

The effect of internal control components on the organizational performance of Moroccan public organization: a theoretical exploration

L'effet des composantes du contrôle interne sur la performance organisationnelle des organisations publiques marocaines : une exploration théorique

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Abstract

The performance of a public organization can be enhanced by various managerial processes. This notion depends on the effective and efficient use of financial and non-financial resources. In order to optimize the use of the resources entrusted to all the employees of an organization, various forms of control are put in place by the management and the board of directors, among these major controls are internal control.

If the concept of "internal control" is widely disseminated and known in the private sphere, its understanding and application are still recent in public administrations.

This article aims to present the components of internal control and to examine the effect of these on the organizational performance of the Moroccan public administration within the framework of the COSO. The impact of the internal control system as a whole, as well as the impact of the five components of the COSO. The first component of internal control is the control environment, the second component is risk assessment, control activities is the third component, information and communication is the fourth component, and the fifth component is monitoring. These components are analyzed individually.

The research results show a positive relationship between elements of internal control and organizational performance. Through a documentary analysis, we find that the magnitude of the impact of this effect varies across different elements of the internal control system.

Keywords: internal control ; COSO ; components ; organizational performance ; public organization.

Résumé

La performance d'une organisation publique peut être renforcée par différents procédés managériaux. Cette notion dépend de l'utilisation efficace et efficiente des ressources financières et non financières. Afin d'optimiser l'utilisation des ressources confiées à tous les employés d'une organisation, diverses formes de contrôle sont mises en place par la direction et le conseil d'administration, parmi ces contrôles majeurs figurent le contrôle interne. Si la notion du « contrôle interne » est largement diffusée et connu dans la sphère privée, sa compréhension et sa mise en application sont encore récente dans les administrations publiques marocaines.

Cet article traite des composantes du contrôle interne et de leur effet sur la performance organisationnelle de l'administration publique marocaine dans le cadre du référentiel COSO. L'impact du système de contrôle interne dans son ensemble, ainsi que l'impact des cinq composantes du référentiel COSO. La première composante du contrôle interne est l'environnement de contrôle, la deuxième composante est l'évaluation des risques, les activités de contrôle est la troisième composante, l'information et la communication est la quatrième composante, et la cinquième composante est le pilotage. Ces composantes sont analysées individuellement.

Le constat auquel on a abouti suggère que le contrôle interne a un impact positif sur ladite performance. D'après notre étude documentaire, on constate que l'ampleur de l'impact de cet effet varie en fonction des différents éléments du système de contrôle interne.

Mots clés : contrôle interne ; COSO ; composantes ; performance organisationnelle ; organisation publique.

Introduction

The performance of any organization depends on the effective and efficient use of financial and non-financial resources. In order to optimize the use of the resources entrusted to all employees of an organization, various forms of control are put in place by management and the board of directors, among these major controls are internal control. Internal controls are organizational policies, procedures, practices and structures implemented to provide reasonable assurance of an organization's objectives. These objectives must be met and adverse risk events will be prevented or detected and corrected based on compliance or management-initiated concerns.

The objective of this article is to present, through research and documentary analysis, an overview of internal control in the context of Moroccan public organizations.

First, this research presents and analyses internal control and its importance within an organization. The second part of the article aimed to establish the relationship between organizational performance and internal control within Moroccan public organisations. The objectives of the study were to study the relationship between the five components of COSO and organizational performance. The study took a qualitative approach using a literature search.

In this sense, the objective of this article is to shed light on the practice of internal control within public organisations. The central issue revolves around the following main question : «What is the effect of the components of internal control on the organizational performance of Moroccan public organizations?»

We try to respond to this problem by considering these five elements:

- the control environment;
- information and communication;
- control activities;
- risk assessment;
- monitoring.

Our work will be structured in three parts. We will first address internal control in the Moroccan public sector. We will then discuss the effect of the COSO components on organizational performance, and finally, present a synthesis of some previous studies.

1. Internal control in the public sector

1.1. Definition and objectives of internal control in the public sector

INTOSAI (International Organisation of Supreme Audit Institutions), in its document presenting the guidelines on internal control standards to be promoted in the public sector, defines internal control as follows : an integrated process implemented by the leaders and staff of an organization to address risks and provide reasonable assurance that the following general objectives are being achieved within the organization's mission: carrying out orderly, ethical, economic, efficient and effective operations; complying with accountabilities; complying with applicable laws and regulations; and protecting resources from loss, misuse and damage.

We can deduce that internal control includes a coordinated set of methods and measures used within an organization to protect its assets, verify the accuracy and reliability of its accounting data, improve operational effectiveness and encourage compliance with prescribed management policies. In addition, the objectives of internal control are oriented towards compliance with management policies and the achievement of organizational objectives in general (NIMI, 2021).

For several years, the American COSO «Committee of Sponsoring Organisations» reference framework has been the best known in the field of internal control, accepted and used worldwide in both the private and public sectors. The framework defines the fundamentals of internal control. Internal control is a process implemented by the board, management and employees of an entity to provide reasonable assurance on the achievement of operations, reporting and compliance objectives. This definition refers to some fundamental concepts and focuses on the following aspects of internal control:

- it focuses on achieving operations, reporting and compliance objectives;
- This is a process based on the implementation of ongoing tasks and activities;
- it is a means, not an end in itself;
- It allows to obtain reasonable assurance, not absolute assurance; it is adaptable to the structure of any entity.

