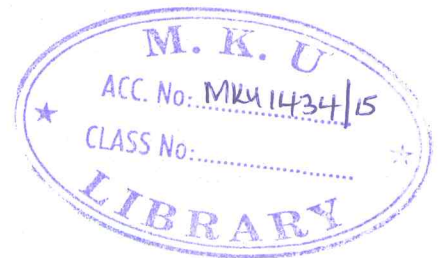


**CHALLENGES FACING INTERNAL AUDITORS IN COMMERCIAL BANKS :A
CASE OF SELECTED BANKS IN KENYA**



BY

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ABSTRACT

The paper presents contemporary evidence of the challenges facing internal auditors in commercial banks in Kenya. Given the increasing level of fraud in commercial banks, this has become a major challenge for internal auditors to come up with internal control mechanisms to be used for detecting and preventing fraud. With the increased use of computer based information systems to undertake fraud, commercial banks have become more exposed to risks that could result into gross financial losses. It was in view of this that this study was conducted with the following objectives: To establish the reasons why banking institutions are unable to protect themselves from fraud, to establish the challenges faced by internal auditors in controlling fraud in organizations and to establish ways in which organizations are trying to protect themselves from exposures to fraud. The study was a survey targeting some of the commercial banks operating in Nairobi. Data collection was done through a questionnaire. Hence further research should be undertaken on the topic with concentration on the public sector.

DEFINITION OF TERMS

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal Audit Department