

Assessing Financial Security in the Banking Sector

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Abstract

Fraud is a growing concern in modern organizations, particularly within the banking sector, due to its infrequent yet highly impactful occurrences. Detecting and predicting fraud can be challenging, and its presence poses a serious threat to an institution's objectives and continuity. Internal audit plays a critical role in identifying and mitigating such risks.

The primary aim of this study was to assess the role and effectiveness of internal audit in preventing and detecting fraud in the banking sector. To achieve this, a questionnaire was distributed to all banks operating in Portugal and authorized by the Bank of Portugal. The collected data was carefully analyzed to draw meaningful conclusions.

Results revealed that most respondent banks had well-defined audit plans to address fraud threats, acknowledging the significance of this industry-specific risk. Despite these preparedness efforts, the head of internal audit displayed only moderate confidence in effectively combatting bank fraud.

In conclusion, the study demonstrates that internal audit contributes significantly to fraud prevention and detection in the banking sector. Nonetheless, it also emphasizes the need to overcome existing limitations and implement improvements to enhance the effectiveness of internal audit in dealing with fraud. By doing so, banking institutions can proactively safeguard their interests, ensuring the trust of stakeholders and bolstering financial security.

Keywords: Internal audit, banking, Fraud, Risk.

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I. Introduction

The threat of fraud has always been a concern in organizations, which seems especially important in the banking sector, the introduction of internal audit is always easier to detect.

However, the prevention or detection of fraud is also an increasingly sensitive issue that takes different forms. It is a tool used to commit fraud. were considered difficult and significant to investigate within this study.

Being a timeless topic, this research provides more information on the O topic from a scientific perspective. This work may encourage new studies involving other industries or disciplines. It aims to generate academic debate and raise awareness of this very sensitive topic. In the banking sector in particular, it is hoped that the results of this study will contribute to reflection and the possibility of improvement.

Object

It is Goals from the investigation

The research topic of this paper was fraud and audit intervention as a means to prevent and detect fraud in the Portuguese banking sector. In this sense, the main objective of this work was defined to understand the role of internal audit to the detection and prevention of fraud in the Portuguese banking system. In accordance with this objective, the following questions were asked:

- Are banks and internal controls aware of fraud risks?
- Who are the main facilitators of the frauds?
- Is internal audit actively involved in fraud prevention and detection?
- Your internal auditors are properly prepared Prevention Act Is it fraud detection?

Methodology in Investigation

As a result of the method used, the literature on the functioning of internal audit in the banking sector was analyzed and the most important types of fraud known in this field were studied. To find out the internal audit paper, he applied one quiz in the field, whose universal analysis you, internal bank auditors, thirst effectively in Portugal, in accordance with the information available on the website of the Bank of Portugal. A questionnaire consisting of 22 closed questions was applied from the Internet (quantitative method), which was the data processed with Microsoft Excel.

THEORETICAL FRAMEWORK

internal audit

At this point, some general concepts about Internal Audit will be presented, as well as you aspects more relevant at what concerns The function in Internal audit at the sector Bank officer.

Evolution in internal audit

In China, Egypt This is in ancient Babylon, another historical information, earlier practices that showed concern in management This is what if we remember Inspection procedures, namely taxation This is the inspection of warehouses of the pharaohs 4000 BC. (Costa, 2017). Also another Ramamoorti (2003), they are referred to in biblical procedures introduced between 1800 BC. and 95 comparable to internal control, separation of duties This is a limitation of the availability of human resources and fraud without intention. But already in 1314, the position of auditor appeared in England, in this case the auditor of the treasury, whose purpose was to develop and implement a system of control of government expenditures. (Alves, 2014). With that, however, he had a break in the middle of the 19th century, The Industrial Revolution, It is the result of changes in the process that produces It is in the economic world, the requirement Implementation in systems in internal management It is the accounting of procedures more effective (coast , 2017), which the review once found crucial for its development. In the first phase, the verification focused mainly on fraud detection, but as an anonymous passport for associations. To win in a legal company, enters the responsibility for the security of financial information transmitted to investors, shareholders or the state. (Silva, 2012), If on Tarkastus takes one piece of paper for relief when auditing the company's accounts. After the New York Stock Exchange crash of 1929, investors learned the importance of auditing. the requirement Implementation in systems in internal management It is the accounting of procedures more effective (coast , 2017), which the review once found crucial for your development. In the first phase, the verification focused mainly on fraud detection, but as an anonymous passport for associations. To win in a legal company, enters the responsibility for the security of financial information transmitted to investors, shareholders or the state. (Silva, 2012), If on Tarkastus takes one piece of paper for relief when auditing the company's accounts. After the New York Stock Exchange crash of 1929, investors learned the importance of auditing. the requirement Implementation in systems in internal management It is the accounting of procedures more effective (coast , 2017), which the review once found crucial for your development. In the first phase, the verification focused mainly on fraud detection, but as an anonymous passport for associations. To win in a legal company, enters the responsibility for the security of financial information transmitted to investors, shareholders or the state. (Silva, 2012), If on Tarkastus takes one piece of paper for relief when auditing the company's accounts. After the New York Stock Exchange crash of 1929, investors learned the importance of auditing. the verification focused mainly on fraud detection, but as an anonymous passport for associations. To win in a legal company, enters the responsibility for the security of financial information transmitted to investors, shareholders or the state. (Silva, 2012), If on Tarkastus takes one piece of paper for relief when auditing the company's accounts. After the New York Stock Exchange crash of 1929, investors learned the importance of auditing.

Computing data, thus developing the rules and practices of auditing economics. (Dalmolin, A., 2014). In 1934, he founded the Securities and Exchange Commission (SEC), which set new goals. According to Moeller (2009), external auditors need the help of internal auditors. In this development, it is important to have someone internal to support and support the investigations of the external inspectors. The principles of internal

auditing are beginning to take shape. In the beginning, mainly to support the activities of auditors as a financial, foreign company. It began its activities with consolidation since 1941, when the Institute of Internal Auditors (IIA) was founded, a body that takes for global internal auditing activities. (IIA website). According to the IIA, the practice of internal audit took place Understandable as one profession, including The agreement between your professionals The internal audit paper This is the basis of your concept and principles. He received his first instructions on how an internal audit should work from the 1947 Tax Declaration of the Internal Auditor, which defined the scope of an internal audit when it focused primarily on financial matters. The Internal Audit Accountability Report was updated and expanded in 1957, when it transferred several services to management. The Statement of Responsibilities of Internal Audit was further revised in 1976, 1981 and 1990 to reflect developments in the internal audit profession. However, the IIA published the first Code of Ethics in 1968, formally adopted the first Internal Audit Standards (Standards) in 1978, published the Professional Framework of Practices in 2000, and the International Framework of Professional Practices in 2009.), as a conceptual framework that organizes the guidelines given by the IIA. A global set of standards that guides IIA internal audit professionals worldwide with binding guidelines and recommendations. According to Morgan (1979), internal audit was historically and for a long time the number one operational control recognized as necessary by the "police organization" within organizational control, but considered "secondary" to control. achievement of the main objectives of the company However, the development of world business among many different stakeholders has on the contrary increased demands, internal audits have become an important part of the management of the operations of many companies, which proves to be essential to help. Organization To achieve its goals with one approach to systemEvaluation is disciplined It is to improve the effectiveness of the risk management, control and management process. Chart 1 highlights this progress based on the evolution of the audit concept itself. Internal according to IIA (IIA website):

Frame 1.1 Evolution of concept of audit

1947	A audit internal treat mainly in questions accounting It is financial, but also he can deal with in questions of operational nature.
1957	Internal auditing is an independent assessment activity within the scope of an organization for the review of accounting, financial and others.
1971	An internal audit It is one activity in assessment independent at the scope in one organization for the revision of operations as a service The management.
nineteen ninety	Internal audit is an independent assurance function established in the scope in one organization for to examine It is to assess your activities as one service The organization.
2000	Internal auditing is an independent, assurance and consulting activity, designed to add value and improve an organization's operations. It helps the organization to reach its objectives, through a systematic approach It is disciplined, at assessment It is improvement from the efficiency of the Law Suit in management in risk of control and governance.

Source: website of the IIA

Goals It is responsibilities from the internal audit

As mentioned in the previous point, internal auditing is currently defined by The IIA (2000) as: “an independent, assurance and advisory activity designed to add value It is The to improve the operations of an organization. It helps the organization to reach its objectives, through a systematic and disciplined approach, for evaluating and improving the effectiveness of the processes of management of risk of control and governance.” For Morais and Martins (2013:129), internal auditing is a “continuous, complete and independent, developed in the entity (...) based on risk assessment, which verifies the existence, compliance, effectiveness and optimization of internal controls and processes of Governance, helping it to fulfill its objectives. That is, to reach The audit objective internal, the auditor should:

- To assess the system in Internal Control;
 - Verify the existence of controls for the safeguarding of assets, confirm their adequate accounting as well as physical inventory and analyze the conditions of their use;
 - Guarantee the reliability of the information systems and that the information processed reaches the organ concerned on time right;
 - To secure what the organization follows its procedures, standards It is policies stipulated for the direction through operational controls;
- Must have the ability to implement procedures that can detect fraud, error, or ineffective practices, must be independent within the organization, and must report directly within the organization. “The advent of auditing is related to the need for owners and investors to verify the economic and financial performance of the companies to which their capital is directed” (Lima, A., 2012). With respect to fraud, the auditor does not have primary

responsibility for detecting fraud, but your role is to ensure adequate and robust audit procedures are in place to ensure that there is no bias or fraud. there is. Also, when under stress, the mechanisms of manipulation from information are discovered, often leading to deviations from one's control or to the same internal or external stunts, making fraud difficult to detect if, the risk of auditor failure increases. Detect specific fraud cases (Lopes, 2019).

An internal audit at the Sector Bank officer

Below are key aspects and key requirements of the internal audit function of several regulatory bodies, notably the EBA. The BCBS Portuguese bank. Of course, financial activities, including banking, are highly regulated activities in which internal audit plays a particularly important role. By the way, the banking sector is one of the sectors where internal audit is essentially a mandatory function due to its own regulations, and internal audit may also perform an integrated What if for each function specified in internal control. Is required. Consider compliance and risk management functions. It is legitimate to argue that this mode of internal auditing is commonly known as a management function that has acquired importance and obligations in the regulated sector or financial sector. Subject to its own regulation following various guidelines, it is tasked, among other things, with checking whether the entity meets the assumptions of effectiveness and efficiency and to what extent internal controls ensure safety. . Goal achievement. Internal Audit, contrary to what he thinks no, has a detective function, but a preventive function, ensuring that vulnerabilities are monitored until hours far away from the institution, and for risk mitigation. We work with organizations (Lopes, 2019). According to the Chartered Institute of Internal Auditors (CIIA) (2017), the internal audit function can inform management of the major flaws it finds. but a preventive function, ensuring that vulnerabilities are monitored until hours far away from the institution, and for risk mitigation. We work with organizations (Lopes, 2019). According to the Chartered Institute of Internal Auditors (CIIA) (2017), the internal audit function can inform management of the major flaws it finds. but a preventive function, ensuring that vulnerabilities are monitored until hours far away from the institution, and for risk mitigation. We work with organizations (Lopes, 2019). According to the Chartered Institute of Internal Auditors (CIIA) (2017), the internal audit function can inform management of the major flaws it finds.

