Internal Control System and Corruption Deterrence in the Maldives Public Sector

Norziaton Ismail Khan[1,*], Mohamed Shareef[2] and Nur Adura Ahmad[3] Noruddin[3]

[1,3]*Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Selangor, 42300 Puncak Alam, Selangor, Malaysia.*

[2]*Waste Management Corporation Limited (WAMCO), Ma. Jambugasdhoshuge, Majeedhee Magu, Male 20161 Maldives.*

Abstract: The Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control-Integrated Framework has identified five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring. The objective is to strengthen management efficiency and detect, prevent, and correct errors in business operations and promote good practices, compliance with applicable laws, and reliable financial reports and information. Hence, this study examined the relationship between the COSO's five components of internal control and corruption deterrence in the Maldives public sector. The institutional theory was used to form the framework and develop the hypotheses to be assessed. Five hypotheses were developed and tested using data from 80 samples. Respondents of the study are the employees of State-Owned enterprises and Ministries in the Maldives. Statistical techniques such as descriptive statistics, correlation and regression analysis were used to analyse the data from the survey. The result of the study showed that from the five components of the COSO Internal Control-Integrated Framework, two components that are control environment and risk assessment have a strong and positive relationship with corruption deterrence in the Maldives public sector. Where else, control activities, information and communication, and monitoring activities are insignificant and rejected. This study will help policymakers and regulators in understanding the relationship between the internal control system and corruption occurring in the Maldives' public sector. Further, it will help in understanding the factors towards the effectiveness of internal control requirements and taking necessary action to enhance their internal control process and its compliance with the regulations.

INTRODUCTION

Corruption is "a scheme in which an employee misuses his or her influence in a business transaction in a way that violates the duty to the employer to gain a direct or indirect benefit (e.g. bribery or conflicts of interest)" (ACFE, 2018). According to the Financial Action Task Force (FATF), corruption flourishes in an environment where state officials and public sector employees misuse their positions for private gain. Jurisdictions become safe havens for people and funds related to corrupt activities unless there is a legal framework and mechanisms to detect, investigate and prosecute corruption offences and related money laundering, and to recover stolen assets (FATF, 2012). Corruption erodes trust in government and undermines the social contract. This causes concern across the globe, particularly in contexts of fragility and violence, as corruption fuels and perpetuates the inequalities and discontent that lead to fragility, violent extremism, and conflict. Corruption impedes investment, with consequent effects on growth and jobs (World Bank, 2021).

*Address correspondence to this author at the Faculty of Accountancy,Universiti Teknologi MARA, Cawangan Selangor, 42300 Puncak Alam, Selangor, Malaysia; E-mail: norzi153@uitm.edu.my

Anti-Corruption Commission, Maldives (ACC) defined corruption as "the abuse of entrusted power for private or political gain." (ACC, 2021). According to ACC (2021), the public is highly concerned about the abuse of entrusted power for private gain, and corruption has now reached such alarming levels, the efforts to capture, investigate, punish, and recover assets are proving impractical. The loss to taxpayers' money is enormous and continuing and damages cannot be undone with a focus on a punitive approach alone. Thus, special attention is needed to proactively identify, diligently assess and actively mitigate corruption risks (ACC, 2021).

The Anti-Corruption Commission of Maldives (ACC) has stated that 34 cases of alleged governmental corruption were reported during the COVID-19 situation. ACC president Mariyam Shiuna, in an address on the occasion of International Anti-Corruption Day, said that the expenditure of the government to overcome the COVID-19 situation was high. According to her, the corruption found in the public sector of the Maldives during the COVID-19 outbreak impeded efforts to overcome the virus, and the cash wasted due to corruption could have been used to eradicate the virus. The most important lesson was that acts of corruption could occur even during such a crisis and that those who committed such acts lacked humanity in their misuse of public funds and proper-

ty (Abdul Hadi, 2020). Corruption in the public sector has been and always will be a thorn in the side of every government in the world, and it continues to be a problem in many instances. Thus, effective internal control and good governance practices in an organization can curb fraud and corruption activities from occurring.

According to the Institute of Internal Auditors (IIA), ineffective controls and governance undermine an organization's processes, resulting in fraud and corruption to happen. Organizations should have robust internal control procedures to limit the risk of fraud, and the internal audit's role is to assess these controls. The threat of fraud is one of the most common governance challenges that organizations face without regard to size, industry, or location. Having proper internal control procedures in place that include an appropriate response plan is fundamental to battling fraud and corruption (IIA, 2019). An internal control system is expected to provide reasonable assurance for the management in preventing and detecting fraud (Le and Tran, 2018).

The Organization for Economic Co-operation and Development (OECD) highlighted that corruption in the public sector hampers the efficiency of public services, undermines confidence in public institutions and increases the cost of public transactions. Building strong institutions resistant to corruption requires continuous effort and improvement. In this respect, robust and effective internal control systems and processes in the public sector are critical to making sure that governments are operating optimally, without waste or fraud, to deliver the policies and programs that benefit citizens. Public internal control is increasingly recognized as an integral part of modern governance systems and also an essential tool for preventing, detecting and responding to corruption (OECD, 2017). Internal control helps entities achieve important objectives and sustain and improve performance.

The COSO Internal Control-Integrated Framework (2013) enables organizations to develop internal control systems that are adaptable to changing business conditions and operating environments, mitigate risks to acceptable levels, and support sound decision-making and governance of the organization. In explaining the underlying issue related to the reason behind internal control systems and corruption in the Maldives, this study adopted the Institutional theory. The theory offers an explanation that can be used to understand the adoption and design of control practices within organizations. According to this theory, organizations develop and design structures, processes and systems because they are more or less required in incorporating new practices and procedures. This means that organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts to increase their legitimacy and their survival prospects (Adeboye, 2019). Therefore, based on the above arguments, the purpose of this study is to examine the relationship between internal control systems and corruption occurring in the Maldives public sector.

The remainder of this paper is structured as follows. The following section briefly explains the literature review and hypotheses development. The third section describes the research design. The results of the study are reported in the fourth section, and the conclusions and implications of the study are presented in the final section.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Institutional Theory

In evaluating the effectiveness of the internal control system in the Maldives public sector to prevent corruption, this study uses the Institutional Theory that originates from work done by Meyer and Rowan in the year 1977 (Adeboye, 2019). The underlying assumptions of this theory are applied directly to the public sector organizations and the selection of variables for this study.

The institutional approach assumes organizations are influenced by regulations issued by the government and other regulatory bodies. Organizations, therefore, seek to adjust their structures and procedures to the cultural expectations of the societal context in which they are inserted (Marcelle et al., 2013). According to DiMaggio and Powell (1983), through mechanisms of isomorphism, large organizations exert formal and informal pressures on smaller organizations which may be dependent on them, as illustrated by the relationship between parent companies and their subsidiaries (Marcelle et al. 2013). The authors classified the mechanisms of isomorphism into 'coercive', 'normative' and 'mimetic'. The contribution of each mechanism depends on the local context and type of society. For example, normative isomorphism is often observed in contexts with a strong democratic tradition and high competition. Coercive isomorphism is more characteristic of patrimonialism, authoritarian and government-controlled regimes. Mimetic isomorphism occurs when organizations adopt practices and processes from successful organizations belonging to the same environment (Marcelle et al. 2013).

