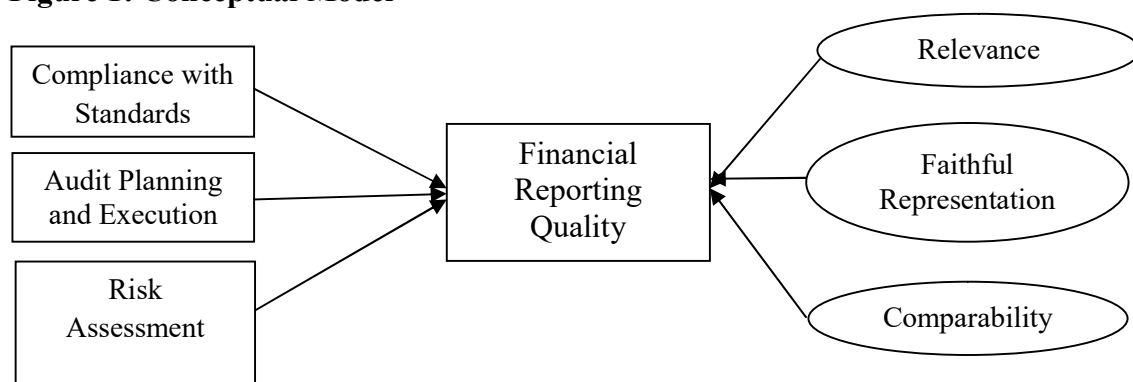
Grigoras-Ichim et al. (2024) examined the significance of financial audits in enhancing the reliability and transparency of financial reporting in response to increasing concerns about fraud and error in today's global economy. Focusing on both national and international contexts, the study emphasized how financial audits serve as a critical mechanism for identifying vulnerabilities within corporate systems that may compromise the auditor's ability to issue accurate opinions. The authors highlighted the importance of professional skepticism, internal controls, and fraud risk management strategies in ensuring the credibility of financial reports. The study advocated for cultivating a culture of integrity and accountability within organizations and stressed the role of auditors in fostering stakeholder trust through improved corporate governance practices.

The literature on auditors' roles in fraud prevention and financial reporting largely overlooks non-profit government agencies in Nigeria, especially those with significant public health responsibilities like the National Agency for the Control of AIDS (NACA). While most studies focus on the corporate or financial sectors, little research has examined how audit mechanisms function in donor-funded, public-sector institutions. NACA, despite its critical role and complex accountability environment, lacks empirical studies assessing its internal and external audits. This research addresses that gap, offering a rare, multidimensional analysis and providing valuable insights for improving governance in similar organizations.

A conceptual framework as a visual model outlining the relationships between study variables (Ibrahim et al., 2025; Mwangangi, 2018). It aids in identifying predictable connections. This Particular Study Examines How Auditors Role in Fraud prevention enhances Financial Reporting Quality (FRQ) of non-profit organisation: A Study of NACA.



Figure 1: Conceptual Model



Researchers' Conceptual framework (2025)

The figure 1 above shows the relationships between the independent variables: Compliance with Standards, Audit Planning and Execution, Risk Assessment, and the dependent variable, Financial Reporting Quality (FRQ).

METHODOLOGY

Research Design

This study used a descriptive survey design, collecting primary data through structured questionnaires from purposively selected auditors and finance personnel at the National Agency for the Control of AIDS. The sampling ensured participants had relevant auditing experience. The design enabled statistical analysis to examine the relationship between auditors' roles in fraud prevention and financial reporting quality, focusing on audit standards, planning, risk assessment, and internal controls in relation to reporting relevance, faithful representation, and comparability.

The study targets approximately 70 finance and audit professionals connected to the National Agency for the Control of AIDS, including internal staff and external auditors from donor agencies. This group was chosen for their direct involvement in financial oversight, audit compliance, and reporting integrity, ensuring a diverse and informed sample for assessing auditors' roles in fraud prevention and financial reporting quality in a non-profit context.

The study focused on finance and audit professionals directly involved in financial oversight at the National Agency for the Control of AIDS. Using purposive sampling, 55 out of 70 qualified individuals, who are internal officers, auditors, and donor audit partners were selected based on their expertise and roles in auditing and financial reporting. This approach ensured relevant, expert insights aligned with the study's objectives.



Primary data for the study was collected through a structured questionnaire designed around the research objectives and hypotheses. It included four sections: respondent demographics, auditors' roles in fraud prevention, financial reporting quality, and perceptions of audit effectiveness. Most items used a five-point Likert scale for consistency and ease of analysis. The questionnaire was distributed both physically at NACA's Abuja headquarters and electronically to external auditors and donor consultants, with follow-up reminders to improve response rates.