European Banking Authority

The European banking sector is supervised and regulated by the European Banking Authority (EBA), which is responsible for maintaining financial stability in the European Union. The System European Financial Supervisory Board (ESFS) is made up of three supervisory bodies, including the EBA, the European Values Authority Securities and Markets (ESMA) and the European Insurance and Pensions Authority Complementary in Remodeling (EIOPA). Despite its independence, it is accountable to the Council of the European Union, the European Parliament. European Commission. This body protects and ensures the proper functioning of the internal market by stipulating a certain level of stability, harmonization and regulation. Its main focus is to create a set of standards for the banking sector across Europe. This introduces standards based on harmony and prudence that contribute to a level playing field and protection of depositors. Nevertheless, regularly assess the risks associated with vulnerabilities in the bank staff department. The EBA, pursuant to Directive 2006/43/EC16, has clarified that it must be responsible for managing the effectiveness of the internal control system and for managing risks in auditing all committees. To ensure your oversight by the internal audit department, it leads to regular reassessments related to accounting principles. That's the definition. He needs to consolidate financial information. It is the Commission that must make recommendations to ensure this. Ensure the independence and responsibility for the selection of the Statutory Auditor (ROC) or Society of Statutory Auditors (SROC) and follow the legal review process for proven financial liabilities, but verify scope and periodicity is needed. 2. O EBA/GL/2017/11 of 21 March 2018 (Guidelines submitted to Internal Government) The functions described in Internal Audit (FAI) existing within the Agency shall be carried out by persons delegated after appointment. managed. Departments must be independent of the activities they carry out. Audit It enjoys authority It's a resource. You her your staff must be familiar with the role and must have free access to all agency records, documents and buildings. FAI independently prepares organization-wide and subcontracted activity assessments to ensure compliance of all activities under the risk approach. Autonomous in policies, choices and internal controls, but must report to governing bodies. Accountability for its responsibilities, evaluation of the governance framework within its adequacy, adherence to legally compliant procedures, their adequacy and correctness of their implementation, and the risk management function and compliance A standard whether verification is appropriate to report on established matters. Evaluate suitability, whether risk mitigation is properly implemented and its assessment. Subsequent recommendations are monitored to ensure timely resolution. In less than one cycle per year, he has to develop an internal revision apartment, which is the basis for all revision work, and this plan must be approved by the auditor. management. Accountability for its responsibilities, evaluation of the governance framework within its adequacy, adherence to legally compliant

procedures, their adequacy and correctness of their implementation, and the risk management function and compliance A standard whether verification is appropriate to report on established matters. Evaluate suitability, whether risk mitigation is properly implemented and its assessment. Subsequent recommendations are monitored to ensure timely resolution. In less than one cycle per year, he has to develop an internal revision apartment, which is the basis for all revision work, and this plan must be approved by the auditor. management. Accountability for its responsibilities, evaluation of the governance framework within its adequacy, adherence to legally compliant procedures, their adequacy and correctness of their implementation, and the risk management function and compliance A standard whether verification is appropriate to report on established matters. Evaluate suitability, whether risk mitigation is properly implemented and its assessment. Subsequent recommendations are monitored to ensure timely resolution. In less than one cycle per year, he has to develop an internal revision apartment, which is the basis for all revision work, and this plan must be approved by the auditor. management. their adequacy and correctness of their implementation, and the risk management function and compliance A standard whether verification is appropriate to report on established matters. Evaluate suitability, whether risk mitigation is properly implemented and its assessment. Subsequent recommendations are monitored to ensure timely resolution. In less than one cycle per year, he has to develop an internal revision apartment, which is the basis for all revision work, and this plan must be approved by the auditor. management. he has to develop an internal revision apartment, which is the basis for all revision work, and this plan must be approved by the auditor. management. he has to develop an internal revision apartment, which is the basis for all revision work, and this plan must be approved by the auditor. management.

Basel Committee on Banking Supervision

Established in 1974 by the central banks of the Group of 10 (G-10) countries, the Committee on Banking Supervision (Basel Committee on Banking Supervision) established many different institutions in banking supervision with the goal of making banks sounder. It's integrated. system financially. The first conference he held in 1975, later began issuing a report on the progress of banking supervision. A Concordat was also issued defining the rules for the development of the Commission and establishing the principle that all banks should be subject to external supervision. That's what proper supervision should be.

- o In June 2012, the BCBS issued a document entitled "Internal Audit Function of Banks", which sets out 20 principles regarding the role of internal audit in banks. They are primarily related to organizational and operational aspects of the internal audit function, as summarized in Table 1.2.

Frame 1.2organization It is operation from the function in internal audit

Principle 1	A function in effective internal audit provides guarantees independent the management on the quality and effectiveness of systems and processes for internal control, management risk management and bank governance, helping management to protect the organization and its reputation.
principle 2	The bank's internal audit function should be independent of the activities audited, It is you auditors internal play to your assignments with objectivity.
Principle 3	Professional competence, in individual and collective terms, is essential for the efficiency of the function of internal audit of Bank.
Principle 4	You internal auditors must act with integrity.
Principle 5	O Bank he must dispose in one regulation in audit what articulate O goal, The permanence It is the authority of the function of internal audit.
Principle 6	All to the activities (including to the subcontractors) It is all to the entities of Bank must fit at the global scope from the internal audit function.
Principle 7	The scope in applicationof activities from the function in internal audit he must to secure adequate coverage of matters of regulatory interest within the scope of the flat of audit.
Principle 8	The Bank must have one function in audit internal permanently.
Principle 9	Bank management has ultimate responsibility for ensuring that senior management establish It is Keep one system in control adequate internal, effective It is efficient It is, consequently, he must support The function in audit internal at the exercise of your functions effectively.
Principle 10	O committee in audit, or O your equivalent, he must supervise The function in audit inside the bank.
Principle 11	The head of the internal audit department should be responsible for ensuring that the department adheres to strong internal auditing standards and a relevant code of ethics.
Principle 12	A function in audit internal he must be responsible in all for the questions related to the performance of your mandate.

Principle 13	The internal audit function must independently evaluate the effectiveness and efficiency of systems and processes for internal control, risk management and governance.
Principle 14	A management in each Bank inside in one group he must to secure what: (i) The Bank he has Your own function in internal audit, what he must to present one report to the group bank or the head of internal audit of the banking company; or (ii) the function of internal auditing of the banking group or holding company performs activities of internal audit of sufficient scope in Bank.
Principle 15	Regardless of whether internal audit activities are subcontracted, the board of directors continues to be responsible for the internal audit function.
Principle 16	You supervisors must have one regular communication with you auditors internal of Bank.

Principles 17 to 20 relate to the regulator's assessment of the internal audit function, ie, the competence and power of the bank's internal audit function and the agreement on sound principles that the bank is implementing. Communication This is a matter of fixing possible identified deficiencies.

Bank from Portugal (BdP)

Banco de Portugal is the central bank of the Portuguese Republic and has jurisdiction under its Basic Law. It is part of the European Central Bank System, Single Supervisory Mechanism and Single Settlement Mechanism. It is part of the Euro system, which consists of the national banks of the Eurozone. For the Central European Bank (ECB). It acts as a state intermediary in financial relations.

It is responsible for micro prudential and behavioral monitoring of credit agencies. With respect to supervision, their powers are exercised within the framework of supervisory mechanisms. It is your office that regularly facilitates and inspects the operation of the system for payment transactions. Being the exchange rate authority of the Portuguese Republic, we produce currency, exchange rates and financial statistics. Banks are consolidating a single resolution mechanism. So, it is a national resolution agency. It is therefore responsible for ensuring bank resolution in crisis situations in case of bankruptcy and ensuring a stable environment. In July 2020 Banco de Portugal published Communication No. 3/2020. It regulates governance and internal control systems and defines the minimum standards by which the cultural organization of a company is subject to banking supervision in Portugal. It is The Instruction No. 18/2020, which regulates reporting duties regarding conduct and organizational culture It is to the systems of government It is internal control. In this scope Of Bank in Portugal lays down what the internal audit he has a responsibility to examine It is to assess the adequacy It is The efficiency from the organizational culture It is of the systems in governance and internal control of institution. To this end,

The flat multiannual in actions in audit includes one description of the means materials, technical and human resources required to ensure a comprehensive, risk-oriented review of all to the activities, systems It is Law Suit from the institution, with View The to assess globally the adequacy and effectiveness of the organizational culture, internal governance structures and the system in internal control of institution, within an appropriate time horizon.

Internal audit issues recommendations based on the results of the assessments carried out It is promoting one continuous follow-up of shortcomings identified, with Frequency appropriate to the associated risk, in order to guarantee that the measures aimed at its correction they are adequate and timely implemented. Your organs administration It is in oversight ensure what:

- The internal audit function develops its activity in accordance with the standards and principles of internal auditing recognized and accepted at International, namely what for each assessment is outlined one program what defines the audit objectives, the criteria for evaluating the adequacy of specific policies, procedures and implemented controls by institution It is It is elaborate one report that contains the results from the assessment. • Annually approve O Flat in O year audit action. The suitability of multi-year plans is then considered.
- Deficiencies and resulting recommendations identified by internal audits are registered, reported directly to governing bodies, and subject to ongoing monitoring by internal audits. In the event of an event that may compromise the independence of the audit, the governing body is responsible for implementing corrective action. The adequacy and effectiveness of the internal audit function are subject to independent assessments performed periodically by an external agency at least every five years.

The Fraud

Fraud is any willful, unlawful, dishonest and punishable act for personal gain or harm to a third party. Deception is a deliberate and deliberate escape from the truth that disregards or harms the interests of others. According to Roque (2013), in business, fraud can be assumed to be a deliberate act or omission intended to deceive another person, resulting in loss to the victim. It is o that the author wins the prize. The International Standard for Auditing (ISA) 240 states that fraud is "a willful act committed by one or more persons of management, those responsible for corporate governance, employees, or third parties, Including the intentional use of falsehood to produce an unfair result. " The same rule distinguishes between misrepresentation of

financial statements and classification as fraud or error, whether your actions are intentional or unintentional, improper appropriation of active documents, whether it is improper appropriation, suppression or omission. Misuse of Policy Accounting, Lopes, (2019) . Fraud is intentionally distinguished from "mistakes". Errors are distortions caused by unintentionally doing unnecessary things, such as: B. Failure to Recognize Amounts in Financial Statements. Among the errors that may exist, we can point out:

- Errors in data collection or processing.
- Inaccuracies in pro forma accounting.
- The principle of application is wrong he it is a standard accountant.
- Misinterpretation of variation assets.

It is not always easy to prove that the above situations happened unwittingly by chance. It is essentially completely negligent. Fraud, however, is deliberate and deliberate and results in, among other things, distorting financial reports, manipulating documents, and manipulating or omitting transactions. Fraud features include:

- Falsification, falsification, falsification of documents resulting in false records of assets, liabilities or results.
- Improper diversion of assets.
- Fraudulent accounting.
- Transactions registered without proper supporting documentation.
- Improper accounting practices

So, as above, it's the purpose of the behavior that can define whether it's a mistake or a cheat. That is, there are mistakes that, although in an unconscious form, cause problems if detected. Consequences if done intentionally as these are already considered scams.

A Typology from the Fraud

According to Lopes (2019), two types of fraud can be distinguished in a business context:

- Organized Fraud: Fraud committed for the benefit of the organization itself. Regulations between organizations and others, such as financial demonstration distortions, misrepresentation rates for regulators, etc.
- Corporate Fraud: What was done to your company. Improper embezzlement, embezzlement, default with others.

The following points describe some types of fraud and how they are evaluated according to different models.

Triangle from the Fraud

According to Hencsey (2016), the Donald Cressey cheating triangle is one of the explanatory models of motivation from cheating occupational practices.

Cressey researched his 120 inmates detained for white-collar crimes in the United States between 1950 and 1953, and from this research he found that to prevent such crimes from occurring, he had three concluded that three elements (pressure, opportunity, rationalization) are necessary.

Figure 2.1 The Triangle from the Fraud



Source: own elaboration

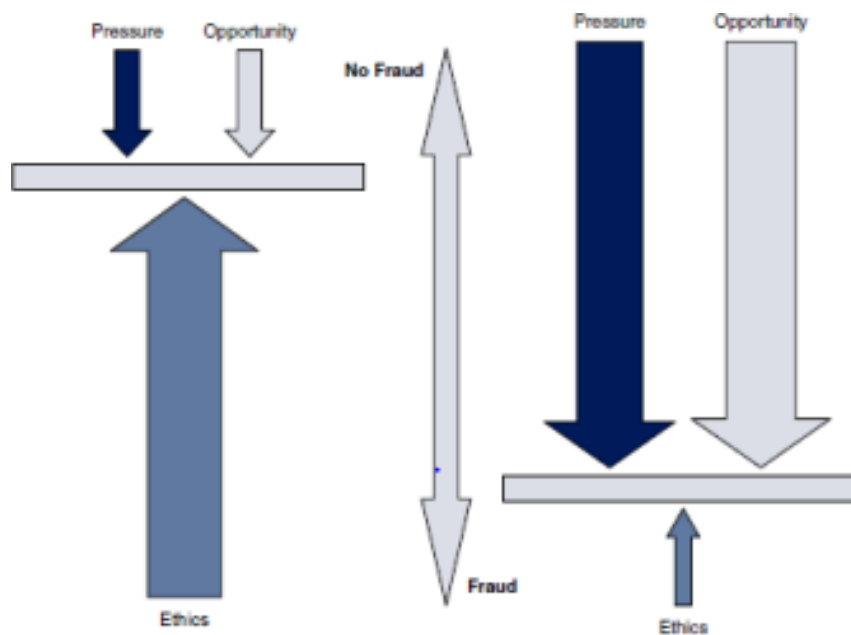
First, there is the existence of "pressure". It is the pressure that leads to financial problems by the standards. The rationalization used after the "opportunity" of the position she occupies within the entity that creates the opportunity to commit fraud serves as a justification to refute the view that the behavior is criminal or even inappropriate (Schuchter and Levi, 2013; Wells, 2017)).