Therefore, considering the relationship between internal controls and corruption in the public sector, the structure of internal control systems in public entities is likely to become institutionalized by adopting and implementing government regulations and peer organizations' enforcing best-governing practices. According to institutional theory, institutionalizing a given structure requires a running analysis, evaluation, and dissemination of the early impacts of that structure (Marcelle et al. 2013). This is precisely what is now occurring in public organizations. There are internal and external functions established to evaluate internal controls in public organizations.

The intersection between institutional theory and internal control lies in the assumption that intra-organizational structures and processes are adopted for reasons of environmental pressure. In other words, if an internal control system is suitable for the organizational environment, it will be implemented irrespective of its functional efficiency. The reason for adopting the structure is the need for legitimacy through the adjustment to external pressures, even if it goes against the quest for internal efficiency. Thus, internal control systems in place in public sector organizations may not be adequate to prevent corruption, since internal controls adopted are in terms of adjustment to external pressures only, with no intention to prevent corruption.

HYPOTHESES DEVELOPMENT

Control Environment and Corruption Deterrence

Concerning De Armond and Zack (2017), leaders are to incorporate fraud management practices into the organization's daily activities, which will intuitively help potential employees not to engage in fraud (Buabeng, 2020). As per Appiah (2015), Frazer (2016), Widyaningsih (2015), and Wilson et al., (2014), the control environment sets the organizational tone which reflects the culture of the company, and the organizational tone set at the top can strengthen internal controls. The result of a study by Natalia (2017) shows that the lack of an effective internal control system facilitated the development of the corruption scheme, and the main deficiency is in the control environment component concerning organizational culture and the absence of commitment to integrity and ethical values.

Le and Tran (2018) identified that a controlled environment has the most impact on fraud control in businesses and a strong control environment is more likely to reduce the chance of fraud in an organization. The controlled environment of an organization reveals management philosophy, ethical values, integrity, operating style and the type of leadership that senior management and the board of directors provide (Le and Tran, 2018). The main deficiency seemed to rest in the control environment component, mainly concerning organizational culture and the absence of commitment to integrity and ethical values. Unethical organizational culture not only encourages but "legitimates" corrupt behaviour as stated by Ashforth et al., (2008), and consequently, this deficiency compromised the functioning of all other components (Natalia, 2017). The results of the study showed that there is a statistically significant effect of the control environment on organizational effectiveness (Adeboye, 2019). A strong control environment limits internal control weakness and the opportunity for fraudulent activities (Buabeng, 2020). The causes of fraud, based on the study results, encompass a lack of adequate control environment, and the finding was consistent with Buabeng (2020) that management and boards set the tone for the organization to prevent and detect fraud. As leaders within their organization, senior executives have a critical role to play in controlling fraud in the government sector as it is crucial to set the right tone from the top and ensure that the staff they lead understand fraud risks and that these risks are on the radar and treated seriously (Tuan Mat, 2013).

A study by Adeboye (2019) mentioned that a controlled environment has a negative significant relationship with financial reporting quality. Oduro and Cromwell (2018) investigated the effectiveness of internal control in the local government of the public sector. The study revealed that the control environment has no significant influence on fraud prevention (Adeboye, 2019). Setting an ethical tone at the top was ranked lowest in terms of the effectiveness of fraud prevention measures (Abdoulaye et al., 2018). A study by Oduro et al., (2018) found that the control environment had no significant influence on fraud prevention even though the control had a positive effect on fraud prevention. Hence, based on the arguments, the following hypothesis is developed.

H1: There is a significant positive relationship between the control environment and corruption deterrence in the Maldives public sector.

Risk Assessment and Corruption Deterrence

Every business or organization faces risks that should be assessed and managed. Managing risk begins with the identification and analysis of the risk (Ayagre & Aidoo-Buameh, 2017). Both internal and external risks can impede business operations (COSO, 2013; Frazer, 2016). Wilson et al. (2014) identified risk assessment to encompass detecting and evaluating risks to achieve organizational goals (Buabeng, 2020). Organizations in assessing risk should consider the potential for fraud that will impede the organization from achieving its objectives (COSO, 2013). Abdelrahim and Al-Malkawi (2022) emphasized that risk assessment provides management and internal auditors to be in control. Oduro and Cromwell (2018) revealed that risk assessment significantly deters fraud. As per Jure (2016), for institutions to be able to effectively manage their corruption risks, the risks must be first identified and then analyzed using a risk assessment process. If it is performed and used correctly, a risk assessment can be a powerful proactive and preventive tool in the fight against corruption in every public and private institution (Jure, 2016). Oduro and Cromwell (2018) investigated the effectiveness of internal control in the local government of the public sector. The study revealed that risk assessment significantly deters fraud. Kisanyanya (2018) examined the relationship between internal control systems and the financial performance of public institutions of tertiary education. The result shows that there is a positive significant effect of risk assessment on performance. Muhuny and Jagongo (2018) surveyed the effect of internal control systems on the financial performance of public institutions of higher learning. The study realized that risk assessment as an indicator of internal control systems has a significant influence on the financial performance of institutions of higher learning (Adeboye, 2019).

Referring to Adeboye (2019) and Wonder, Jiang & Cobbla (2018) the government's internal control systems have an impact on financial reporting quality. The study found that risk assessment has a positive and significant relationship with performance on financial reporting quality (Adeboye, 2019). The high amount of money and the greater flexibility in the procurement process entail high risks, and the lack of proper risk assessment prevents development control activities focusing on reducing or sharing risks in the procurement processes, including the risks of corruption (Natalia, 2017). Additionally, Oduro et al., (2018) revealed that risk assessment significantly deters fraud.

Mahadeen et al., (2016) examined the effect of the internal control system on organisational effectiveness. The study found no statistically significant relationship between risk management and organizational effectiveness. Fraud risk assessment has the lowest ranking of effectiveness in the degree of fraud prevention measures (Abdoulaye et al., 2018). Based on the arguments above, the following hypothesis is developed.

H2: There is a significant positive relationship between risk assessment and corruption deterrence in the Maldives public sector.