The study used SPSS to assess instrument reliability through a pilot test and to compute descriptive statistics, while E-Views 10 was used for regression analysis to examine relationships between variables. A pilot test with 10 professionals evaluated the internal consistency of the instrument using Cronbach's Alpha, ensuring its reliability for the main study.

3.2 Model Specification

The regression model is specified as:

$$RE_{it} = \beta_0 + \beta_1 IAS_{it} + \beta_2 PEAP_{it} + \beta_3 RAICS_{it} + \epsilon_{it} \dots\dots\dots 1$$

$$FR_{it} = \beta_0 + \beta_1 IAS_{it} + \beta_2 PEAP_{it} + \beta_3 RAICS_{it} + \epsilon_{it} \dots\dots\dots 2$$

$$CO_{it} = \beta_0 + \beta_1 IAS_{it} + \beta_2 PEAP_{it} + \beta_3 RAICS_{it} + \epsilon_{it} \dots\dots\dots 3$$

Where:

RE = Relevance (dependent variable);

FR = Faithful Representation (dependent variable)

CO= Comparability (dependent variable);

IAS = International Audit Standards (independent variable)

PEAP = Planning & Executing Audit Procedure (independent variable)

RAICS = Risk Assessment & Internal Control System (independent variable)

β_0 = Intercept; $\beta_1, \beta_2, \beta_3$ = Coefficients of the explanatory variables; ϵ = Error term.

The researcher ensured the questionnaire's validity through expert reviews in accounting and internal controls, who assessed its clarity, structure, and relevance. Their feedback was incorporated into the final version. A pilot study was conducted with a similar but separate group from the main sample. Reliability was confirmed using Cronbach's Alpha, with a threshold of 0.70, indicating consistent measurement of intended constructs (Olawale&Oseni, 2020).

Ethical standards were rigorously upheld to protect participants' rights, dignity, and confidentiality. Ethical approval was obtained from the supervising institution, and informal clearance from relevant officials at the National Agency for the Control of AIDS. Participation was voluntary, with informed consent clearly stated, and participants were assured of confidentiality and their



right to withdraw at any time. The questionnaire avoided collecting personal identifiers, and data were securely stored and accessed only by the researcher. Professional affiliations were kept confidential, and all procedures followed global ethical standards for research involving human subjects.

RESULT AND DISCUSSION

This section presents the analysis and interpretation of data collected from respondents. The data is analyzed based on the research questions and objectives set out in the study. The analysis was carried out using E-Views 10, with results presented in tables and followed by interpretation. Out of 70 questionnaires distributed, 55 valid responses were successfully returned and used for analysis, representing a 78.6% response rate.

Demographic Characteristics of Respondents

The respondents are finance or audit professionals involved in the financial oversight of the National Agency for the Control of AIDS. Most are male (60%), aged between 26–45 years (75%), with 45% holding HNDs and 55% bachelor's degrees.

Analysis Based on Research Questions

To what extent would an auditor's role in complying with international audit standards to enhance the financial reporting quality of non- profit organizations?

Most respondents (90%) agreed that auditors play a key role in enhancing the relevance and quality of financial reporting in non-profit organizations by ensuring compliance with international auditing standards.

Table 1: Respondents' Perception on Compliance with IAS

| Statement | SA (%) | A (%) | N (%) | D (%) | SD (%) |
|---|--------|-------|-------|-------|--------|
| Management must demonstrate a strong commitment to international standards. | 40 | 50 | 5 | 3 | 2 |
| Relevance of useful financial information enhances financial reporting. | 45 | 40 | 5 | 5 | 5 |

Researcher's survey, 2025



Instrument Reliability/Validity: Cronbach's Alpha Reliability Test

This is a statistical tool used to measure the internal consistency or reliability of a questionnaire or scale, that is, how well a set of items (questions) measure a single construct.