Dellaportas (2013) highlights the incentives that exist for the occurrence of illegal acts called pressure. Pressure is essential to understanding the occurrence of fraud due to unshared issues. On the other hand, rationality may be sufficient that no such act has occurred, but opportunity prevention is not sufficient. Dellaportas believes that the types of pressures that lead authors to commit fraud are financial hardship, vice,

work-related attrition, and the desire for wealth. One of the key issues for the analysis of O Triangle from the Fraud, Second Fountain (2017) is the control error associated with the range of possibilities. The fact that no fraud has occurred is no guarantee that fraud will not occur in the future. Therefore, it is very important for authors to assess the potential for prevention.

For Hall (2011), fraud ratings improve when viewed as factors in the fraud triangle. As such, the authors rely on a list of questions to highlight as a guide. CEO, does he have abnormally high personal debt? Do your key executives seem to far outstrip your earnings? Are your key leaders in-game room players? Do your key executives appear to abuse alcohol or drugs? Is the economic situation in your company's branch or area of activity unfavorable? What? Do key executives have relationships with suppliers? Is the company experiencing rapid turnover of key employees? Is it right to resign or not to renew the contract? One or two Do people control the company? These questions allow you to assess the risk of fraud. This can be used as a forecasting tool (Fig. 3.2).

Figure 2.2 Conjugation in Forces of Triangle of Fraud



Source: Hall, 2011

The triangle from deception, he was admired by many. It will be adopted by international bodies until it is adopted, but it has also been subject to criticism prompting the emergence of new approaches such as diamonds from fraud.

Diamonds from fraud

Wolfe and Hermanson (2004) suggest that personality traits and skills contribute to the likelihood of committing fraud. The authors therefore argue that the fraud triangle is incomplete and requires a fourth component: the ability to improve fraud prevention and detection. Competence refers to a person's ability to perceive an opportunity and seize it. Because many of these behaviors only occur when a person has certain resources.

With this in mind, these two authors believe that these four elements of his (incentives, opportunities, rationalizations, and abilities) can create mechanisms to anticipate and prevent fraud.

Figure 2.3 Diamond of Fraud



Source: own elaboration

The cheating diamond was born to explain human thinking. So when an employee wants or needs to cheat, there is an incentive and a vulnerable system arises as an opportunity to flesh out cheating. Rationalization is due to the subject believing that the risk taken in performing such an act is worth the associated risk. Risks and abilities exist because the person has the necessary skills or qualities to commit fraud. Although the elements in question may overlap, the fraud diamond highlights the potential for fraud. They are considered separately when assessing fraud risk (Wolfe and Hermanson, 2004).

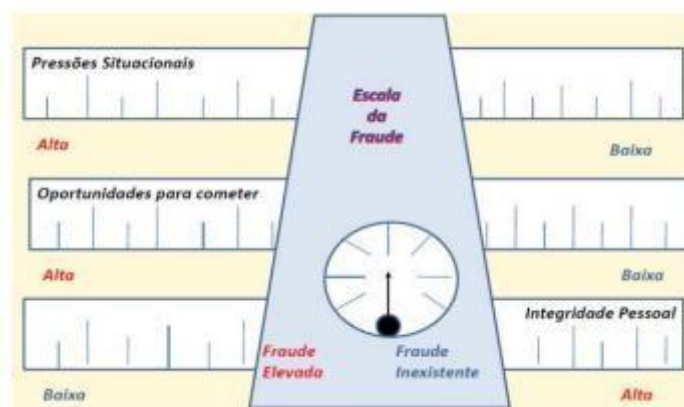
The Climbing Fraud

Albrecht, Howe Ten-year Romney in 80 of 212 fraud cases analyzed, they concluded. (Mayper, 1985). Thus, they devised a tool to assess the likelihood of fraud through assessments of pressure, opportunity, and personal integrity. Replaces Triangle for Integrity type Fraud Rationalization (Maragno and Borba, 2017).

Recognizing the risk of fraud is complex and difficult for concerned writers, but the evidence is in the print, in the context of what to consider, and in the actions. B. People who live far beyond their means, are heavily in debt, have close relationships with customers, suppliers, or are dissatisfied with their salaries.

All of the above signs are called red flags (warning signs) in audits (Moreira, 2010). When we speak of possibility, we are referring to the possibility of realizing the existence of internal void or non-existent controls, whether it is the responsibility of the company or a particular employee. Personal integrity refers to the ethical behavior adopted by each employee (Albrecht et al., 2015).

Figure 2.4 Scale from the Fraud



Source: Moreira, 2010

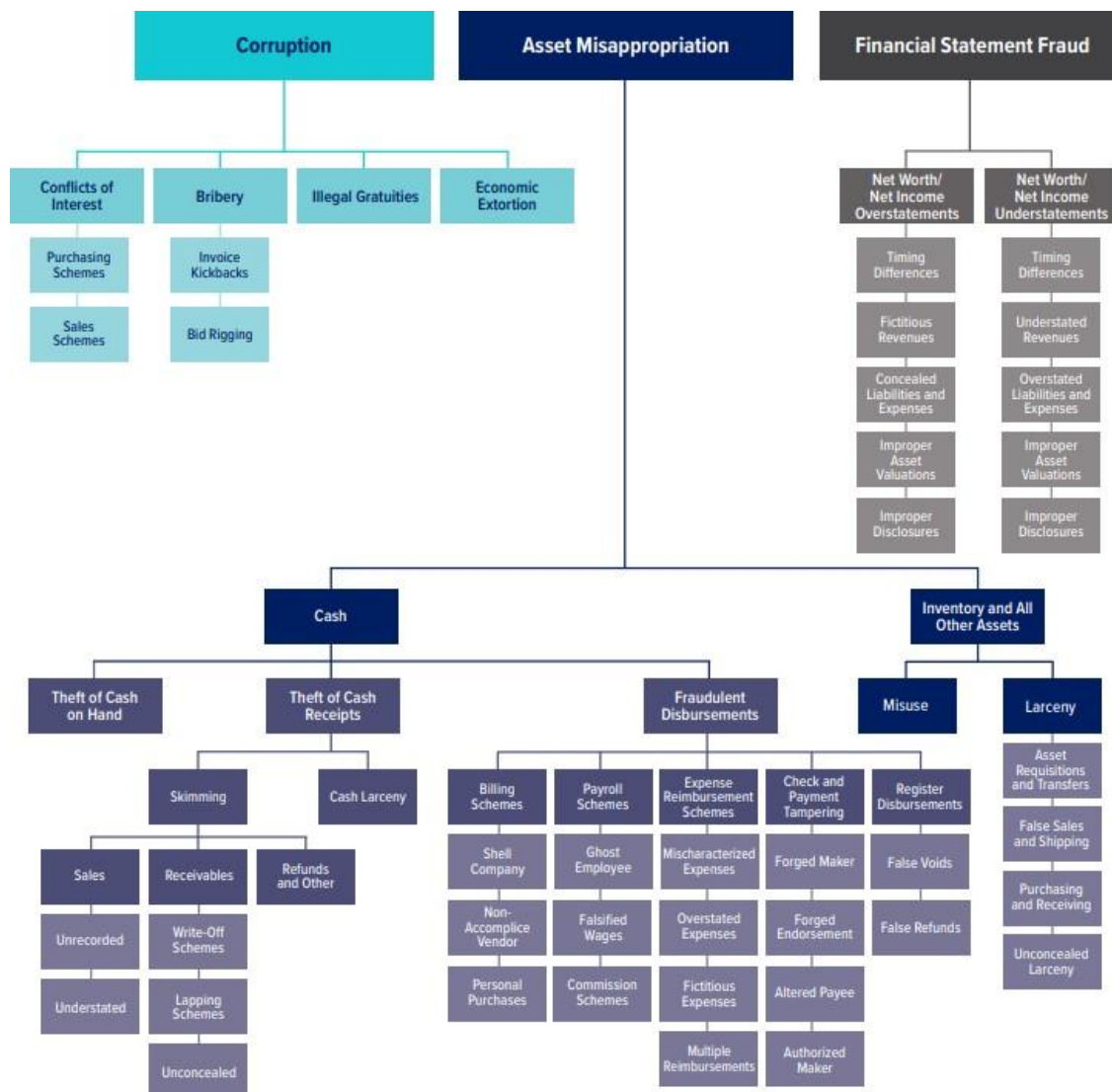
Occupational Fraud

Occupational or insider fraud is characterized by the use of occupations for the benefit of men, inadequate use of resources, or the organization of the Association of Certified Fraud Examiners (ACFE, 2014). This type of fraud stems from the employee's bad behavior and position within the organization.

According to the ACFE, he can classify professional fraud into three categories. These are represented by a tree from fraud, as shown in Figure 3.5.

- Improper Diversion of Active Voice: Theft or improper use of her Active Voice by the agency.
- Corruption: In legal dealings, it is the use of your influence to obtain an advantage that is contrary to your obligations to the organization.
- False Statements: Flagged for falsifying an institution's financial statements according to standards.

Figure 2.5Tree from the Fraud



Source: Adapted in ACFE (2020)

Committing work-related fraud violates the company's professional ethics. Because fraud is always done with the intention of gaining personal financial gain and harming the company's employees, especially you, directly or indirectly. 2009).

According to the ACFE (2008), asset misappropriation is the most common of the three he mentioned above, with corruption more common than financial reporting fraud.

Types _ in fraud in the sector Bank officer

In the meantime, the various types/instruments carried out by our banks, such as those related to payment instruments (physical currency, bank transfers, checks, etc.) made by automated means (internet machines) is referring to the fraud of and still those of money laundering and terrorist financing. The Internet has proven to be a highly fraudulent platform as the majority of financial crimes are now committed on electronic platforms. Another reality of Internet usage that has gotten a lot of publicity is e-commerce. Users face risks such as theft, data disclosure, and intellectual property theft when using e-commerce. First, the most common scam on this kind of platform is the disclosure of credit card numbers and phone numbers. To prevent fraud, he devised several strategies, including: B. Grown home banking. Consumers will be able to use more electronic devices in service banking, users will recognize the opportunities offered by the Internet, the convenience of not having to go to a bank to manage their accounts, and the convenience of inter-bank. Despite the competition, new services and facilities are being offered daily. Give your customers more security. To see who is doing what, financial institutions have developed measures such as O card exchange, 3D security, SMS codes and virtual cards (Finkelstein, 2016).

Card banking fraud

The main means of payment that financial institutions offer to their customers are debit cards, credit cards, or bank cards known as prepaid cards. Three are prone to fraud and highlight credit card balances of the type used. There are various forms of cash card fraud, such as those that are mainly used for online purchases and payments without permission, and those that counterfeit cards. The Internet is a leading source of credit card-related fraud. That is, you receive a stolen credit card, you are presented with a list of the information on the card, and the account number is in the name of the respective owner. Many transactions are also processed over the Internet. Commerce – the payment and purchase of goods and services – is receiving increasing attention and developing mechanisms to enable secure shopping within the company. Another type of scam that is very common. A copy of the data contained within the magnetic card, such as the card number and PIN, allowing cards to be created with the same data stolen from the original card. Using new techniques that allow for more accurate turn-by-turn maps (ACFE, 2008). “Credit card and online purchase fraud is growing rapidly. In addition to being used by financial criminals, it has harmed the development of Single Digital Marketplace, Visa, and discouraged citizens from shopping online. It becomes more reluctant.” March 9, 2018.

