

THE EFFECTIVENESS OF FINANCIAL AND ACCOUNTING INTERNAL OPERATION CONTROL OF THE FACULTY OF HUMANITIES AND SOCIAL SCIENCES, KHON KAEN UNIVERSITY

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Abstract

This study investigated the effectiveness of financial and accounting internal control of the Faculty of Humanities and Social Sciences, Khon Kaen University as well as proposed methods for improving such operation. The participants in this study were twenty-three people, including (1) three administrators, (2) three financial officers study were twenty-three people and (3) seventeen counting Committees. The questionnaires were used to collect data, and the collected data were analyzed by descriptive statistics. The overall internal control assessment result based on COSO concept was at the low level. When considering each component, the results were revealed as follows. The first component which was the internal environment was at the moderate level. The second component which was the risk assessment and the third component which was the control activities were at the level of needed to be improved. The fourth component which was information and communication was at the moderate level. The fifth component which was monitoring and evaluation was at the low level. Although the results of the evaluation of the first component which was internal environment and the fourth component which was information and communication were at the moderate level, they were still needed to be improved and developed based on COSO concept for better financial processes of the Faculty of Humanities and Social Sciences.

Keywords: financial and accounting internal control ,internal control assessment result based on COSO

1. Introduction

1.1. Background and statement of the problem

Finance and accounting section, the Faculty of Humanities and Social Sciences of Khon Kaen University, is to administer the faculty's treasury and manage budgets for effective disbursement. Specifically, it deals with financial planning, generation of income and expense reports, the payment of an advance, financial auditing and monitoring of documents of the faculty staff (Faculty of Humanities and Social Sciences, 2012). Apart from that, it regulates disbursement of all programs and all projects of those programs, offer some advice as well monitors the operation related to finance and accounting. In doing so, the finance and accounting section's operation complies with laws, rules and regulations of Khon Kaen University Act B.E. 2558, Section 4 on Accounting and

Auditing (Khon Kaen University, 2012). In addition, it is obliged to manage the internal control in accordance with State Audit Commission's regulation of the establishment of internal-control standards B.E. 2544.

In relation to internal control auditing of the Faculty of Humanities and Social Sciences, it consists of two aspects: university auditing and self-assessment report (SAR). During the past ten years of auditing from 2007 to 2016, university auditing showed that there were serious issues of disbursement, conserving and sending money to the treasury in 2011 as well as non-transparent internal control from 2008 to 2010, which affected the faculty's administration and caused financial damage. In the meantime, the self-assessment report found that the effective internal control required the assessment of the internal control for treasury administration, particularly related to disbursement, conserving and sending money to the treasury.

As can be seen, it can have effects on the operation of finance and accounting section of the Faculty of Humanities and Social Sciences. Thus, the present study aimed to investigate the effectiveness of the internal control of finance and accounting and to propose the methods for the effective internal control. In particular, it focused on the disbursement system, the systems of conserving and sending money to the treasury.

1.2. Purposes of the Study

According to general background, the research has two purposes, those are:

1.2.1 To study the efficiency of financial and accounting operation control of Faculty of Humanity and Social Sciences, Khon Kaen University.

1.2.2 To suggest a model for improving the efficiency of financial and accounting operation control of Faculty of Humanity and Social Sciences, Khon Kaen University.

1.3. Anticipated Benefits

According to the purposes of the study, it is expected that the research will provide benefits to the learners as following:

1.3.1 The research could provide knowledge about improving the efficiency of financial and accounting operation control, especially on payment system, savings system, and money sending system of Faculty of Humanity and Social Sciences, Khon Kaen University. In addition, the given knowledge could be the guideline for maximizing faculty's financial and accounting effectiveness.

1.3.2 The learners acknowledge the improving the efficiency of financial and accounting operation control of Faculty of Humanity and Social Sciences, Khon Kaen University applying and following the concept of COSO, which could benefit to the development of mindset for further improvement,

1.3.3 The learners have the guideline for financial and accounting operation to reduce operation errors and to improve the operation effectiveness.

2. Method

2.1. Research Framework

This research investigates the assessment of the efficiency of operation control within the organization including payment system, savings system, and money sending system of Faculty of Humanity and Social Sciences, Khon Kaen University. The investigation also provides the guideline for performance improvement of operation control of Faculty of Humanity and Social Sciences, Khon Kaen University corresponding to the COSO framework as following:

2.2 Content framework — In this study, the researcher has compared the data collected from internal financial and accounting operation control of Faculty of Humanity and Social Sciences with 5 components of COSO framework: 1) Internal environment 2) Risk Assessment 3) Controlling Activities 4) Information and Communication 5) Following up as well as the concept of internal control for developing this research model and guideline.