Control Activities and Corruption Deterrence

For years, the business community has embraced the concept of policies and procedures to safeguard organizational assets and ensure the achievement of business objectives (Buabeng, 2020). According to Abdelrahim and Al-Malkawi (2022), Appiah (2015), COSO (2013), and Frazer (2016), control activities deal with the policies and procedures established by management that ensure the execution of the organization's objectives to manage risks are executed (Blouin and Huefner, 2018). Control activities are categorized into preventive and detective controls (Frazer, 2016). Preventive controls avert the error or fraud from occurring while detective control reveals the incident after the fact. According to Appiah (2015) and Frazer (2016), control activities consist of activities like authorizations, approvals, verifications, reconciliations, performance reviews, segregation of duties, and safeguarding of assets. Buabeng (2020) stated that control measures have the potential to reduce employee theft against their employers. The study also revealed that instituting control activities, like recording and having custody of assets, is essential to make the control system work effectively. Similarly, previous studies surmised that control activities like authorizations, approvals, verifications, reconciliations, performance reviews, segregation of duties, and safeguarding of assets help to reduce theft and pilferage (Buabeng, 2020). Anytime an organization's leaders demonstrate laxity, that sets a tone where people will be inclined to flout instituted policies and procedures. In contrast, a study by Lenard et al. (2016) revealed that when employees perceive that management has established a robust control environment, they will adhere to standard policies and accept responsibility, thereby enhancing internal controls. Adeboye (2019) and Kisanyanya (2018) examined the relationship between internal control systems and the financial performance of public institutions of tertiary education. The result shows that there is a positive significant effect on control activities on performance.

Additionally, Adeboye (2019), Muhuny and Jagongo (2018) surveyed the influence of internal control systems on the financial performance of public institutions of higher education. The study realized that the control activities as indicators of internal control systems have a significant influence on the financial performance of the institutions of higher learning. Wonder et al., (2018) investigated the impact of the government's internal control system on financial reporting quality in Ghana using Ghana Revenue Authority as the case study. The study finds out that control activities have a positive and significant relationship with performance on financial reporting quality. According to Mahadeen, et al., (2016), a study discovered that the absence of a sophisticated and interrelated system designed to check one process on another has led to the ineffectiveness of several organizations as evidenced in the work of. The implication of this is that public confidence has been dampened in the integrity of government institutions which is evidenced by corruption cases and fraud.

Oduro and Cromwell (2018) highlighted the effectiveness of internal control in the local government of the public sector. The study revealed that control activities had no significant influence on fraud prevention even though they all had a positive effect on fraud prevention. Mahadeen et al., (2016) examined the effect of the internal control system on organizational effectiveness, and the study showed that there is no statistically significant effect of control activities on organizational effectiveness. Additionally, Oduro and Cromwell, (2018) also discovered that control activities had no significant impact on fraud detection despite having a positive impact on fraud prevention. The study found further that poor background checks and inaccurate records were some of the major challenges facing internal control. Hence, the following hypothesis is developed.

H3: There is a significant positive relationship between control activities and corruption deterrence in the Maldives public sector.

Information and Communication, and Corruption Deterrence

Buabeng (2020) and Wilson et al. (2014) revealed that another essential element of the internal control components is the information system and communication, which is the conduit by which management captures the relevant information and communicate that information accordingly to decision-makers and other stakeholders. Organizations thrive on the availability of information to make decisions and implement internal control to achieve organizational goals. Information is gathered internally and externally, which supports other components of internal control (COSO, 2013). Buabeng (2020) stated that the quality of information, which includes manual and automatic processes, enables management to make the necessary decisions regarding control activities underpinning financial reports. Frazer (2016) posited that relevant information is to be captured and processed and communicated on a timely basis, which will aid people to execute their responsibilities. The study indicated that effective communication should occur in a broader sense, where information is shared across all organizational levels, and employees must have channels to communicate vital information upward to management. Organizations thrive on the availability of information to make decisions and implement internal control to achieve organizational goals. Internal and external information gathering supports other components of internal control. (COSO, 2013). According to Chen et al. (2017), one of the Sarbanes-Oxley Act requirements is the disclosure of information on internal controls and getting the internal control evaluated by auditors.

Kisanyanya (2018) examined the relationship between internal control systems and the financial performance of public institutions of tertiary education. The result indicates that information and communication significantly positively affect performance. Muhuny and Jagongo (2018) surveyed the effect of internal control systems on the financial performance of public institutions of higher learning. The study realized that information and communication as indicators of internal control systems have a significant influence on the financial performance of institutions of higher learning. Where else, Wonder et al., (2018) investigated the impact of

government internal control systems on financial reporting quality in Ghana using Ghana Revenue Authority as the case study. The study finds out that information and communication have a positive and significant relationship with performance on financial reporting quality.

Mahadeen et al., (016) examined the effect of the internal control system on organizational effectiveness. According to the study's findings, there is no statistically significant relationship between communication and organizational effectiveness. A study by Oduro et al., (2018) found that information and communication had no significant influence on fraud prevention even though they had a positive effect on fraud prevention. Hence, the following hypothesis is developed.

H4: There is a significant positive relationship between information and communication and corruption deterrence in the Maldives public sector.

Monitoring Activities and Corruption Deterrence

Internal control can only be effective if the controls are implemented as intended. Monitoring is the mechanism that ensures the quality of internal control performance over time (Appiah, 2015 & Frazer, 2016). Monitoring is a continuous, purposeful endeavour that requires constant supervision and management to ensure that individuals carry out their responsibilities (Frazer, 2016). Additionally, monitoring encompasses an ongoing and periodic assessment by management and other outside principles of the organization's internal control (Ayagre and Aidoo-Buameh, 2017). They posited that monitoring public sector companies should establish vigorous monitoring activities by reinforcing control activities. In addition, organizations' monitoring commitment is weakened when management's ethical standards are suspected (Ayagre & Aidoo-Buameh, 2017). Monitoring ensures that controls are operating as intended to oversee the business practises and policies of an organization (Ayagre & Aidoo-Buameh, 2017; Appiah, 2015). Monitoring deals with communicating any internal control deficiencies to the employee and the supervisor responsible for that organisation's activity (Appiah, 2015). Previous studies found that the independence of board directors leads to transparency, which can result in effective monitoring (Chen et al., 2017).

Effective monitoring activities ensure that proper internal controls are reasonably applied in the organization. According to Appiah (2015), a lack of monitoring could lead to the demise of companies. Kisanyanya (2018) examined the relationship between internal control systems and the financial performance of public institutions of tertiary education. The result shows that there is a positive significant effect on monitoring performance. A study by Olken (2007), suggested that traditional top-down monitoring can play an important role in reducing corruption, even in a highly corrupt environment. One approach to reducing corruption suggests that the right combination of monitoring and punishments can control corruption.

In addition, Wonder et al., (2018) investigated the impact of the government's internal control system on financial reporting quality in a public institute. The study finds out that monitoring has a negative significant relationship with fi-

nancial reporting quality. A study by Oduro et al., (2018) found that monitoring activities had no significant influence on fraud prevention even though they had a positive effect on fraud prevention. The study found further that monitoring was some of the major challenges facing internal control in the local government sector. Thus, the following hypothesis is developed.