Fraudulent checks

According to the website of Banco de Portugal (Payment/Check Systems), “A check is a means of payment used by deposit account holders to transact readily available funds. checks are normalized and have the same mandatory presentation, format and text, allowing for automated processing by financial institutions, which facilitates accurate filling by exhibitors. When associating this payment method with fraud, you should consider direct factors such as: There are several types of fraud associated with check forgery. Examples include very frequent counterfeiting of endorsements, stolen checks, and misuse through improper fill-in-the-blanks. (Gill, 2011).

Fraud with Grades

According to information on the Banco de Portugal website, the more common practice of banknote counterfeiting is the illegal reproduction of banknotes for the purpose of circulation through graphic art, photocopying, etc.

A more common way to miscirculate these notes is to purchase assets or cash payment services after deposits have been made at ATMs or bank tellers, greatly increasing the risk of fraud detection.

These types of banknotes have no value. If counterfeit bills are received and treated as if they were genuine, they lose their value. (Gill, 2011).

Phishing

The term phishing refers to the act of an attacker pretending to be a trusted entity in an unauthorized attempt to obtain sensitive information (either personal or financial information) from the victim. There are many different attacks because this kind of scam exploits technical vulnerabilities. This type of scam is usually done via email, directing users to her webpage that resembles a trustworthy e-commerce site. After visiting the site, you will be asked for sensitive information such as: B. Bank account details or password. Phishers need only look into an increasing number of social networks, such as Facebook, Instagram, and Linking, to gather information about relationships, likes, and interests in groups and communities. All of these sites provide the information a phisher

needs to know in which region a particular person is located.

To prevent this situation, we recommend taking some precautions such as deleting suspicious emails, using trusted websites, and updating your antivirus package. Just go to the government website.

This computer fraud has become a very widespread problem because of its huge profit margins, the ease with which attacks are carried out, and the difficulty of bringing those responsible to justice. Menczer, 2007).

Pharming

Oh, pharming, this is another scam that's more sophisticated than phishing. Similar to O-Phishing, it consists of tricking individuals into visiting a website that they believe is legitimate when it is not.

Oh, that he can distinguish one technique from another. Farming, that's what he does. O-Pharming investigates vulnerabilities in the server's software, allowing hackers to direct her O-users to her fake and legitimate websites.

"These hidden files are programs that capture the heartbeat codes of keyboards and keyloggers, and when a user enters the address of a particular site, the system not only registers everything, but also another page with the aforementioned changes. What keyboard users' type" (Berreira, 2015)

However, when the user tries to access the bank's official website, it redirects to her fake website, which then collects information from the victim. This kind of scam is very effective because the user is the victim. Because the email is sent far beyond the computer's protective barrier, unlike in phishing, the user may be fooled and wrong without realizing this is happening. Sending often fails.

Vishing

Vishing has the same purpose as the above scams, but instead of using the Internet, it uses your phone to steal sensitive information. ○ The word vishing comes from the combination of Phishing voices.

An identifier corresponding to the bogus call is used. The fake entity tricks the victim into entering personal information through the cell phone keypad during a call. Whoever perpetrates this scam captures the sound of a key of your choice and converts it to numerical form.

Through vishing, personal data such as the number of cards, the number of bank accounts, her PIN associated with the card, the document number of the ID card, etc. can be stolen. Data provided to victims allows criminals to shop for them

Internet, Account Opening, Bank Transfer and Other Fraud (ACFE, 2008).

Bleaching of Capitals

Money laundering can be readily defined as a non-violent financial crime that results in economic loss. Since this is a crime that mostly occurs in developed countries, one of the main objectives is to avoid paying taxes. It is the pretense of capital origin (Christensen, 2007).

The purpose is to hide the origin and ownership of certain capital from illegal activities, and in most cases these practices involve large amounts of money being introduced into the financial system.

Therefore, aim to bid on the source when raising funds in a form that allows capital to be reused. (Jesus, 2016). For Banco de Portugal (BP) (2015) "Money laundering is the practice of concealing the source of assets and income (profits) obtained illegally by perpetrators of criminal activity, and using the liquidity derived from these activities legally. It is the process of converting into reusable capital, by disguising the origin or true owner of the funds." Bleaching It is a process that is resinized in three successive stages. These stages are indicated by placement and distribution. That is integration.

For the IMF (2005, quoted in Durrieu, 2013, p. 14), money laundering is defined as "a person's attempt to hide or disguise his or her personal identity or illegally obtained source of the process of appearing to be legitimate from the source."

The first stage of the placement process is aimed at introducing a commodity or capital into the financial system for the purposes of money laundering, using various funds as deposits or large investments. Circulation is then defined by a series of processes that result in high turnover of capital with the intention of diverting paths away from the payee or ultimate payee (Jesus, 2016).

The third stage of the process is integration. That is, the introduction of this capital into the financial circuit is completed. At this stage, the same capital is already freely circulating in financial markets, with no suspicion of illicit origin.

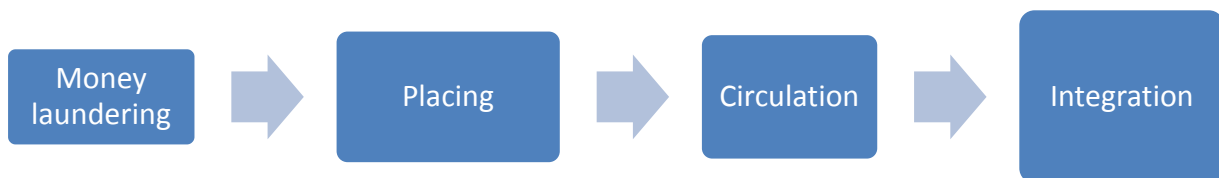
According to Article 368 of the Portuguese Criminal Code, money laundering is a financial crime., drug and psychotropic drug trafficking, "arms trafficking", organ or material trafficking, protected species trafficking, boss fraud, influence trading, corruption and other crimes..and are punishable by the minimum imprisonment

What if it takes more than 6 months or up to 5 years to acquire a typical tort asset? It is a crime to do so. It is a crime regardless of where it is committed (Bank of Portugal, 2020).

This crime is often linked to other crimes such as drug trafficking, human trafficking, and terrorist financing. Thus, the Banco de Portugal entrusts measures such as imposing on financial institutions the obligation to identify all transactions of €15,000.00 or more, either in a single transfer or in multiple transfers, as having a nominal source of capital. I'm trying to stop this crime. The notice requires the agency to identify the parties involved in the transfer and report the suspected individual.

Among the international standards governing capital O bleaching, they are published for the Group in Action Financial (FATF) and are endorsed by the Bottom Monetary International (IMF) It's World Bank, Albrecht et al., (2009).

Figure 2.6phases of process in Bleaching in Capitals



Source: Adapted in Business Up, 2015

Financing of Terrorism

Terrorist financing considers the raising of funds that will be used in the future for terrorist activities and other acts that cause death or serious injury to civilians not directly involved in those acts (ASAE, 2017).

In contrast to capital bleaching, which only aims to hide the origins of capitals, in terrorist financing, the purpose is also to hide that purpose. That determination is difficult because these funds are often raised through tenders and can be reduced in value or embellished so that authorities cannot detect them.

Terrorists need money to act. To do so, they use organizational structures that can quickly generate enormous wealth. Illicit earnings.

To fight this crime, the terrorist financing networks must be dismantled and dismantled. The cover-up of certain capital-born criminals operating in terrorism, along with money laundering, has replaced their theme with one of the national concerns. Because the use of the mechanism has been proven illegal in financing terrorist acts.

Criminals are involved in a variety of money laundering practices such as smurfing and structuring.

At the national level, the National Counter-Terrorism Strategy was adopted, aimed at strengthening coordination between judicial authorities, financial and banking institutions, security forces and services in combating terrorist financing at the bank level. rice field.

These criminals are accused of crimes against life as they consist of laundering illegally acquired capital and injecting it into the cool financial system to fund acts and terrorist groups (Bank of Portugal, 2020).

INTERNAL AUDIT AT THE SECTOR BANK OFFICER AND YOUR IMPORTANCE AT PREVENTION AND DETECTION FROM THE FRAUD

Object, Methodology It is collection in Data

Given the overall objective established for this investigation, relating to internal audit with the prevention and detection of fraud in Banking, the study presented in this chapter, it intends to show, according to the results obtained, to what extent the internal audit contributes to the detection and prevention of fraud in the banking system in Portugal.

Per form the correspond to This one objective were raised the following questions:

- The bank and internal audit they are aware of risk in fraud
- Which you bigger facilitators for what occur the cheats.
- An internal audit is actively involved in the prevention and detection of fraud
- You auditors internal they are properly prepared for The Act at prevention It is detection from the fraud.

Methodologically, the study comprised a first phase of survey and review of literature on the subject and a second phase of data collection using the performance of one questionnaire survey.

Given that the scope of this study was the Portuguese banking sector, the analyzed population was determined based on the list of banks with effective headquarters in Portugal, present on the official page of the BdP (authorized entities), what if presents the follow:

Frame 4.1 Population of Study

At the.	Institutions banking authorized for the Bank in Portugal
1	Itau BBA Europe, SA
two	Bank Primus, SA
3	Bank LJ Carregosa, SA
4	Bank Invest, SA
5	New Bank of the Azores, SA
6	Bank Efisa, SA
7	Bank BIC Portuguese, SA
8	MontepioInvestimento, SA
9	bankcredit card, SA
10	bankBPI, SA
11	best-bankelectronicinServiceTotal,SA
12	bisonbank, SA
13	bankPortuguese ofManagement,SA
14	bankof InvestmentGlobal, SA
15	bankMadesant-SocietyUnipessoal, SA
16	bankBAIEurope, SA
17	bankfinance,SA
18	Haitongbank, SA
19	NewBank,SA
20	bankCTT,SA
21	bni-bankinbusinessinternational(Europe),SA
22	BoxGeneralinDeposits, SA
23	bankCommercialPortuguese,SA
24	bankAtlanticEurope,SA
25	Box-Bank ofInvestimento, SA
26	bankActivobank,SA
27	bankSantanderTotta,SA

Data were collected using a closed questionnaire. According to Marconi and Lakatos (2003), survey data collection has the following advantages:

- Reach more respondents at the same time.
- Allows for more candid responses. It is clear that you remain anonymous.
- Meet your schedule.
- Responded to what is practically inaccessible.

In this sense, the questionnaire consisted of 22 questions, available via the Internet at the address <https://www.surveio.com/survey/d/T9N2C4W6Z9J3V7E7Q>, with status indicating that he is Active until 28. disclosure of

The questionnaire was emailed to IPAI and then sent to a total of (approximately) 400 members registered with the Institute as bank auditors. This questionnaire was designed for all individuals performing internal audit functions. at the Bank Research Institute. Regarding the structure of the questionnaire, it consists of general questions that characterize the institution's banking operations. This is from the department responsible for the internal audit function. Based on questions based on the purpose of the survey, as if including:

Table 3.1 Questions related to goals in investigation

Goals	Questions
Are the Bank and auditing aware of the risk of fraud?	15 - Does the bank consider fraud as a real possibility?
	17 - What are the most frequent types of fraud in the bank?
What are the biggest facilitators for fraud to occur?	18 What are the biggest facilitators for the occurrence of fraud
Is internal audit actively involved in fraud prevention and detection?	14 - What types of audits are carried out at the institution?
	16 - How do you consider the intervention of the internal audit in the prevention and detection of fraud?
	21 - In cases of fraud detected by the Internal Audit
Are internal auditors adequately prepared to act in fraud prevention and detection?	19 - What are the main means of identifying fraud?
	20 - How do you consider the level of preparation of the Internal Audit in the prevention and detection of fraud?
	22 - What mechanisms should be adopted to improve the performance of the Internal Audit in the prevention and detection of fraud?

According to Sarmento (2013:91), "The calculation of the sample dimension gives the cardinality of the people included in the sample." Regarding the size of the sample, this is calculated using the following formula, considering a finite population: it was done.

