

Need for internal control of public sector

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Abstract

Managers are always trying to be the best internal controls in their organizations copper approximate because they know that be effective internal control over previous systems, to fulfill the mission of the organization and minimize unexpected events will be extremely difficult. On the other hand, the existence of internal controls to increase efficiency, reduce head loss, assets and achieving a reasonable assurance of the reliability of financial statements and compliance with laws and regulations will be. Internal control, not an event, but a series of operations and activities on the basis of output. Internal controls help to achieve the goal of minimizing the problems of implementing appropriate internal controls. Internal control is an integral component of corporate governance that will provide reasonable assurance of achieving the organization's objectives. preventing, detecting errors and fraud goes to work. Responsibility for the prevention and detection of fraud and error in the public sector is the responsibility of managers. Managers of internal control and consistently applying appropriate accounting systems, this responsibility will play (Lin et al., 2011) . Since the public sector organizations differ from each other, thus establishing internal controls cant be the same for all organizations and agencies of the public sector. Establish specific controls on each system to factors such as size, type of operation and organizational goals that the system is designed, it depends. On the other hand, rapid advances in information technology, the need to update internal control guidelines in relation to Create a new computer system so as to ensure that the activities of managers and effective control Should be updated if necessary.

Keywords: Internal Control System, Financial Reporting.

1. Definition of internal controls

Internal control and dynamic processes underlying their Consistent with the ongoing changes in the organization Makes (Ogneva et al., 2007). Management and Staff At all levels have the obligation to communicate with the process, to identify risks and to ensure reasonable access to the organization's mission and goals that one too. Then Internal controls of actions that managers Ensure the proper implementation of and compliance relative supply With regulations and policies have been adopted, will be carried out to Raise the efficiency and effectiveness of operations and the goals of Achieve pre-determined words Other internal controls, including the organization and all Concerted practices adopted in an organization To protect assets, properly They run in a way that organizations manage and drive, so pervasive and integral There it is. Internal controls and the internal, not external, separately.

With its internal institutional, internal control as the main factor and the integral management of the process of Planning, implementation and monitoring performance. responsibility a good internal control is the responsibility of managers. Management The overall objectives, activities and mechanisms of control the placement and control in their monitoring and evaluation a. thus, internal control and management tool directly related to the goals of the organization. Even though Management is the main component of internal control, but all staff the important role in creating and implementing it. employees who have implemented internal controls In turn, the internal control system when the General can be effective in the treatment of Ethical and technical competence of staff attention.

So Achieve adequate internal control requires employees Committed and honest and having strong moral values. The existence of internal controls to improve organizational performance and even improve financial reporting. handling and reliability Accounting data, promote operational efficiency and encourage To comply with the prescribed management practices. Internal control, a specific event or situation, But a series of successive and comprehensive measures to All activities of the organization and spread its influence. This Actions in the context of an organization's operations and continued on the way. Research shows that when organizations on internal controls Focus, better results and reduce the costs of internal control in organizations; in because the controls inside a restraint in Organizations creates (Cox, 2007). Organizations are in charge of internal control, the because the controls inside a restraint in Organizations creates (Cox, 2007).

Committee of Sponsoring Organizations of the Commission 1985 with the support and participation of the famous crispy circles Accounting word America, including accountants Accounting Society of America, and America, Institute of Internal Auditors, Institute of

Management Accountants and Finance Officers Association was founded with a group of advisors, extensive research work on definitions and the concept of internal control began. From the Task Force report was released after a few steps, called "Internal Control Integrated Framework" issued in 1992. According to credible reports that Kosovo's report it is known, internal control is defined as; Internal control process to ensure sense of achievement goals in three main categories below classified, by management and other personnel is established:

- Effectiveness and efficiency of operations, including targets operating
- reliability of financial reporting objectives include Financial Reporting
- compliance with laws and regulations covering

The first group includes objectives related to compliance with the objectives of the basic objectives Performance and profitability and asset protection point A. The second group to prepare financial statements and other reliability It is extracted from the relevant financial instruments Are available to the public. Third, with respect Rules and regulations are concerned. Achieving these goals requires five elements Forming the internal control structure as follows: -

- 1 Control environment,
- 2- risk assessment,
- 3-control activities,
- 4-Information and Communication and
- 5- monitoring and testing.

this is a general framework and a minimum of five elements Acceptable quality for Internal Control in the public sector Define and provide the basis for the assessment of internal control And makes the management to expand Detailed policies, procedures and operational activities An appropriate agencies be held accountable. The five elements of internal control together Are related to each component of the exposure can affect other parts , So the organization can control all activities in all Internal control components they need.

2. History of related research

In recent years, a number of research in the field of appropriate internal controls in the public sector in the US America was united to some of them below include: The law of the Federal Managers Financial Integration Court of Audit Act of 1982 requires that Standards for Internal Control in the issue. The general framework for the creation and maintenance standards Internal control, identity management and performance challenges the broad areas of risk identification, recognition Fraud, abuse and mismanagement provide discovery. Guidelines for Internal Control Standards adopted in 1992 International Organization of Supreme Audit Institutions As the needs in the design, implementation and evaluation of internal control standards be developed.

Then, in 2001, the International Supreme Audit Institutions decided that Guidelines for internal control standards in 1992 Review of recent developments related to all controls In its internal

order and the report of the Committee Sponsoring organization's internal control report tõdu Integrated framework to incorporate the above guidelines. In addition to an integrated internal control framework and guidelines regarding In 1992, according to the perspective of ethics was also considered because From the 1990s onwards, the importance of ethical behavior as Prevention of fraud and collusion in the public sector, much of Been considered. It is expected that the government employees, The public interest in maintaining the integrity of public resources To properly manage and citizens should behave Fair and based on law and justice Feedback Have. So, good ethics of public employees, Prerequisite and foundation stone office building public trust correct affairs.