H5: There is a significant positive relationship between monitoring activities and corruption deterrence in the Maldives public sector.

RESEARCH METHOD

In the Maldives, the public sector is a part of the economy comprised of both public services and public enterprises. Therefore, the public sector in the Maldives consists of the government and state-owned enterprises (SOEs). According to the Ministry of Finance (2020), there are 32 State-Owned Enterprises (SOEs) and as per President's Office, 18 Ministries are providing public service in the Maldives. However, the Government of Maldives is a minority shareholder in 4 companies out of the 32 SOEs mentioned above. Therefore, these 4 SOEs are excluded from the population and focused on the Government of Maldives' majority (>50 per cent) shareholding SOEs in this study.

The population of this study is the 28 SOEs and 18 Ministries in the Maldives. The total samples were 46 public organizations (28 SOEs and 18 Ministries). Individuals serve as the unit of analysis for this study and 4 individuals from each organization are randomly selected. A total of 184 questionnaires were distributed however, 80 samples were collected and usable.

The survey instrument is divided into three (3) sections. Section A of the survey includes standard questions about the respondents' demographic information which have been adopted from Pok et al. (2014) and a few changes were brought to the questions to suit the study. Where else, Sections B to G of the questionnaire were adopted from Guidelines for Internal Control Standards for Public Sector by INTOSAI (2004), Reference Guide and Information Note on the use of the FATF Recommendations to support the fight against Corruption by FATF (2012), and State of Integrity-A Guide to Conducting Corruption Risk Assessment in Public Organizations by UNODC (2020). Section B until F of the survey instrument is about independent variables consisting of fifty (50) items accordingly. Section G of the survey instrument is about the dependent variable. To achieve this, respondents are given a list of ten (10) statements or situations. The dependent and independent variables were measured based on a five-point Likert scale: 1= strongly disagree, 2= disagree, 3= not sure, 4= agree, and 5= strongly agree. Therefore, the survey contains 60 questions in total, excluding demographic questions.

RESULTS AND DISCUSSION

Demographic Analysis

This section provides descriptive analyses of the demographic characteristics of the respondents consisting of the frequency and the percentage of the nominal questions. Table **1**

shows the frequency of respondents based on their gender. The total respondent for this study is 80. It indicates that 51 or 63.7% of the respondents are male whilst 29 or 36.3% of the respondents are female.

Table 1. Frequency of the Respondents' Gender.

	Frequency	Percentage
Male	51	63.7
Female	29	36.3
Total	80	100.0

Table **2** explains the education level of the respondents. The respondents are categorized into 5 education levels: O'/A' Level, Diploma, Bachelor Degree, Masters degree and Ph.D/Doctorate Level. About 47.5% of the respondents hold a Master's Degree and followed by 27.5% of the respondents who hold a Bachelor's Degree. From the analysis, 15 respondents hold a Diploma Level representing 18.8% of the total respondents whilst 5 respondents with an O'/A' Level represent 6.3% of the total respondents.

Table 2. Frequency of the Education Level.

	Frequency	Percentage
O' Level / A 'Level	5	6.2
Diploma	15	18.8
Bachelor's degree	22	27.5
Master's degree	38	47.5
PhD / Doctorate	-	-
Total	80	100.0

Based on the frequency of the job designation held by the respondents as depicted in Table **3**, 17.5% of the respondents are on the operational support level whilst 32.5% are on the supervisory and senior supervisory levels. Out of 80 respondents, 37.5% are from the management and senior management levels whilst 12.5% of the respondents are from the leadership level.

Table 3. Frequency of Job Designation.

	Frequency	Percentage
Operational Support	14	17.5
Supervisory	14	17.5
Senior Supervisory	12	15.0
Management	12	15.0
Senior Management	18	22.5
Leadership	10	12.5
Total	80	100.0

Table **4** shows the frequency of the respondents' working experience as public officials. The majority of the respond-

ents (32.5%) have 6 to 10 years of working experience and 23.8% of the respondents within 11 to 15 years of working experience. Only 21.3% of the respondents have 5 years and less working experience whilst 22.4% of the respondents are from the category of 16 to 20 years and more than 20 years, respectively.

Table 4. Frequency of the Respondents' Working Experience.

	Frequency	Percentage
1 to 5 Years	17	21.3
6 to 10 Years	26	32.5
11 to 15 Years	19	23.8
16 to 20 Years	9	11.2
More than 20 Years	9	11.2
Total	80	100.0

Descriptive Statistics

Table **5** shows the descriptive statistics of the independent variable, namely the control environment based on the result of the questionnaire. The highest mean score goes to question number 10, *"There is a relationship between control environment (i.e. board of directors, executive management, top management activities) and corruption deterrence"* where the average mean response of the question is 3.51 i.e. greater than 3.00. This finding implies that on average, the respondents concur with the assertion that there is a relationship between a controlled environment and corruption deterrence. The response's average standard deviation (SD) is 1.201 which is greater than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

The lowest mean score goes to question number 9, *"Control environment is effective enough to prevent corruption through enforcing appropriate internal control"* where the mean response of the question is 2.61 i.e. slightly less than 3.00. This finding implies that the respondents slightly disagree with the statement that the control environment is effective enough to prevent corruption through enforcing appropriate internal control. The average standard deviation (SD) of the response is 1.142, higher than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

Table 5. Descriptive Statistic (IV: Control Environment).

	Mean	Std. Deviation
(Q1) Leadership/management promotes a culture of integrity and ethical values – instilling a culture of "doing the right thing".	2.96	1.216
(Q2) Leadership/management adheres to corporate best practices and promotes standards of good governance, and complies with the applicable codes of conduct at all times.	2.86	1.145

	Mean	Std. Deviation
(Q3) Leadership/management demonstrates a commitment to anti-corruption and integrity through support to related processes and procedures through adherence to the highest standards.	2.89	1.191
(Q4) Leadership/management has established a trust-based organizational culture, adopting the principles of openness and transparency.	2.84	1.206
(Q5) Leadership/management exhibits commitment and a supportive attitude toward internal control at all times.	2.78	1.067
(Q6) Leadership/management exercises oversight responsibility.	2.93	1.134
(Q7) Leadership/management exhibits a supportive attitude toward internal control at all times, leading by example, and top management believes that internal control is important.	2.85	1.159
(Q8) Staff held accountable for not implementing adequate internal control to prevent corruption.	2.71	1.138
(Q9) Control environment (i.e. board of directors, executive management, top management) is effective enough to prevent corruption through enforcing appropriate internal control.	2.61	1.142
(Q10) There is a relationship between the control environment (i.e. board of directors, executive management, top management activities) and corruption deterrence.	3.51	1.201

Table **6** shows the descriptive statistics for risk assessment. The highest mean score goes to question number 10, *"There is a relationship between inefficient risk assessment and corruption deterrence"* where the mean response of the question is 3.61 i.e. greater than 3.00. This finding implies that on average, the respondents agreed with the statement that inefficient risk assessment will not be able to deter corruption. The response's average standard deviation (SD) is 1.164 which is a little higher than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

The lowest mean goes to question number 6, "The organization's risk assessments are frequently updated, and its compliance policies, procedures, and practices are reviewed, to determine whether policies/procedures/practices make sense for particular business segments/subsidiaries" where the mean response of the question is 2.41 i.e. slightly less than 3.00. This finding implies that the respondents slightly disagreed with the statement that the organization's risk assessments are frequently updated, and its compliance policies, procedures, and practices are reviewed, to determine whether policies/procedures/practices make sense for particular business segments/subsidiaries. The response's average standard deviation (SD) is 1.099, higher than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

Table 6. Descriptive Statistic (IV: Risk Assessment).