Equation 5.1 Dimension of sample for one population

$$n = \frac{p \times (1 - p)}{\frac{\epsilon^2}{Z_{\alpha/2}^2} + \frac{p \times (1 - p)}{N}}$$

Source: Adapted from Sarmento (2013: 91)

Frame 4.2 Acronyms from the equation

<i>p</i>	Proportion in individuals at sample as attribute
<i>s</i>	Margin in error
<i>Z_{α / 2}</i>	normal standardized
<i>N</i>	Population

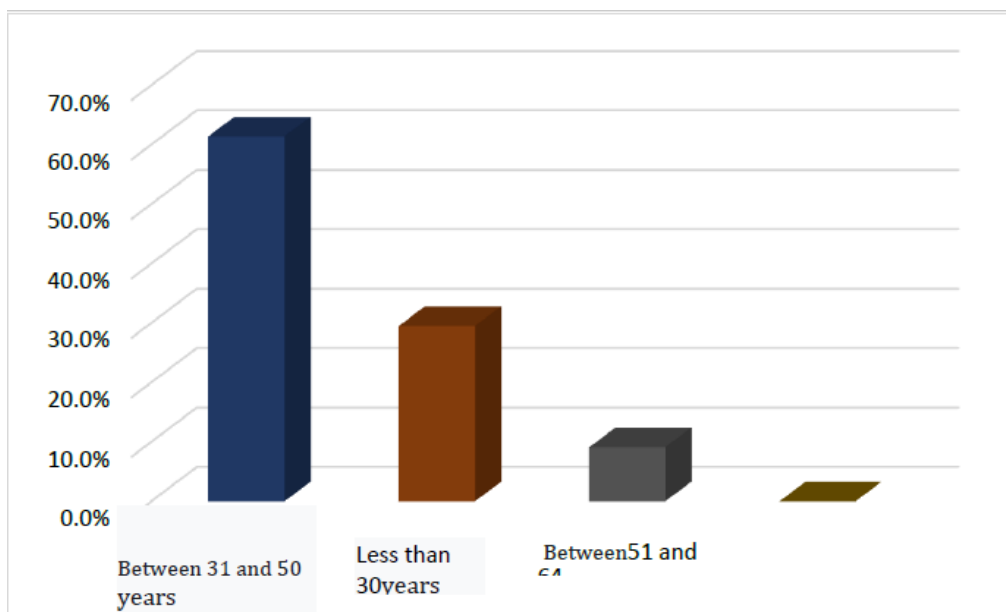
Source: Adapted from Sarmento (2013: 91)

How much to the ϵ , O value of same varies in between 0 It is 1 It is when no if he has information about O same "[...] choose for the more pessimistic hypothesis, it is, $\epsilon = 0.5$ " (Sarmento, 2013: 92).

$$\begin{aligned} \epsilon &= 5\% \\ p &= 0.5 \\ Z_{\alpha / 2} &= 1.96 \end{aligned}$$

$$N_0 = 400$$

$$n = \frac{0,5 \times (1 - 0,5)}{\frac{0,05^2}{1,96^2} + \frac{0,5 \times (1 - 0,5)}{400}}$$



n = 196

Or it is, it was admitted, one sample in 196 individuals as enough for it is investigation.

Presentation of the results

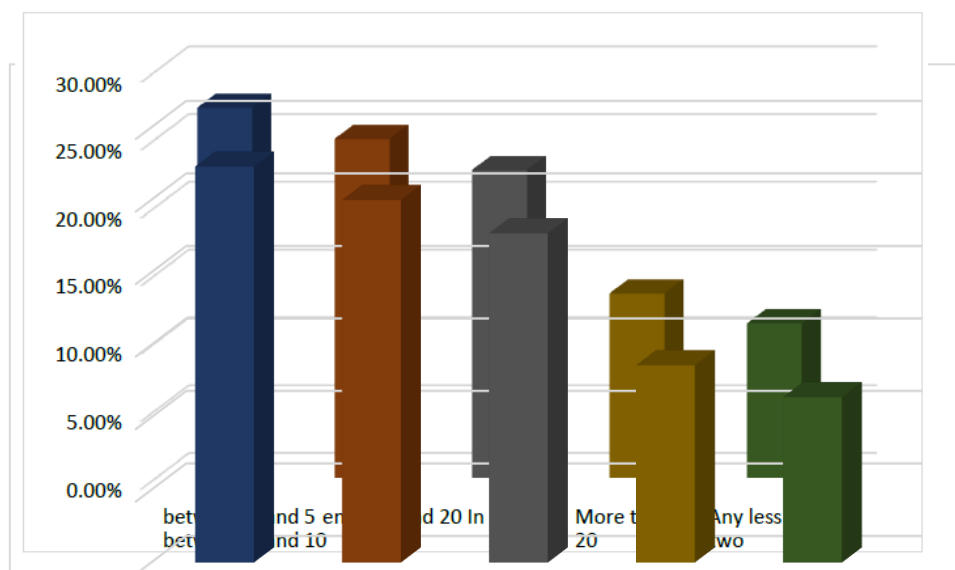
They were obtained 44 answers to the quiz, one value to whom of desirable, being introduced at this point you obtained results of respective treatment.

Characterization of respondent

Graphic 3.1 - Age Range

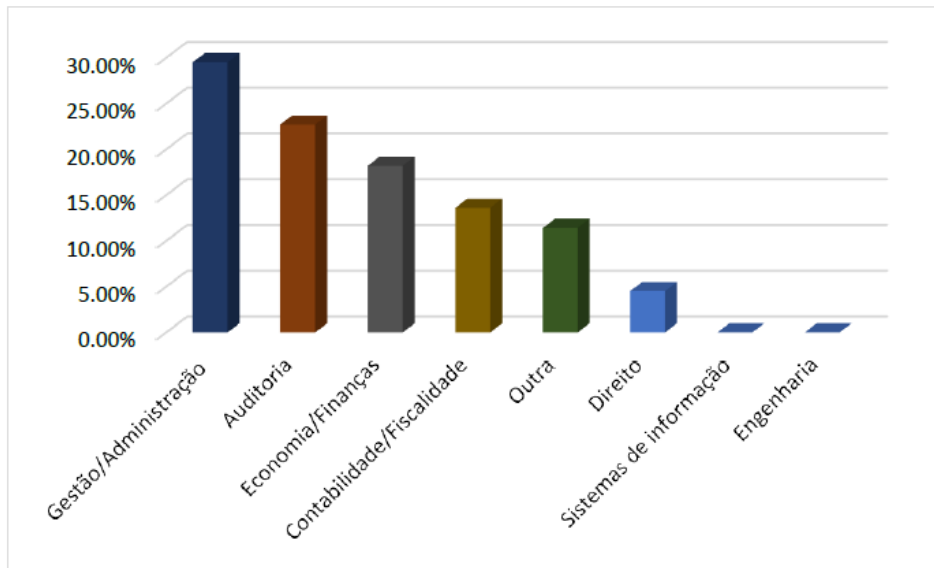
For the graphic 3.1 It is possible to observe what 61.4% of the respondents he has in between 31 It is 50 years, 29.5% bottom the 30 years, and 9.1% in between 51 It is 64 years.

Graphic 3.2 – years in internal audit



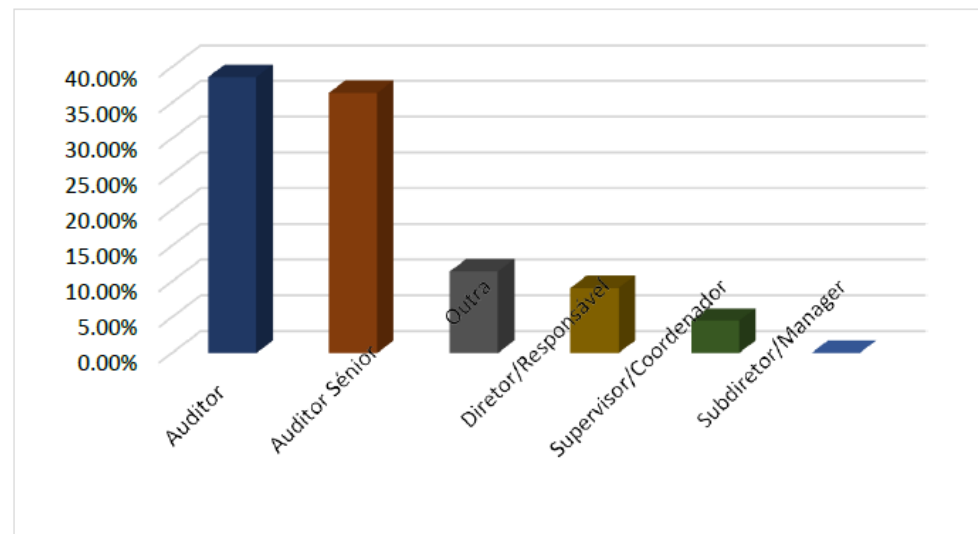
27, 3% of respondents work as internal auditors in between two It is 5 years, 25% between 11 It is 20 years, 22.7% between 6 It is 10, 13.6% there is more than 20 years and 11.4% there is any less in 2 years.

Graphic 3.3 - Area Training

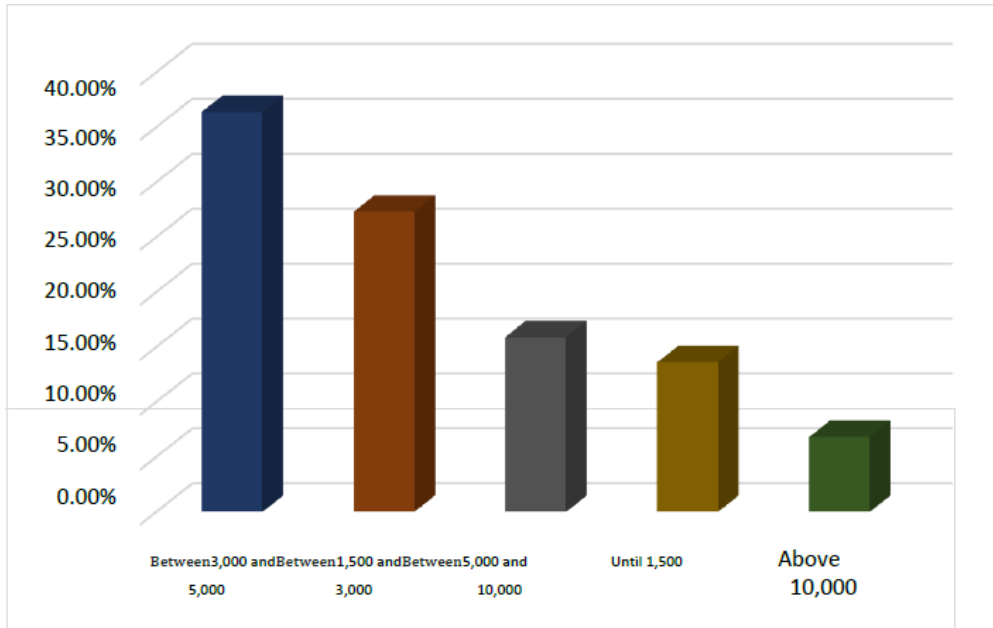


Graphic 3.3 reveals to the areas in studies of the auditors' internal respondents what in management they are 29.5%, in Auditing 22.7%, Economy/Finance 18.2%, Accounting/Taxation 13.6%, Right 4.5% It is 11.4% have other areas of training.

Graphic 3.4 – Function at Internal audit



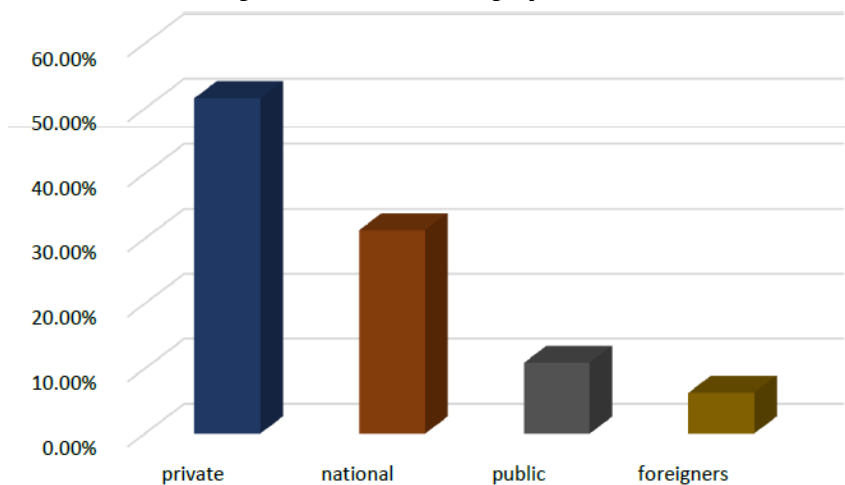
Regarding the function performed in the DAI, 38.6% are auditors, 36.4% are auditors' seniors, 9.1% are directors/persons in charge, 4.5% are coordinators/managers and there are still other answers like intern, technician or marketing.



