

## ABSTRACT

The study analyzes the impact of internal control systems on fraud prevention, detection and control. The objectives of the study were to identify the extent of internal control systems at National Health Insurance Fund, to find out the extent of fraud detection, prevention and control at National Health Insurance Fund and to evaluate the effects of internal control systems on fraud detection, prevention and control at National Health Insurance Fund. The study applied descriptive-correlational research design by using quantitative research approach. The population of the study was composed of employees of National Health Insurance Fund, Arusha region. The study applied a whole sampling technique using 21 respondents. Data were collected using closed-ended questionnaire. Validity was ensured through expert judgement whereas reliability was ensured by testing a Crobach's alpha and an alpha of .944 was attained confirming the reliability. To achieve the objective of the study, data were analyzed using both descriptive and inferential statistics. With respect the existence of internal control systems an average mean of 3.8 was attained for all internal control components with specific mean as follows; environment (3.8), risk assessment (3.7), control activities (3.8), information and communication (3.9) and monitoring (3.8). All the mean implies agree showing that, the respondents agreed that, the organization do have internal control systems. Regarding the relationship between internal controls and fraud prevention and detection the following correlations were attained; control environment  $r=.708$  indicating strong positive correlation, risk assessment  $r =.600$  implying moderate correlation, control activities  $r =.780$  denoting strong positive correlation, information and communication  $r = .616$  implying moderate correlation and monitoring  $r = .821$  implying strong correlation. Based on the study findings, it is suggested that, it is critical for organizations to implement strong and adequate internal controls in order to prevent, detect and control fraud.