	Mean	Std. Deviation
(Q1) Public entities manage the risks that are likely to have an impact on service delivery and the achievement of desired outcomes.	2.80	0.986
(Q2) The risk assessment process in place considers all risks that might occur, including the risk of fraud and corruption.	2.79	1.177
(Q3) Risk assessments are aimed specifically at identifying, analyzing and prioritizing corruption risks to the organization.	2.75	1.207
(Q4) Public entities assess areas of vulnerabilities in the procurement procedures, recruitment, operations and finance-related areas.	2.66	1.006
(Q5) Public entity's internal controls are developed based on the results of a robust risk assessment.	2.55	1.124
(Q6) The organization's risk assessments are frequently updated, and its compliance policies, procedures, and practices are reviewed, to determine whether policies/procedures/practices make sense for particular business segments/subsidiaries.	2.41	1.099
(Q7) The organization made specific changes to reduce the risk that the same or similar issues will not occur in the future.	2.74	1.003
(Q8) Leadership/management demonstrates a commitment to combating corruption by creating an organizational culture and structure conducive to fraud risk management.	2.53	1.055
(Q9) The risk assessment process is effective enough to prevent corruption.	2.44	1.089
(Q10) There is a relationship between inefficient risk assessment and corruption deterrence.	3.61	1.164

Table **7** shows the descriptive statistics for control activities. The highest mean score goes to question number 10, *"There is a relationship between weak control activities and corruption occurring in public sector organizations"* where the mean response of the question is 3.78 i.e. greater than 3.00. This finding implies that on average, the respondents agreed with the statement that there is a relationship between weak control activities and corruption in public sector organizations. The response's average standard deviation (SD) is 1.222, higher than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

The lowest mean goes to question number 6, "Operations, processes and activities are periodically reviewed to ensure that they comply with current regulations, policies, procedures, or other requirements" where the mean response of the question is 2.68 i.e. slightly less than 3.00. This finding implies that the respondents on average slightly disagreed

with the statement that Operations, processes and activities are periodically reviewed to ensure that they comply with current regulations, policies, procedures, or other requirements. The response's average standard deviation (SD) is 1.123, higher than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

Table 7. Descriptive Statistic (IV: Control Activities).

	Mean	Std. Deviation
(Q1) Leadership/management DOES NOT give much importance to establishing and implementing appropriate control activities to prevent corruption.	3.24	1.150
(Q2) Control activities occur throughout the organization, at all levels and in all functions of public entities. They include a range of detective and preventive control activities as diverse.	2.96	0.999
(Q3) Duties and responsibilities are assigned systematically to several individuals to ensure that effective checks and balances exist.	2.69	1.098
(Q4) Access to resources and records is limited to authorized individuals who are accountable for the custody and/or use of the resources.	3.08	1.028
(Q5) Transactions and significant events are properly verified before and after processing, e.g. when goods are delivered, the number of goods supplied is verified with the number of goods ordered.	3.15	1.148
(Q6) Operations, processes and activities are periodically reviewed to ensure that they comply with current regulations, policies, procedures, or other requirements.	2.68	1.123
(Q7) Employee's work duties, responsibilities, and accountabilities are assigned after clear communication.	2.88	1.107
(Q8) The value and benefits of internal control activities, as well as defined roles and responsibilities, are well communicated, to promote a culture of integrity and prevent corruption.	2.70	1.095
(Q9) Corruption occurs in public sector organizations due to a lack of adequate control activities.	3.41	1.260
(Q10) There is a relationship between weak control activities and corruption occurring in public sector organizations.	3.78	1.222

Table **8** shows the descriptive statistics of the independent variable namely information and communication based on the result of the questionnaire. The highest mean goes to question number 10, *"There is a relationship between ineffective information and communication and corruption occur in the public sector organizations"* where the mean response of the question is 3.71 i.e. greater than 3.00. This finding implies that the respondents on average agreed with the statement that there is a relationship between ineffective information and communication and corruption in public sector organizations. The average standard deviation (SD) of the response is 1.034 which is lower than 1.00. This indicates that the perceptions of the respondents were similar or comparable.

The lowest mean goes to question number 7, *"Management provides specific and directed communication addressing behavioural expectations from employees".* This includes a clear statement of the entity's internal control philosophy and approach and delegation of authority. It makes employees understand their role in the internal control system where the mean score of the question is 2.79 i.e. slightly less than 3.00. This finding implies that on average, the respondents slightly disagreed with the statement that the management provides specific and directed communication addressing behavioural expectations from employees. This includes a clear statement of the entity's internal control philosophy and approach and delegation of authority. It makes employees understand their role in the internal control system. The average standard deviation (SD) of the response is 0.990 which is slightly less than 1.00. This indicates that the respondents' perceptions were slightly different from one another.

Table 8. Descriptive Statistic (IV: Information and Communication).

	Mean	Std. Deviation
(Q1) Public organizations DO NOT have effective information and communication to prevent and detect corruption.	3.30	1.060
(Q2) Access controls (both physical and logical) are limited to data resources (computers, programs, equipment, and facilities), thereby protecting these resources against unauthorized modification, loss, and disclosure.	3.14	0.924
(Q3) Quality information and communication, which implies appropriate (is the needed information there?); timely (is it there when required?); current (is it the latest available?); accurate (is it correct?); accessible (can it be obtained easily by the relevant parties?), are made to make appropriate decisions.	3.00	1.019
(Q4) Information and communication relating to performance create the possibility to evaluate the orderliness, ethicality, economy, efficiency and effectiveness of operations.	3.14	1.016
(Q5) Transactions and events are recorded promptly when they occur to retain information relevant and valuable to management in controlling operations and making decisions.	3.08	1.003
(Q6) To help ensure the quality of information and reporting of internal control activities and responsibilities, effective and efficient monitoring, and all transactions and significant events are fully documented (e.g. flow charts	2.86	0.990