Research shows that there are weaknesses and others Internal controls to reduce the quality of financial reporting the organizations. Research Shbagh and others showed that the binding Internal controls in accordance with the law and the law of Kosovo Sarbynz- Excel [8] to increase the quality of financial reporting Will. The results further showed Hachbrg and others Which are controlled in accordance with the internal financial reporting Understandable, accurate, correct and true progressives are available. This applies to Investors and suppliers is critical use and trust them Reports made to attract. AICPA America in search results the causes of fraudulent financial reporting, poor controls Has been built. It can be concluded that if Internal controls in the public sector is weak and there is a strong, leading to financial reporting Will reliably. Oxley Act Section 404 Sarbynz- 9 of control Internal requirement that the internal control report must Annually by management and will be included Management assessed the effectiveness of controls Financial reporting and internal procedures. Also, auditors are required to comment on the evaluation Management of internal controls over financial reporting Are. (Hochberg et al., 2009).

In 1974, the AICPA America Commission later Cohen Commission Inquest was known about the responsibilities of auditors Out. One of the key recommendations of the Cohen Commission Managers in addition to the financial statements, the report also Prepared and published on the status of internal controls And the auditor's review report (Ashbaugh et al., 2007).

Betty research and found that the recent financial crisis Economic Community law requires the existence of an internal control. In the public sector the strong legal backing Is revealed. (Altamuro & Beaty, 2010).

Lin and colleagues about the impact of research results Employees on internal controls that apply to staff and worthy of strong controls over financial reporting Help manage and reduce the difficulties in applying Internal control in the organization (Lin et al., 2011). (J. Babajani in article 1381) with the name of accountability and internal control in the public sector, such Stated that the so-called non-commercial activities The main activities of nonprofit activities of government

And large public sector organizations are, Despite the overall similarity of form, deserves considerable differences The objectives and content of the internal control components. He further stated objectives and control structure Large domestic public sector agencies, affected Characteristics of nonprofit activities and conceptual Placed under the responsibility and public accountability. Internal control objectives and structure of large dairy sector General and in particular the concept of accountability Interact and complement each other. With increasing levels National accountability and operational control concepts have Objectives and components of internal control is also appropriate to adjust Finds.

Some of the components of internal control, including information And communication control method, a non-profit activities. Government and public sector organizations large differences towards commercial activities and in some components of the control and risk assessment and supervision, these differences do not seem very significant. In the Now the principles of accountability, despite predictions The Islamic Republic's constitution, laws and Common rules have been developed in accordance with the requirements For real accountability of elected officials and responsible Has not been implemented.

For this reason, the control system governing the activities of government and public enterprises Emphasis on traditional methods of control are necessary conditions To achieve the financial and operational accountability Such organizations are not provided. Out of Poor, what follows is worth mentioning a regular review of the rules governing the monitoring Financial and operational, based on comparative studies and use Data from the useful experience developed countries and consider Special features of. (B) requiring the adoption of appropriate laws and regulations and Executive officers and financial accountability Operational and financial reports for accountability And operational direction to provide public access rights Citizens. (C) Design, development and implementation of accounting and reporting system Methods and appropriate financial controls and oversight to financial accountability and operational transparency. (D) monitoring and control design methods with emphasis on the Data for the control of the outputs and results and Reducing unnecessary controls. Recent developments in the banking system, which means her deep globalization implies the need for monitoring Prudent to maintain stability and confidence in the financial system Raised this issue with the global financial crisis, Is much more important.

Due to the proximity the privatization of state-owned banks, it is necessary that The system of internal control and internal audit functions They will be reviewed and all requirements By the Basel Committee (Basel Committee) to monitor Banks should take into consideration. Preparing for Law Firms Before transferring to deal with internal intelligence dory Global trade rules in a gradual process and purposeful, The importance of review of the internal control framework and

function Internal Auditing state banks divested Double it. The system of internal control banks should be based on those essential elements that To ensure compliance with laws and regulations to achieve Long-term profitability, financial reporting and management Reliability and reduce the risk of unforeseen losses or Tarnish the reputation of the bank is required. Increasing Moreover, in order to ensure that the audit work Domestic, should be effective cooperation and coordination between the observer, Internal auditors and independent auditors in the form of Certain defined. According to the theory of constraints, each organization to achieve the main objectives are faced with restrictions.

Executive also aims Economic, political, social and scientific level Macro and micro desirable to implement the internal control system Constraints and obstacles faced. Undoubtedly identify and Obstacles and restrictions governing the internal control system the executive can achieve state Their goals for public welfare and prosperity and accountability to citizens for help Brings. Results of the study showed that training Efficient and practical for financial staff, the rules on Internal controls, manpower and efficient, Three conditions necessary for the implementation of internal control is desired.

3. Conclusion

Need for internal control system in the public sector, It is a good feeling, because the control system If properly designed and implemented internally, the accuracy operation and performance of information systems and quality Public sector improves reporting and compliance It makes the laws. the design and implementation of appropriate internal controls in the public sector importance. for this reason, public sector managers need to provide assurance Relative to achieve the goals envisaged, better implementation of activities in all areas, to avoid any embezzlement, fraud and misuse of resources and assets and achieving accountability and accountability to activities, the design and implementation of control systems appropriate internal activities.

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