Characterization of the Banking Entity Graphic 3.5 Composition of the capitals of Bank

The objective underlying this question was not met, since the intention was to have answered from among the options “foreign” and/or “national” and “private” and/or “public” It is some of the respondents selected only one answer.

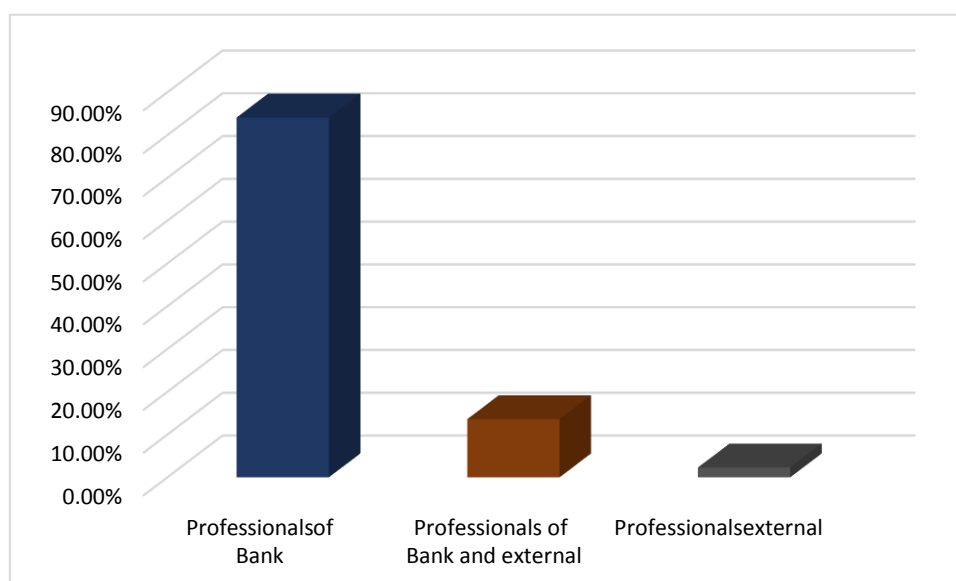
Graphic 3.6 Number of employees of Bank



It can be seen through the analysis of Graph 3.6 that the majority of respondents (36.4%) work in medium-sized banks, with between 3,000 and 5,000 employees, fence in 27.3% work in Banks in between you 1,500 It is you 3,000 workers It is 15.9% in between the 5,000 and the 10,000 workers. Smaller banks, with up to 1,500 employees, represent 13.6% of the respondents It is you in bigger dimension. More in 10,000 workers, 6.8%.

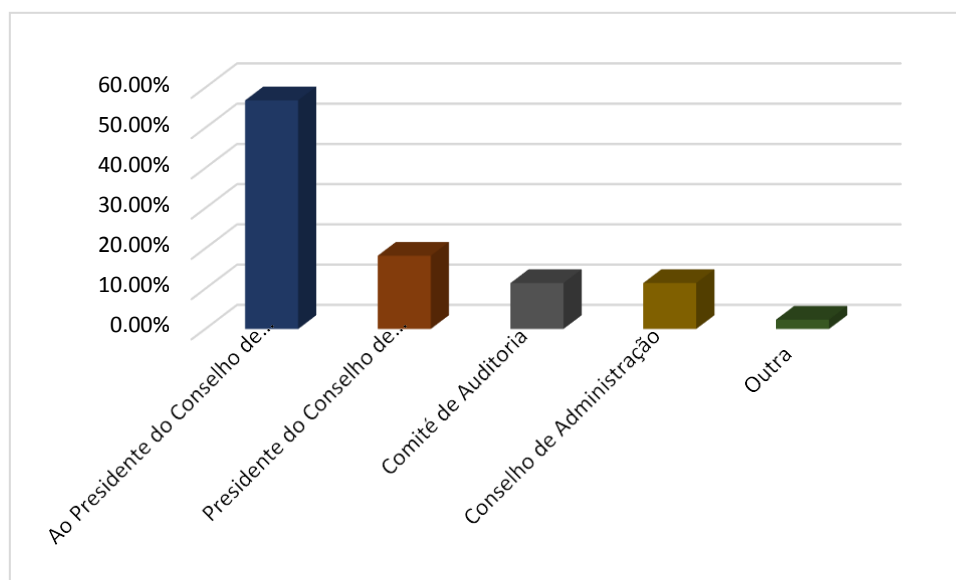
Characterization from the Function in internal audit

Graphic 3.7 Composition of the department in internal audit

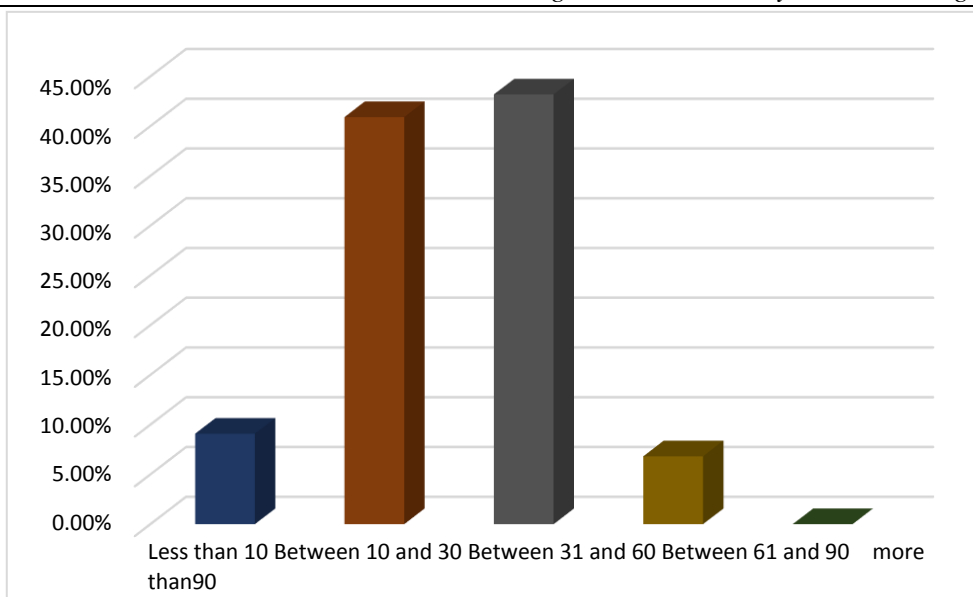


Through the analysis of Graph 3.7 it is observed that the majority of the respondents (84.1%) the Dai's department is composed solely of Bank professionals, 13.6% of cases they are SO compounds per employees of Bank It is also external It is just 2.3% what OS It is composed of external employees.

Graphic 3.8 report of OS



Analyzing Graph 3.8, it can be concluded that 56.8% report to Chairman of the Board of Administration It is to the Committee in audit, 18.2% to the President of Advice in Administration It is 11.4% report to the Committee in audit It is also to the Advice in Administration.



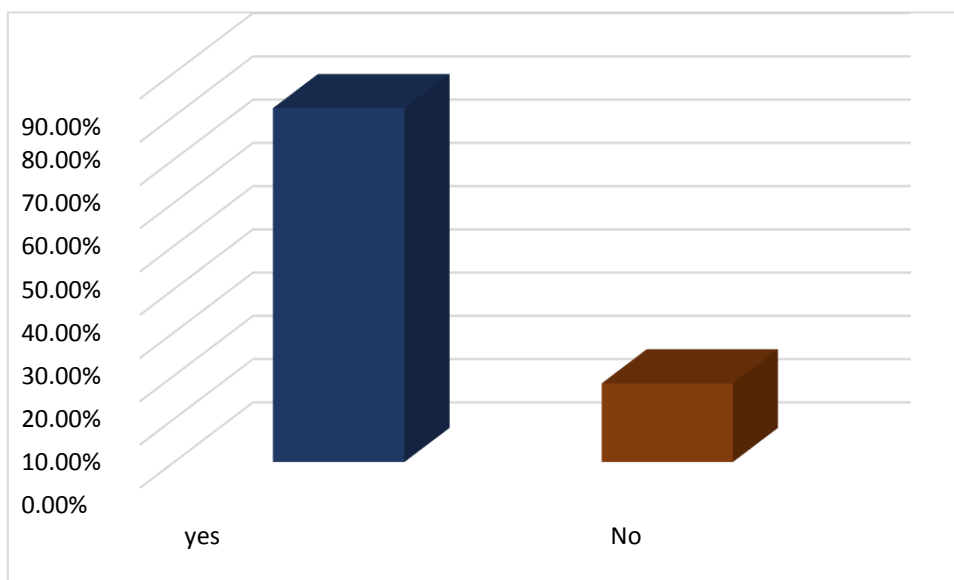
Graphic 3.9 Number of Internal Auditors

Graph 3.9 reflects that 43.2% reveals that the DAI is made up of 31 to 60 employees, 40.9% by 10 to 30 employees, 9.1% of the departments are made up of less than 10 employees and at 6.8% or department has between 61 and 90 collaborators.

Graphic 3.10 Training of the Internal auditors

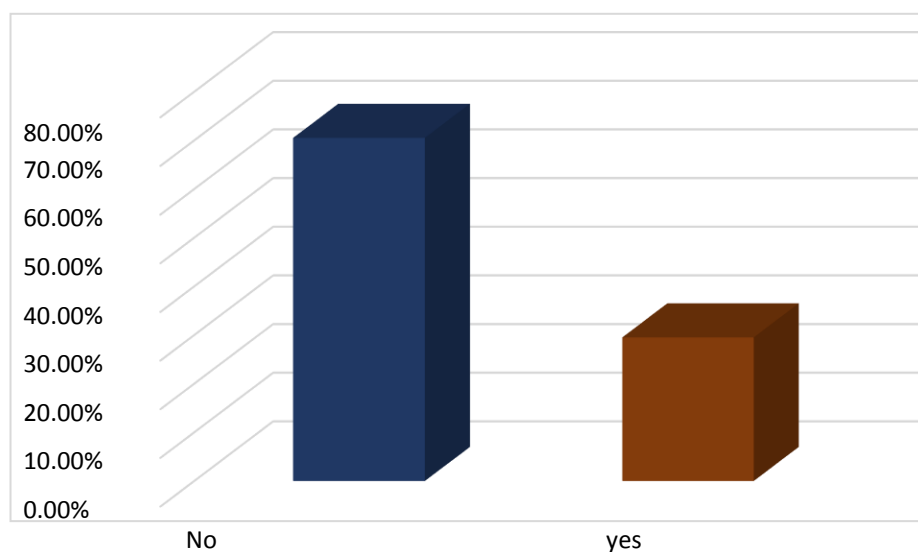
The objective underlying this question was not met, since the intention was to have answered the number of employees that exist in the department with such training and no if there is collaborators with such training.