	Mean	Std. Deviation
and narratives).		
(Q7) Management provides specific and directed communication addressing behavioural expectations from employees. This includes a clear statement of the entity's internal control philosophy and approach, and delegation of authority. It makes employees understand their role in the internal control system.	2.79	0.990
(Q8) Effective information and communication occur in all directions, flowing down, across and up the organization, throughout all components and the entire structure.	2.81	1.068
(Q9) In addition to internal communications, management ensures there are adequate means of communicating with and obtaining information from external parties, as external communications can provide input that may have a highly significant impact on the extent to which the organization achieves its goals.	2.86	1.028
(Q10) There is a relationship between ineffective information and communication and corruption in public sector organizations.	3.71	1.034

Table **9** shows the descriptive statistics of the independent variable namely monitoring activities. The highest mean score goes to question number 10, *"There is a strong relationship between weak monitoring activities and corruption occurring in public sector organizations"* where the mean response of the question is 3.84 i.e. greater than 3.00. This finding implies that the respondents on average agreed with the statement that there is a strong relationship between weak monitoring activities and corruption in public sector organizations. The average standard deviation (SD) of the response is 1.185, higher than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

The lowest mean goes to question number 9, "There is a well-established and fully functioning internal audit unit/department independent from management and reports directly to the highest level of authority within the organization" where the mean response of the question is 2.85 i.e. slightly less than 3.00. This finding implies that on average, the respondents slightly disagreed with the statement that there is a well-established and fully functioning internal audit unit/department independent from management and reports directly to the highest level of authority within the organization. The average standard deviation (SD) of the response is 1.294, higher than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

Table 9. Descriptive Statistic (IV: Monitoring Activities).

	Mean	Std. Deviation
(Q1) Public sector organizations DO NOT have proper monitoring activities to prevent and detect corruption.	3.66	1.102
(Q2) Internal control systems are monitored to assess the quality of the system's performance over time. Monitoring is accomplished through routine activities, separate evaluations or a combination of both.	2.94	1.023
(Q3) Monitoring activities ensure that audit findings and recommendations are adequately and promptly resolved.	3.03	1.212
(Q4) Monitoring internal control is aimed at ensuring that controls are operating as intended and that they are modified appropriately for changes in conditions.	3.06	1.083
(Q5) Ongoing monitoring activities, separate evaluations or a combination of both are conducted, to help ensure that internal control continues to be applied at all levels and across the entity and that internal control achieves the desired results.	2.88	1.036
(Q6) Separate evaluations, in the form of self-assessment as well as a review of control design and direct testing of internal control, are performed. Separate evaluations may be performed by external or internal auditors.	3.13	1.162
(Q7) All deficiencies/weaknesses found during ongoing monitoring or through separate evaluations are communicated to those positioned to take necessary action.	3.08	1.178
(Q8) Monitoring internal control includes policies and procedures aimed at ensuring the findings of audits and other reviews are adequately and promptly resolved.	3.24	1.117
(Q9) There is a well-established and fully functioning internal audit unit/department independent from management and reports directly to the highest level of authority within the organization.	2.85	1.294
(Q10) There is a strong relationship between weak monitoring activities and corruption occurring in public sector organizations.	3.84	1.185

Table **10** shows the descriptive statistics of the dependent variable, namely corruption deterrence. The highest mean goes to question number 4, *"Internal control objectives are achieved through competent supervision to ensure clear communication and systematic review of duties, responsibilities and accountabilities assigned to each staff member"* where the mean response of the question is 2.88 i.e. slightly less than 3.00. This finding implies that the respondents on average slightly disagreed with the statement that internal control objectives are achieved through competent supervision to ensure clear communication and systematic review of duties, responsibilities and accountabilities assigned to each staff member. The average standard deviation (SD) of the response is 1.060, higher than 1.00. This indicates that the respondents' perceptions were close to or similar to one another.

The lowest mean goes to question number 2, *"The public organization commits sufficient time and funds to implement*

a corruption prevention plan" where the mean response of the question is 2.23 i.e. less than 3.00. This result suggests that, on average, respondents disagreed with the assertion that the public organization dedicates sufficient time and resources to implementing a corruption prevention plan. The average standard deviation (SD) of the response is 0.993 which is slightly less than 1.00. This indicates that the respondents' perceptions were a bit far or slightly different from one another.

Table 10. Descriptive Statistic (DV: Corruption Deterrence).

	Mean	Std. Deviation
(Q1) Public organizations have procedures, rules and measures in place that aim to prevent and detect corruption.	2.68	1.178
(Q2) The public organization commits sufficient time and funds to implement a corruption prevention plan.	2.23	0.993
(Q3) Public organizations embed a culture of integrity and support in achieving transparency and accountability.	2.39	1.108
(Q4) Internal control objectives are achieved through competent supervision to ensure clear communication and systematic review of duties, responsibilities and accountabilities assigned to each staff member.	2.88	1.060
(Q5) Public organizations enforce anti-corruption policies such as conflict of interest policy, whistle-blower policy and policy zero tolerance of corruption/bribery policy.	2.52	1.180
(Q6) Public organizations have instilled a sense of ethics and integrity in their management and employees to promote an anti-corruption attitude.	2.48	1.079
(Q7) A public entity's operations are ethical - have moral principles and behaviour to prevent and detect fraud and corruption in the public sector.	2.44	1.077
(Q8) Public organizations and individuals are held responsible/ accountable for their decisions and actions, including their stewardship of public funds, fairness, and all aspects of performance.	2.41	1.002
(Q9) Controls are embedded to manage and safeguard an entity's resources because resources in the public sector generally embody public money and their use in the public interest generally requires special care.	2.54	1.067
(Q10) Public entity's staff have appropriate skills, receive adequate training, and maintain high professional standards. Such measures help to foster a culture of honesty, integrity and professionalism.	2.45	0.953

Reliability Analysis

Table **11** shows Cronbach's alpha individual result of all the variables. The Cronbach's alpha results for corruption and control environment are 0.924 and 0.923, respectively. This indicates that the internal consistency for reliability for all 10 subscale items of corruption is excellent, which is more than 0.900 (Field, 2009). Next, Cronbach's alpha value for risk assessment is 0.853, control activities are 0.844, information and communication is 0.814 and monitoring activities are 0.864. This indicates that the internal consistency for reliability for all 10 subscale items of the four variables is good. Thus, the questions adopted in the questionnaire are reliable since Cronbach's alpha is more than 0.700 (Nunnaly, 1978).

Table 11. Reliability Statistics by Individual Variables.

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
Control Environment	0.923	0.924	10
Risk Assessment	0.853	0.854	10
Control Activities	0.844	0.849	10
Information and Communication	0.814	0.815	10
Monitoring Activities	0.864	0.867	10
Corruption Deterrence	0.924	0.924	10

Correlation Analysis

Table **12** shows the correlation between the independent variables and the dependent variable. The result shows a moderate positive correlation between the control environment and corruption deterrence at 0.635. The value of r^2, the coefficient of determination, is $(0.635^2) = 403$. The r^2 value of 40.3% tells the linear relationship or variability in the control environment and corruption deterrence. A *p*-value of 0.000 also shows a significant relationship between the independent and dependent variables. In addition, the correlation result of 0.712 shows a high positive correlation between risk assessment and corruption deterrence with the value of r^2 and the coefficient of determination is $(0.712^2) = 507$ indicating variability in risk assessment is shared by the corruption deterrence. In other words, indicates how strong of a linear relationship between the two variables. A *p*-value of 0.000 also shows a significant relationship between risk assessment and corruption deterrence.