2.3 Target group framework — The population of this study is 24 people who related to financial and executives which are Dean of Faculty of Humanity and Social Sciences, Associate Dean for Administration, director of financial and accounting, and cash counting directors.

2.4 Time Scope — the period of the study is January 2017 — January 2018.

3. Results

3.1. Research Methodology

The study of “The Efficiency of Financial and Accounting Internal Operation Control of Faculty of Humanity and Social Sciences” aims for probing efficiency of financial and accounting internal operation control of Faculty of Humanity and Social Sciences Khon Kaen University and suggests the guideline for improving the efficiency of financial and accounting internal operation control of Faculty of Humanity and Social Sciences Khon Kaen University following COSO internal control. The research is qualitative research which the researcher has set the method and process as following: 1) Population and Target group 2) Research Tools 3) Data Collection 4) Data Analysis.

3.2. Population and Target group

1.1 The population of this research is the group of people involving in financial system, which includes payment system, money keeping, and money sending, 24 people consisting of 3 faculty’s executives, financial staffs 3 people, and 18 cash counting directors.

1.2 Target Group of the research are 24 people i.e.

- 1) Three executives of Faculty of Humanity and Social Sciences
- 2) Three financial staffs
- 3) 17 cash counting directors

Table 1. Population and Target Group

Type	Position	Amount (person)	Total (person)
Executive	1. Dean	1	3
	2. Associate Dean	1	
	3. Head of Office	1	
Financial Staffs	1. Finance and Accounting Analyst	3	3
Cash Counting Directors	1. Educator	11	17
	2. General Officers	5	
	3. Policy and Strategy Analyst	2	
	4. Staffs	3	
	5. International Relations Officers	2	
Total		29	23

3.3. Data Collecting Tools

The tools for collecting data is questionnaire which has its creating process as following:

1.1 Structured Interview questionnaire was used in this research data collection as shown below

1.2 The questionnaire was created under the concept of State Audit Office of the Kingdom of Thailand evaluation, theory and studies related to the concept of COSO to decide the structural interview questionnaire of Financial and Accounting Internal Operation Control.

1.3 Structured Interview was designed to be consistent with the objective of the study composed of money receiving, money keeping, and money sending in accordance with COSO internal operation control. The main points of the questions are:

The first point is the questions about the internal control of money receiving, money keeping, and money sending of Faculty of Humanity and Social Sciences.

The second point is the questions about COSO internal control assessment consisting of 5 factors i.e. 1) internal environment 2) risk assessment 3) controlling activities 4) information and communication 5) following up

1.4 The questionnaire is checked by experts which are independent study advisor, thesis defense committee, and Faculty executive to consider whether the questions are appropriate, complete, and consistent with the objective of the study.

1.5 Adjusting the incomplete part of the questionnaire according to experts' suggestions and sending to the experts to recheck the questionnaire again. Then, the questionnaire is going to be prints to collect the data.

3.4. Data Collection

The data will be collected to study about the assessment of internal operation control of receiving money, money keeping, and money sending of Faculty of Humanity and Social Sciences, Khon Kaen University according to the COSO internal operation control. The process has been divided into two parts as following:

3.1 Primary Data is the directed collected data from target group which the researcher utilizes the method as following:

1) Asking for permission to meet the faculty Dean to explain the objectives and the research procedure. The process of data collecting must have the access to data givers and their cooperation including the data of the assessment of internal operation control of receiving money, money keeping, and money sending of Faculty of Humanity and Social.

1.1) Contact to the data providers for making an appointment

1.2) Meet the data providers according to the appointment. In the process of data collecting, researcher is going to begin with the first question in the questionnaire to the last question. The model of the interview is described below:

2) In the interviewing with the executives, it is person-to-person interviewing which the researcher is the asker, then write the answers to the questionnaire

3) In staffs interviewing, the staffs are gathering to the meeting room, then the researcher asks them and let them write the answers to the paper themselves.

3.1 The data collected from the interviewing; the research is going to fill them to the table to make the result of the process and have them checked by the committee.

3.2 In order to double check the correctness of the answers, the researcher is going to make a meeting consisting of all of 3 groups before analyzing the data.

3.3 Secondary data is the data gathered from the study of concept, theory and related papers. The data related to the assessment of internal operation control of receiving money, money keeping, and money sending of Faculty of Humanity and Social.

3.5. Data Analyzing

In data analyzing, the analyzed data will be primary data which was sorted into table by interviewing points combined with secondary data from the study of concept, theory and related papers. Apart from that, the internal controlling according to concept of SOCO. The analysis is followed the research objectives which are to assess and to suggest the guideline for internal operation control of money receiving, money keeping, and money sending for the Faculty of Humanity and Social Sciences. The analyzing points are:

First point: Analyze the internal control of money receiving, money keeping, and money sending for the Faculty of Humanity and Social Sciences. The analyzed data comes

from interviewing in part 1 using average and percentage. If the outcome is above 80%, it means the faculty has a good internal control.