Graphic 3.11 Skills techniques It is professionals of the Internal auditors



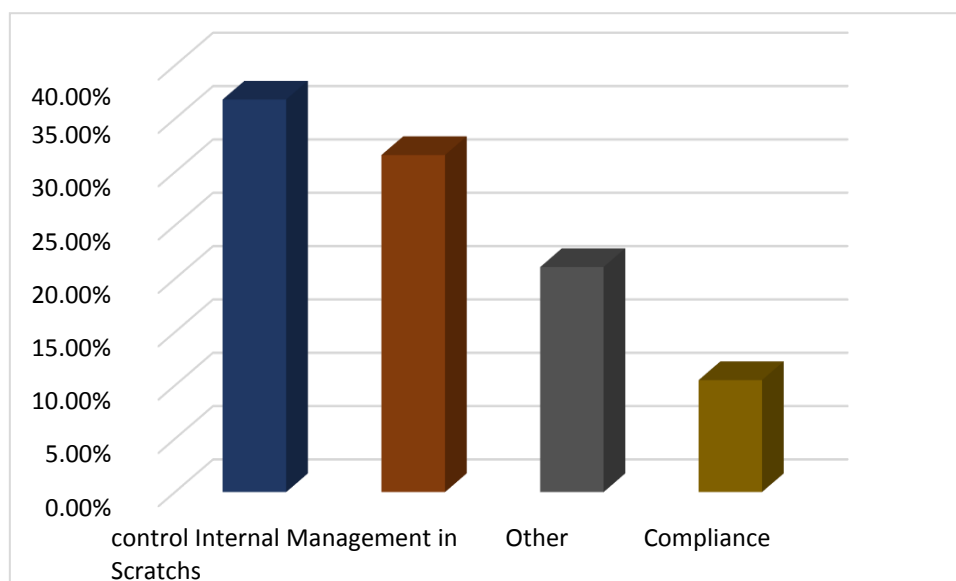
Through this question, It is possible to perceive what, 81.8% considers what Yes you professionals of DAI have technical skills and professionals to the profession, but there are 18.2% of the respondents what considers that no.

Graphic 3.12 Exercise in other functions for the OS



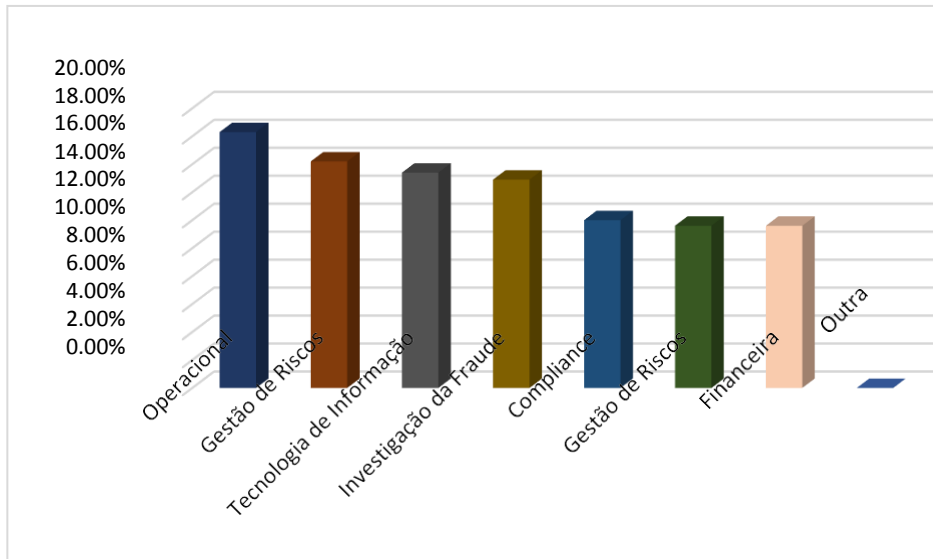
In accordance with O graphic 4.7, saw what 70.5% of the cases have no It is responsible per more no bank function and only in 29.5% of situations the DAI accumulates other functions inside from the institution.

Graphic 3.13 Areas in intervention of SO



Of the 29.5% what replied affirmatively the previous question refer what in 36.8% of situations The SO is responsible for the Internal control from the institution, also performs functions in risk management (31.6%), only 10.5% are responsible for Compliance. 3 (21.1%) people they said yet what The SO It is responsible for the area in inspection It is one per consultancy.

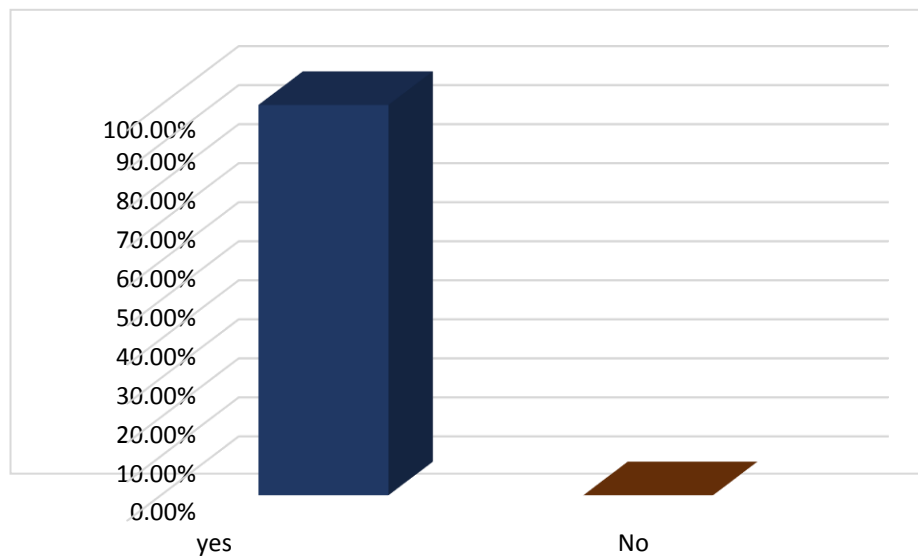
Graphic 3.14 types in audit performed for the OS



Graph 3.14 shows that the audits carried out are Operational (18.3%), Management Risk Management (16.2%), Information Technologies (15.4%), Fraud Investigation (14.9%), Compliance (12%), Management of Risks (11.6%) It is Financial (11.6%).

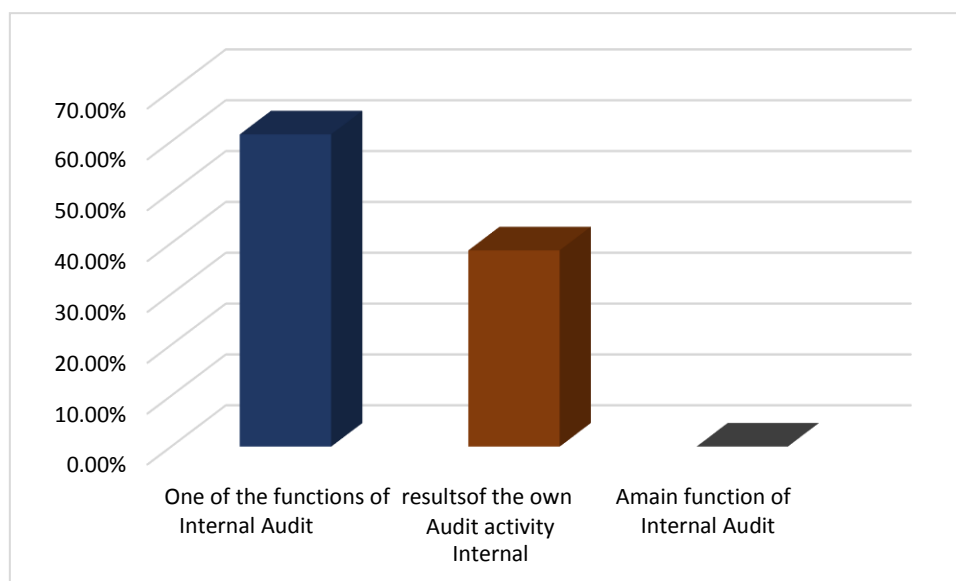
Fraud It is internal audit

Graphic 3.15 A fraud as a real possibility



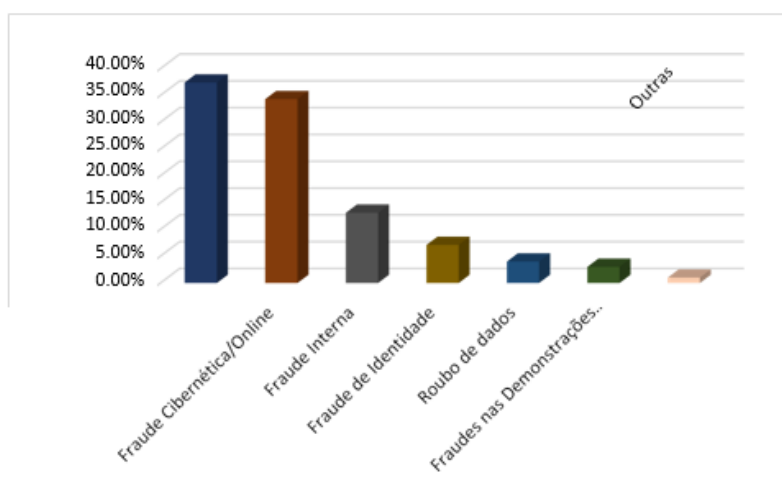
It is question no he leaves doubts, 100% of the respondents considers the fraud as one real possibility in a bank.

Graphic 3.16 Intervention from the audit Internal at prevention It is detection from the fraud?



For the analysis of graphic 4.10, 61.4% of the respondents consider what the prevention from the fraud It is one of functions intrinsic the function in internal audit It is 38.6% of answers reveal what The prevention from the fraud results from the own function in audit . Nobody considered the prevention from the fraud such as main function of audit.

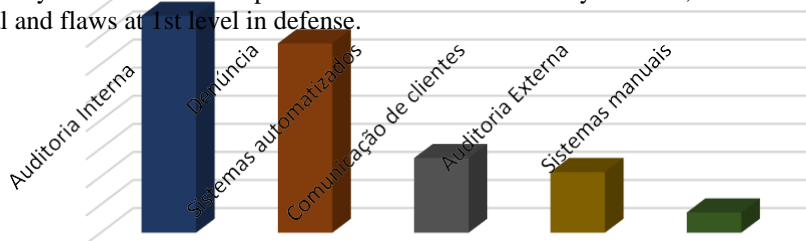
Graphic 3.17 types in frauds more frequent at the Bank



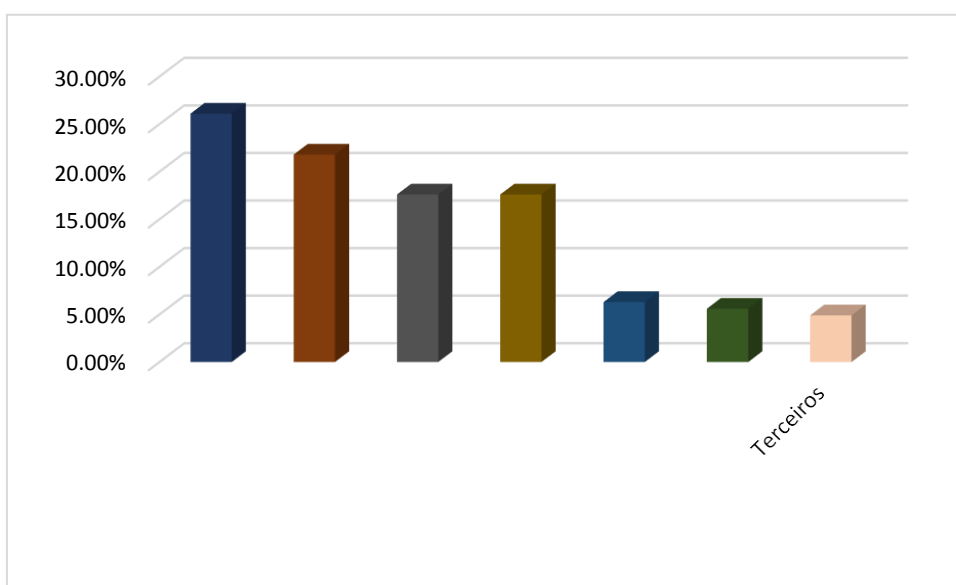
We can conclude through of graphic above what the most recurrent fraud It is The Cyber/Online (37.4%), then from the Internal Fraud (34.3%), Fraud in identity (13.1%), Data theft (7.1%), Fraud in Financial Statements (4%), Robberies (3%) It is 1& considers what It is unknown.

Graphic 3.18 Major facilitators for occurrence in frauds

The graphic 3.18 reveals to us what the bigger facilitator for occurrence in one fraud It is O control Weak Internal (38.6%), Lack of Security in the Systems (33.7%), Absence of Norms and Law Suit standardized (10.8%) It is there is yet 3.6% of the respondents what reveals to be you users, The conduct of customers internal and external and flaws at 1st level in defense.