Next, the correlation result of 0.473 shows a low positive correlation between control activities and corruption deterrence with the value of r^2 being $(0.473^2) = 224$. The coefficient of determination value of 22.4% shows that corruption deterrence shares the variability in control activities. A *p*-value of 0.000 shows a significant relationship between control activities and corruption deterrence. For information and communication, the result shows 0.585, a moderate positive correlation, with corruption deterrence. The value of r^2 and the coefficient of determination of $0.585^2 = 342$ highlight

Table 12. Pearson's Correlations Test.

Variables	CE	RA	CA	IC	MA	CO
CE	1					
RA	0.707**	1				
CA	0.438**	0.568**	1			
IC	0.626**	0.652**	0.688**	1		
MA	0.645**	0.722**	0.643**	0.747**	1	
CO	0.635**	0.712**	0.473**	0.585**	0.519**	1

**. Correlation is significant at the 0.01 level (2-tailed). b. Listwise N=80.
Note: CE (Control Environment), RA (Risk Assessment), CA (Control Activities), IC (Information and Communication), MA (Monitoring Activities) and CD (Corruption Deterrence).

Table 13. Multiple Regression Analysis (Coefficients).

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig. (*p*-value)	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	4.588	3.370		1.361	0.178		
CE	0.230	0.107	0.249	2.149	0.035**	0.435	2.300
RA	0.597	0.146	0.518	4.079	0.000***	0.363	2.757
CA	0.074	0.126	0.065	0.588	0.558	0.473	2.115
IC	0.271	0.176	0.203	1.541	0.128	0.336	2.979
MA	0.226	0.145	0.210	1.561	0.123	0.324	3.089

*p<0.10; **p<0.05; ***p<0.01
Note: Control Environment (CE), Risk Assessment (RA), Control Activities (CA), Information and Communication (IC), Monitoring Activities (MA)

linear relationship or variability in information and communication is shared by corruption deterrence. A *p*-value of 0.000 shows a significant relationship between information and communication, and corruption deterrence. Lastly, the result of 0.519 demonstrates a moderate positive correlation, between monitoring activities and corruption. The value of r^2 and the coefficient of determination of $0.519^2 = 269$ shows a linear relationship or variability shared by the variables, monitoring activities and corruption deterrence. A *p*-value of 0.000 also shows a significant relationship between monitoring activities and corruption deterrence.

Multiple Regression Results

Table **13** shows the coefficients (both, standardized and unstandardized) of the multiple regression analysis. The beta value represents the strength of the relationship between internal control attributes (control environment, risk assessment, control activities, information and communication, and monitoring activities) and corruption deterrence in the public sector. In other words, it shows the effect of independent variables on the dependent variable (Field, 2009). The table also shows the tolerance and variance inflation factor (VIF) of the Collinearity Statistics for the individual independent variables. A VIF shows no multicollinearity issues when it

has a VIF of less than 10 (Pallant, 2016). Therefore, there are no multicollinearity issues as all individual VIFs of all the independent variables are way below 10 in this study.

The independent variable with a level of significance (sig. or *p*-value) value of less than 5% can make a significant contribution to the predicted value of the dependent variable. A variable greater than this value of significance cannot make a significant contribution to the predicted value of the dependent variables (Brooks, 2014).

Based on Table **13**, the control environment has a *p*-value of 0.035, with a significant level of *p*<0.05. It indicates a positive relationship between the control environment and corruption deterrence. The standardised coefficient has a value of 0.249 which indicates that every unit increase in the control environment will reflect a 24.9% unit increase in corruption deterrence. The *t*-value of 2.149 is more than 2 indicating a strong relationship between the independent variable and dependent variable (Hair, Black, Babin, and Anderson, 1998). Hence, there is a positive significant relationship between the control environment and corruption deterrence in the Maldives public sector and hypothesis (H$_1$) is accepted.

The result of this study is consistent with Natalia (2017) where the study shows that the lack of an effective internal

control system facilitated the development of the corruption scheme. According to Natalia (2017), the main deficiency seemed to rest in the control environment component concerning organizational culture and the absence of commitment to integrity and ethical values. Following this situation, there was room for a series of other deficiencies in the other components of internal controls, such as problems in assessing risks of employees circumventing controls and not complying with ethical standards, developing adequate control and monitoring activities and using relevant information and communication. A similar result from Le and Tran (2018), a controlled environment has been identified as having the greatest influence on fraud control in businesses, and a strong control environment is more likely to reduce the likelihood of fraud within an organization. The controlled environment of an organization reveals management philosophy, ethical values, integrity, operating style and the type of leadership that senior management and the board of directors provide (Buabeng, 2020).

The finding is also consistent with the Institutional Theory where repeated patterns of actions become institutions or institutionalized rules, and thus institutional theory explains organizational phenomena by pointing to the environment and the formal and informal rules that are imposed on organizational activities. On this note, according to Adeboye (2019) pointed out the importance of incorporating practices and procedures in an organization. These rules involve normative obligations which may be viewed as facts of an organization that must be taken into account and considered by management, compliance officers, auditors and directors (Adeboye, 2019). Institutional theory is often used to explain the adoption and spread of formal organizational structures, including written policies, standard practices, and new forms of organization. The control environment describes a set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The control environment is the way the board and senior management set the tone of the organization (CIIA, 2020). The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control including expected standards of conduct. Therefore, there is a strong positive relationship between controlling environmental and public sector corruption in the Maldives.

Next, the risk assessment has a *p*-value of 0.000, with a significant level of $p<0.01$. It indicates a positive relationship between risk assessment and corruption deterrence. The standardised coefficient has a value of 0.518 which indicates that every unit increase in the risk assessment will reflect a 51.8% unit increase in corruption deterrence. The *t*-value of 4.079 is more than 2 indicating a strong relationship between the independent variable and dependent variable (Hair, Black, Babin, and Anderson, 1998). Hence, there is a positive significant relationship between risk assessment and corruption deterrence in the Maldives public sector and hypothesis (H$_2$) is accepted.