Second point: Analyze the internal control of the Faculty of Humanity and Social Sciences according to the concept of COSO in five components. The analyzed data comes from the second part of the interviewing using average and percentage. If the outcome is above 80%, it means the faculty has a good internal control.

There are five level of assessment i.e.

- (1) 100% - 90% means very good
- (2) 89% - 80% means good
- (3) 79% - 70% means moderate
- (4) 69% - 60% means low
- (5) 69% - 0% means improvement needed

Third point: Compare the controlling in part 1 and part 2 for finding the differences before suggesting the guideline for internal financial operation control according to COSO. Moreover, in comparison, the researcher will stick to five components of SOCO concepts to be control group and then compare them with the collected data.

4. Discussion and Conclusion

4.1. Research Summary

Form the assessment of internal operation control of money receiving, money keeping, and money sending of Faculty of Humanity and Social, Khon Kaen University, the result overall is Low ($\bar{x} = 24.2$, $SD.= 9.3$). When separately considering the assessment of internal operation control by COSO factors, it was found that the factor 1 'Internal environment' of internal operation control is low ($\bar{x} = 5.7$, $SD.= 2.7$). The factor 2 'Risk assessment' of internal operation control is good ($\bar{x} = 8.8$, $SD.= 3.2$), the factor 3 'Controlling activities' of internal operation control is low ($\bar{x} = 4.6$, $SD.= 2.9$), the factor 4 'Information and communication' of internal operation control is moderate ($\bar{x} = 2.8$, $SD.= 1.2$), and the factor 5 'following up' of internal operation control is improvement needed ($\bar{x} = 1.5$, $SD.= 1.4$)

However, the overall result of the assessment of internal operation control of financial and accounting according to the concept of COSO internal operation control is low ($\bar{x} = 19.9$, $SD. = 12.7$) When separately considering the assessment of internal operation control by COSO factors, it was found that the factor 1 'Internal environment' of internal operation control shows $\bar{x} = 11.7$, $SD.= 6.5$. The factor 2 'Risk assessment' is $\bar{x} = 1.7$, $SD.= 3.0$, the factor 3 'Controlling activities' is $\bar{x} = 2.7$, $SD.= 2.4$, the factor 4 'Information and communication' of internal operation control is moderate $\bar{x} = 2.7$, $SD.= 1.5$), and the factor 5 'following up' of internal operation control is low ($\bar{x} = 1.6$, $SD.= 1.3$)

4.2. Discussion

(1) Internal environment, in this study consists of honesty and morality aspect, knowledge aspect, skill, staffs' capability, cooperation of executives and committee aspect,

executives' management aspect, organization structure aspect, HR aspect, and obligation aspect. It was found that the result is going in the same way as research of Nussaba Krobkrong (2013) and Anurak Pakdee (2013) which adopts the seven aspects to be the framework. In addition, in the honesty and morality aspect, it is in the 'should improve' level (53.6%) as well as the aspect of staffs' knowledge, skill, and capability is in low (63.5%) agreeing with Nussaba Krobkrong (2013) and Anurak Pakdee (2013).

(2) Risk assessment, there are three aspects to be considered i.e. addressing risk, analyzing risk, and risk management which is similar to Anurak Pakdee (2013) and Deemai Intarapanich (2008)

(3) Controlling activities, in this component, the result is similar to the research of Pairoj Damrongsak (2010) and Anurak Pakdee (2013) which suggest that there have to be consisted of 1) Determined systematic controlling activities 2) Determined the standard or policy and process 3) Determined investigating process 4) Determined the assessment controlling.

(4) Information and communication, there are four points in this component covering main two contents including 1) Correct, complete, and up-to-date information help eliminate the weak links within the internal control which is similar to Kittipong Pochanasombut (2014) and 2) the communication allows staffs to communicate effectively rendering the staffs know their role and their duty about the controlling which is going the same way as of Nussaba Krobkrong (2013)

(5) Following up and assessment, the questions in this component are consisted of three points: 1) The faculty continually and consistently follows up and assesses of internal operation control 2) The faculty allows the internal operation checker to assess and report directly to the executives 3) The executives acknowledge the flaws and fix them immediately. The result is alike to Thidaporn Inchum (2011) and Pairoj Damrongsak (2010) which are included 1) Follow up system of internal management system 2) Internal operation control committee 3) following up and fixing detected problems 4) financial data correctness affirmation 5) responsibility and punishment of the committee when the error occurs.

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