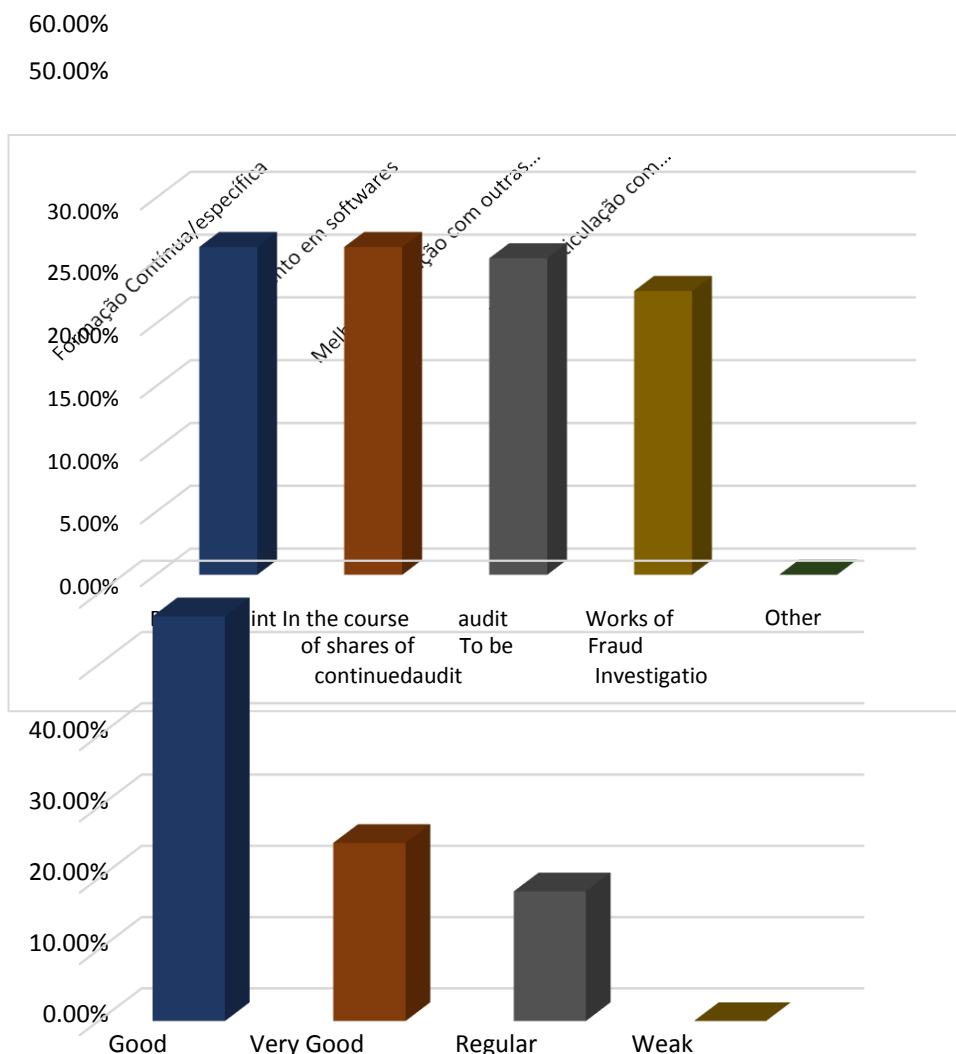


Graphic 3.19 Means identifiers from the fraud



To this question, respondents reveal that in 26.1% of cases the Internal Audit, for complaint 21.8%, Automated Systems 17.6%, Communication in customers 17.6%, External audit 6.3%, Manual systems 5.6% It is 4.9% by third parties.

Graphic 3.20 Level in preparation of SO at prevention It is detection from the fraud

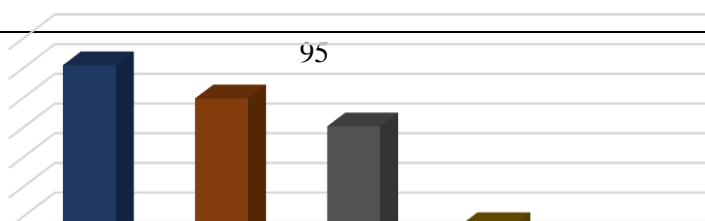


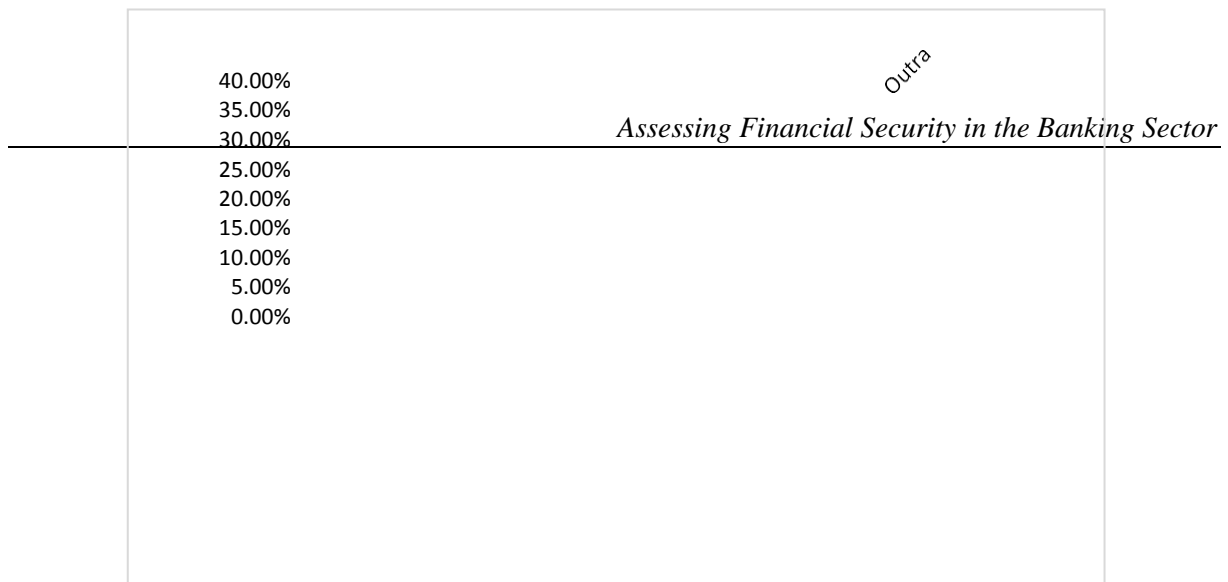
How much to the level in preparation of SO on one Bank for to prevent It is detect one fraud, 56.8% of respondents consider it to be Good, 25% consider it to be Very Good and 18.2% consider it to be O your level in preparation It is just regular. Nobody considers the level in preparation Weak.

Graphic 3.21 Events of fraud detected for the OS

Graph 3.21 reveals that the level of responses was very homogeneous for this question, with what per complaint 26.1%, at the course from the action in audit 26.1%, audit to be continued 25.2% It is Works of investigation by fraud 22.6%.

Graph 3.22 Mechanisms to be adopted to improve DAI's performance in the prevention and detection of fraud





It can be seen from Graph 3.22 that 35.5% of respondents consider it necessary continuous/specific training, 29.9% investments in softwares, 25.2% better articulation with other areas of Internal Control, 8.4% better articulation with external entities and 0.9% The existence in standardized processes.

Synthesis of the Results

After statistically processing all responses to the questionnaire, we present conclusions for each goal proposed in this study.

Perception face to the risk in fraud

As technology advances, fraud cases are expected to adapt to the new system as well. Electronic media makes life easier for the institution's banking customers, but it can also be seen as making it easier for hackers to carry out fraud and making it harder for authorities to identify those responsible for such crimes. And, according to contract data, 37.4% believe cyber/online fraud is the most common type of fraud, so it's possible to keep what was previously said. Still 34.3 - See what internal scams keep popping up.

Which you bigger facilitators for what occur the cheats.

In terms of fraud, internal audits investigated in this context were shown not to be at the forefront of causes. Only 10.8% of the sample believed that one of the culprits in the occurrence of fraud was a flawed audit. work. The results show the greatest mitigation against the presence of fraud. This is the internal vulnerability that 38.6% of respondents see as the most common type of fraud, and as expected, 33.7% of respondents attribute the lack of system security to one of the biggest intermediaries. I see it as one.

An audit internal is actively involved in prevention It is detection from the fraud

After analyzing all of the responses, we came to the conclusion of what internal audit really is. that it is essential. A function in prevention is fraud detection. We can start by assessing that her 100% of respondents believe fraud is the current reality of banking institutions. Considering that 61.4% of respondents believe that preventing fraud detection is part of her DAI mission, it is clear that a culture of fraud mitigation is embedded within the audit function. understand.

When asked whether fraud at banks was primarily the highest detection rate at 26.1% of checks, 14.9% of surveys still indicated which of the checks performed at the facility were fraudulent.

Internal auditors are adequately prepared to act in the prevention and detection of fraud.

Related to this is the fact that 56.8% of the sample considered their level of preparedness to be good, and there are still 25 people who believe that the internal audit function is sufficiently skilled in their fraud prevention and detection roles. It was effectively determined that Percentage of examiners who rate their department's level of preparation as very good. 0% think he is weak.

Delayed analysis of the circumstances under which fraud was discovered at a banking institution was revealed by 26.1% of regular checks and 25% of ongoing checks.

II. CONCLUSION

Main conclusion

The purpose of this study is to understand the importance of internal audit within institutions as it relates to creditworthiness. It's your actions on mistakes that can put your business at risk, especially when it comes to fraud.

From this mode, this chapter presents the main conclusions from the investigation.

In this regard, through a literature review, we have attempted to highlight the role, goals, competencies, and position of the internal audit function in the organization. To understand the importance of DAI in banking institutions and the importance of optics in fraud prevention and detection, the literature I asked for reviews. There is cheating.

From a bank's perspective, the internal audit function is important. Because it is part of the purpose of ensuring the quality of the internal control system.

In order to obtain data, a survey was conducted with internal auditors in the sector Bank officer of the banks with headquarters effective in Portugal authorized for the Bank in Portugal, with the main objective of verifying the impact that an audit department has inside in a bank in mitigation of a fraud.

The quiz, designed to be answered by internal auditors from the banking institution, consisted of 22 questions, and was made available by email to IPAI, which sent it to your registered members.

Subsequently, an analysis of the data collected by the questionnaire was carried out, which reflects the perception of internal auditors, It is what if highlight to the following conclusions:

- 18% of the respondents claim that O DAI no he has Skills techniques appropriate the function;
- In 29.5% of cases the OS It is responsible for other functions;
- 100% of respondents consider that fraud is a real possibility within the institution;
- AND considered per 61.4% of the auditors internal what do part of this sample what the detention and prevention of fraud It is one of the functions of audit internal.
- In terms in type in fraud more recurrent at the breast in one Bank, the bigger part of the respondents consider cybernetics/online to be (37 answers) and then internal fraud (34 responses), which is in line with what was mentioned in the revision of the literature when if says the most current scams are the online ones;
- It is also possible to conclude based on the responses of the sample under study that the biggest facilitators for the occurrence of a fraud are the weak internal control and the lack in security in systems;
- 84% of auditors consider that it is in the sphere of internal auditing that they identify to the frauds;
- Regarding the level of preparation of the DAI for the prevention and detection and detection of fraud, only 25% consider that this level is very good and that, 18.2% consider it regular;
- When detected one fraud It is possible to conclude what the same if detected mostly in two circumstances, by complaint or in the course of the work in audit;

It is concluded that, in the banking sector, the perception of internal auditors is that the function of internal audit has an important role in the prevention and detection of fraud in the measure in what the bigger part of frauds they are detected yet in this Department per order of continuous audits and that the auditors have, in their great majority, competences techniques adapted the function.

Study limitations

The purpose of this study is to understand the importance of internal audit within institutions as it relates to creditworthiness. It's your actions on mistakes that can put your business at risk, especially when it comes to fraud.

The current investigation had some limitations. This meant that it was difficult to reach out to the internal auditors of the banking institution regarding the survey and encourage them to complete the survey. In the end, only 44 responses were obtained from 400 of his IPAI registered internal examiners (22.45% of the population). H. Samples smaller than the sample size calculated in subsection 4.1 (196 responses). Therefore, the results presented in this study cannot be considered conclusive.

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