Table 2: Reliability Test Results Using Cronbach's Alpha

| Construct | No. of Sample Items | Description | (Brief Cronbach's Alpha) |
|------------------------------------|---------------------|---|--------------------------|
| Compliance with Audit Standards | 5 | ISA compliance, ethical rules, regulatory standards | 0.802 |
| Audit Planning and Execution | 4 | Audit procedures, planning structure, documentation | 0.785 |
| Risk Assessment & Internal Control | 4 | Risk identification, internal control measures, fraud risk indicators | 0.761 |
| Financial Reporting Quality (FRQ) | 6 | Relevance, faithful representation, comparability | 0.834 |
| Overall Scale | 19 | Aggregated from all constructs above | 0.812 |

Table 3: Regression result

| DVs | IVs | Coef | Std. Err | T- Stat | Prob |
|-----|------------|-------|----------|---------|--------|
| RE | C | 2.43 | 1.830 | 1.3289 | 0.0298 |
| | Compliance | 0.04 | 0.216 | 0.5121 | 0.0108 |
| | Risk | 0.036 | 0.295 | 1.4442 | 0.0048 |
| | Planning | 0.038 | 0.210 | 0.7524 | 0.0052 |
| FR | C | 1.584 | 2.085 | 0.7601 | 0.0107 |
| | Compliance | 0.036 | 0.245 | 0.3504 | 0.0275 |
| | Risk | 0.023 | 0.336 | 0.9335 | 0.0350 |
| | Planning | 0.046 | 0.240 | 1.4002 | 0.0175 |
| C | C | 8.313 | 1.787 | 4.6529 | 0.0000 |
| | Compliance | 0.039 | 0.211 | 1.5161 | 0.0357 |
| | Risk | 0.045 | 0.288 | 1.9650 | 0.0349 |



| | | | | |
|----------|-------|-------|--------|--------|
| Planning | 0.011 | 0.206 | 0.9313 | 0.2561 |
|----------|-------|-------|--------|--------|

The table 2 above presents the results of the reliability test conducted using Cronbach's Alpha for the four major constructions in the study. All constructs recorded alpha values greater than the acceptable threshold of 0.70, indicating that the instrument is consistent and reliable for analyzing the role of auditors in fraud prevention and financial reporting quality in a non-profit organization.

Discussion of Findings

The findings of this study offer significant insights into how auditors' roles in compliance with standards, audit planning, and risk assessment influence the quality of financial reporting specifically its relevance, faithful representation, and comparability in non-profit organizations, with a particular focus on the National Agency for the Control of AIDS. These findings are consistent with theoretical expectations and supported by recent empirical literature.

Compliance with International Audit Standards and Relevance

The regression analysis revealed that compliance with international audit standards has a positive and statistically significant effect on the relevance of financial reporting ($p = 0.0108$). This implies that when auditors align their procedures with globally accepted standards, the financial reports produced are more timely, informative, and decision-useful to stakeholders. This finding supports the assertion by Campa et al. (2025) who found that adhering to audit standards enhances financial transparency and credibility, especially in donor-funded non-profits like the National Agency for Control of AIDS. It signals financial discipline, builds trust with stakeholders, and aligns with Agency Theory by reducing information asymmetry. This strengthens the value of financial reports for strategic decisions, grant renewals, and program evaluations.

Audit Planning and Execution and Faithful Representation

The findings also showed that audit planning and execution have a positive and statistically significant effect on the faithful representation of financial statements ($p = 0.0175$). This outcome is consistent with the work of Bonrath and Eulerich (2024), who found that strong audit procedures are central to ensuring audit accuracy and reliability, especially in organizations where financial scrutiny is high.

Risk Assessment/Internal Control and Comparability

Risk assessment and internal control systems were also found to have a positive and statistically significant effect on the comparability of financial reporting ($p = 0.0349$). This finding corroborates the position of Oyedotun et al. (2025), who emphasized that robust internal control environments foster



standardization in financial documentation. The findings confirm that auditors enhance financial reporting quality in non-profit public organizations by preventing fraud, ensuring relevance, faithful representation, and comparability, thereby promoting transparency, donor trust, and sustainable governance.

From the tables 4.3 above, it can be observed that apart from planning X3, which has insignificant positive effect on the dependent variable, comparability with 0.2561, the rest of other independent variables reveal significant association on the dependent variables.

Test of Hypotheses

This section presents the results of hypothesis testing based on the regression analyses conducted on the three dimensions of financial reporting quality: relevance, faithful representation, and comparability. Each null hypothesis was tested at a 5% level of significance using the p-values generated from the Ordinary Least Squares (OLS) regression output.