The result of this study is consistent with Oduro and Cromwell (2018) whose study revealed that risk assessment significantly deters fraud. As per Jure (2016), for institutions to be able effectively to manage their corruption risks, the risks must be first identified and then analyzed using a risk assessment process. If performed and used correctly, a risk assessment can be a powerful proactive and preventive tool in the fight against corruption in every (public or private) institution. The most important thing, which is often misunderstood, is that almost any kind of risk presents also a possible threat to the occurrence of corruption. Hence, risk assessment in public sector organizations is essential to support anti-corruption strategies and therefore increases the relationship between risk assessment and corruption in the Maldives public sector. The finding is also consistent with the Institutional Theory where institutionalizing a given structure requires a running analysis, evaluation and dissemination of the early impacts of that structure (Marcelle et al., 2013). This is exactly what risk assessment is, where internal and/or external sources conduct an analysis and evaluate controls in the organization, allowing for the identification of risks, their likelihood and impact, and the development of control measures.

Thirdly, the control activity has a p-value of 0.558, which is greater than 0.10 and means that the deviation from the hypothesis is statistically significant, and the hypothesis is rejected. It indicates no relationship between control activity and corruption deterrence. This finding does not support hypothesis H$_3$ and was rejected. When an organization's leaders demonstrate laxity, employees are more likely to disregard established policies and procedures. Contrary, when employees perceive that management has created a strong control environment, they will adhere to standard policies, and there will be accountability, which strengthens internal controls (Buabeng, 2020).

Subsequently, the information and communication have a *p*-value of 0.128, which is greater than 0.10 and means that there is a deviation from the hypothesis which is statistically not significant, and the hypothesis is also rejected. It indicates no relationship between information and communication, and corruption deterrence and hypothesis (H4) were rejected. Frazer (2016) posited that communication is essential to facilitate the implementation of internal controls, and stipulated that effective communication should take place in a broader sense where information is shared across all levels of the organization (Buabeng, 2020). In addition, internal control processes must be communicated that details the roles, responsibilities, and expectations of employees across all levels of the organization (Buabeng, 2020). The reason for rejecting H$_4$ could be that the information is not shared across all levels of the organization and that the roles, responsibilities, and expectations of employees across all levels of the organization have not been properly communicated.

Lastly, based on Table 13 the monitoring activity has a p-value of 0.123, which is greater than 0.10 and means that the deviation from the hypothesis is statistically significant. Therefore, there is no direct correlation between monitoring

activity and public sector corruption deterrence and hypothesis H_5 is rejected. Ayagre and Aidoo-Buameh (2017) posited that monitoring public sector companies should establish vigorous monitoring activities by reinforcing control activities. Furthermore, organizations' commitment to monitoring is not as strong when management's ethical standards are suspect (Ayagre and Aidoo-Buameh, 2017). Monitoring ensures that the controls are functioning as they are meant to oversee the organization's business practices and policies (Ayagre and Aidoo-Buameh, 2017; Appiah, 2015). Monitoring deals with communicating any internal control deficiencies to the employee and the supervisor responsible for that organisation's activity (Buabeng, 2020). Previous studies found that the independence of board directors leads to transparency, which can result in effective monitoring (Chen et al., 2017).

DISCUSSION AND CONCLUSION

Corruption is a global epidemic that has devastating effects on economies. The Maldives is not immune from this epidemic. The country has been ravaged by corruption and the embezzlement of millions in state funds. As the Maldives is a developing country with limited resources and a heavy reliance on foreign aid, corruption greatly hinders economic development. Corruption is the abuse of public power to promote private benefits. Thus, a public employee who abuses their public position to derive benefits for oneself or friends, relatives or political associates is engaging in an act of corruption.

Based on the first research hypothesis indicates that the standards, processes, and structures that provide the foundation for implementing internal control across the organization, as well as how the board and senior management set the tone for the organization, have a significant impact on the prevalence of corruption deterrence in the Maldives public sector. The second research hypothesis demonstrates that traits such as a basis for determining how risks will be managed, management strategies on the impact of possible changes in the internal and external environment and potentially taking action to manage the impact have a significant effect on the corruption deterrence in the Maldives public sector. The high amount of money and the greater flexibility in the procurement process entail high risks, and the lack of proper risk assessment prevents development control activities focusing on reducing or sharing risks in the procurement processes, including the risks of corruption. Therefore, control environment and risk assessment have a strong and statistical effect on corruption in the Maldives' public sector. On the contrary, the third, fourth and fifth research hypotheses are not supported in this study.

The significance of this study can be divided into three folds. Firstly, it provides useful information to the stakeholders to fight against corruption in determining the relationship between the internal control system and corruption in the public sector of the Maldives. Strengthening internal control systems and their enforcement will give an impact on reducing corruption cases. It is expected to contribute and add value to the existing internal control system in public sector organizations. Secondly, this study aims to add value and

provide useful information to the academician in terms of the literature and theoretical understanding of the relationship between corruption and internal control systems that is scarce in the literature. It will serve as a body of reference for future researchers on the relationship between internal control systems and corruption in the public sector of Maldives. Thirdly, this study contributes to regulators and lawmakers, such as the Ministry of Finance, Privatization and Corporatization Board (PCB) and Anti-Corruption Commission (ACC), in identifying the areas of the internal control system, whether it is tone at the top (management); effectiveness in risk assessment; policies, procedures, manuals and standards; information and communication Intra and inter-organizational; or monitoring activities in the organization, need to be enhanced to mitigate corruption in the public sector.

Another pertinent point, this study will assist the board of directors and senior management of the public sector organization to formulate and improve policies to establish sound and enhanced functional systems of internal controls which will help them to achieve their goals and objectives, while potential corruption is prevented. Finally, the government and auditors will be benefited from this study, as findings from this study could be used to enlighten the public sector on the need for an effective internal control system to promote a corruption-prevented environment in the public sector organizations.

This study is also subject to several limitations mainly due to the limited number of respondents to the survey. The samples obtained for the study are relatively small and cannot be generalized to a larger population of public sector organizations. Secondly, the population of the study is from State-Owned Enterprises (SOEs) and Ministries, which are governed and regulated by a separate set of legislations and has different characteristics of functioning. Therefore, data collected in this study have respondents from both SOEs and Ministries. Therefore, the result of the study might be accurate if data is collected from either SOEs or Ministries, focusing on the type of public sector entities. Lastly, a critical limitation of this study was the possibility of participants not being fully transparent and withholding information pertinent to the study due to the sensitivity of the studied topic.

This study encourages further research to extend the results of the study and improve the results by minimizing the limitation of the study. Therefore, this study suggests the following for future research areas. Firstly, replicating this study by examining additional demographic characteristics, distribution channels and branches of the population. These three factors may influence the assessment of the effectiveness of internal controls in mitigating corruption. Secondly, replicating this study with the consideration of entities with similar characteristics such as SOEs, Ministries or local councils. Thirdly exploring the emerging issues of the development of internal controls and their importance and relationship in preventing corruption. Fourthly, to overcome the limitation of topic sensitivity, future researchers could use a proper method to obtain a response from the participants, such as conducting interviews in-depth interviews with the selected respondents.

CONFLICT OF INTEREST

The authors reported no potential conflict of interest.

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