Table 4 :Test of Hypotheses

| Hypothesis | P-value | Decision |
|---|---------|----------|
| HO₁: The auditor's role in complying with international audit standards to prevent fraud does not significantly enhance the relevance quality of financial reporting in non-profit organizations. | 0.0108 | Reject |
| HO₂: The auditor's role in planning and executing audit procedures to prevent fraud does not significantly enhance the faithful representation quality of financial reporting in non-profit organizations. | 0.0175 | Reject |
| HO₃: The auditor's role in risk assessment and strengthening internal control systems to prevent fraud does not significantly enhance the comparability quality of financial reporting in non-profit organizations. | 0.0349 | Reject |

Test of Research Hypotheses

Test of Hypothesis One

HO₁ : The auditor's role in complying with international audit standards to prevent fraud does not significantly enhance the relevance quality of financial reporting in non-profit organizations.

From the regression output, the p-value for compliance in relation to relevance was 0.0108, which is less than 0.05. This indicates that



compliance with international audit standards has a statistically significant effect on the relevance of financial reporting.

Decision: Reject H_{01} . Compliance with international audit standards significantly enhances the relevance of financial reporting in non-profit organizations.

Test of Hypothesis Two

HO₂ : The auditor's role in planning and executing audit procedures to prevent fraud does not significantly enhance the faithful representation quality of financial reporting in non-profit organizations.

The p-value associated with planning and faithful representation was 0.0175, which is also below the 0.05 threshold. This confirms that audit planning and execution significantly influence the faithful representation of financial statements.

Decision: Reject H_{02} . Audit planning and execution significantly enhance the faithful representation of financial reporting in non-profit organizations.

Test of Hypothesis Three

HO₃: The auditor's role in risk assessment and strengthening internal control systems to prevent fraud does not significantly enhance the comparability quality of financial reporting in non-profit organizations.

The p-value for risk in relation to comparability was 0.0349, which is below the 0.05 significance level. This shows a statistically significant relationship between risk assessment/internal control and financial reporting comparability.

Decision: Reject H_{03} . Risk assessment and internal control systems significantly enhance the comparability of financial reporting in non-profit organizations.

Conclusion and Recommendations

This study explored the auditor's role in financial statement fraud prevention and using audit assertions and evidence to improving financial reporting quality in non-profit organizations, focusing on the National Agency for the Control of AIDS. It found that:

Compliance with international audit standards enhances the relevance of financial reports. Effective audit planning improves the accuracy and integrity of financial statements. Strong risk assessment and internal controls boost the comparability of reports over time. Overall, the study confirms that robust audit practices significantly support fraud prevention and elevate financial reporting quality, reinforcing transparency and accountability in donor-funded public-sector agencies.



This study investigates how auditors help prevent financial statements fraud and improve financial reporting quality using audit evidence and assertions for non-profit organizations, focusing on the National Agency for the Control of AIDS. It finds that auditors play a key role beyond compliance by enhancing report relevance, faithful representation, and comparability through adherence to audit standards, effective planning, and risk assessment. The research highlights auditors as essential for accountability, transparency, and trust, emphasizing that strong audit practices can deter fraud and boost governance in non-profits. Strengthening audit capacity and standards is crucial for financial integrity and public confidence. The study therefore recommends that, the NACA should enforce strict adherence to international auditing standards and provide regular training to auditors. Compliance should be seen not just as a requirement but as a strategic means to enhance the relevance and quality of financial reporting for stakeholders and donors. The agency's internal audit unit should implement a structured, risk-based audit planning process to identify high-risk areas early and allocate resources effectively. Emphasizing proper documentation and supervisory reviews will enhance audit execution and ensure financial statements accurately and neutrally reflect the agency's activities. The NACA should enhance its risk assessment and internal control systems by formalizing policies, conducting regular risk reviews, and ensuring consistent application. Strengthening these frameworks will support fraud prevention and improve the consistency, reliability, and comparability of financial reports.

This study adds valuable insight into auditing, financial statements fraud prevention, and financial reporting quality within public-sector non-profits in developing countries, focusing on Nigeria's National Agency for the Control of AIDS. It extends Agency Theory to non-profits, highlighting auditors' role in reducing information asymmetry and ensuring high-quality financial reporting. The research introduces a model linking audit functions to key reporting qualities, such as relevance, faithful representation, and comparability. And this provides empirical evidence supporting auditors' strategic role in improving transparency, governance, and donor trust in non-profit settings.

While this study offers key insights into auditors' roles in financial statements fraud prevention and financial reporting in a non-profit public agency, it highlights areas for further research. Future studies could compare multiple non-profits organisations across Nigeria, explore the impact of digital audit tools like Artificial Intelligence (AI) and block chain, and use qualitative methods to examine ethical and independence challenges affecting audit assertions and their effectiveness.



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