It provides flexibility of application for the entire entity or a particular subsidiary, division, business unit or business process.

The system of internal control includes several control mechanisms, which refer to the regulation of activities to ensure that they comply with established policies and objectives. An effective internal control system will help public organizations optimize their operations and use resources effectively, to maintain operational stability while maximizing resource utilization. Our study suggests that ICS can affect organizational performance. An effective and efficient ICS can help public organizations fight fraud, reduce corruption, ensure the best use of resources, increase the effectiveness of public assets, increase transparency and strengthen accountability.

Like many countries, Morocco has not spared its will to apply the New Public Management to modernize the management of public administrations (Mokhtari, 2021). According to Article 14 of Law No. 54.19 (Official Bulletin No. 7006, 22 July 2021), public services must carry out regular audits and control measures, and subject their interests to internal control, to ensure their proper functioning and effective execution.

1.2. The internal control components according to the COSO

Internal control systems operate in light of complex internal environmental factors, their effectiveness varies from one environment to another depending on the organizational structure, internal control results vary to varying degrees depending on the strength of institutional governance and management instructions, and the following is a list of the five components of COSO's internal control developed in 2013.

1.2.1. Control Environment

The first component of internal control, the control environment, is the attitude, awareness and general actions of administrators and managers regarding the internal control system and its importance to the entity. This component sets the tone for an organization and influences the control consciousness of people in the organization (Chen et al., 2017, p. 129). The control environment can be reflected in a company's culture, ethical values, management philosophy and operating style, organizational structure, board and audit committee oversight, and human resources policies and procedures. As the foundation for all other components of internal control, the control environment provides the discipline, principles and structure of the organization (COSO, 2013). More specifically, the control environment has a predominant impact on the decisions of a company's staff in terms of hiring and compensation of executives.

The control environment also has a decisive impact on the effectiveness of corporate governance, which affects both management and performance. In addition, a strong control environment improves the quality of financial information and the transparency of the organization.

According to Chapter II, which deals with the objectives of good governance and its principles, Article 4 of Law No. 54.19 (Official Bulletin No. 7006, 22 July 2021) specifies that the values of integrity must be consolidated, adopting mechanisms for creating and developing behaviour in the workplace.

Also, section 34 of the same official bulletin deals with ethics and integrity. Public services shall develop and adopt ethical codes and programmes to strengthen the values of integrity and to prevent and combat all forms of corruption, as well as to consolidate the values of morality and citizenship in the management of their affairs, and to take the measures necessary for their proper implementation and evaluation of their results, while ensuring coordination with the rest of the authorities concerned to ensure the effectiveness of the programmes.

1.2.2. Control activities

The second component, control activities, is implemented throughout the organization at all levels and functions to help ensure that an entity's objectives are met. Control activities include, but are not limited to, audits, reconciliations, performance assessments, asset protection and segregation of duties. Control activities are often designed and implemented to mitigate the risk of errors, irregularities, inefficiencies and asset misappropriations, resulting in improved accounting quality.

1.2.3. Information & Communication

Information and communication, the third component, exchanges operational and financial information (related to the compliance necessary for management and control within the administration).

According to Chapter II, which deals with the objectives of good governance and its principles, Article 9 of Law No. 54.19 (Official Bulletin No. 7006, 22 July 2021), Public Services strive to improve the convergence of their programs, to consolidate their resources and provide services in an integrated way, through the exchange of information through various means, including electronic means.

Also, Chapter IV, Article 23, public services must allow users to have the right to obtain the information in their possession, in accordance with the laws and regulations in force.

The information obtained must be reliable, complete, relevant, and timely, and communication must take place internally and externally to provide the information useful for the achievement of internal control and organizational objectives (COSO, 2013). The processes by which information flows through an organization and their importance in determining the quality of corporate governance and management have been examined in organizational communication studies of the managerial literature (Scott & Lewis, 2017). The literature has also documented the impact of information and communication on internal information asymmetry (Chen et al., 2018) and the impact of internal information asymmetry on the quality of the financial information (Bushman & Smith, 2001).

Based on the research results above, we expect information and communication to support both internal and external governance. Information & communication, via the company's internal governance, promotes the management, performance and profitability of innovation projects.

In addition, information and communication mitigate the asymmetry of information between principals and agents and improve the transparency of the organization.

1.2.4. Risk assessment

The fourth component of internal control, risk assessment, identifies and analyzes the risks, errors, threats as well as frauds that prevent organizations from achieving their objectives. Moroccan public organizations must identify and manage the potential risks that exist at all levels. Applied correctly, risk assessment can help organizations, through external oversight and internal organizational governance, identify potential threats and reduce risk to a tolerable level. This component involves the identification, analysis and assessment of relevant risks.

According to Chapter III, which deals with the objectives of good governance and its principles, Article 7 of Law No. 54.19 (Official Bulletin No. 7006, 22 July 2021), public services monitor the potential risks that could prevent the implementation of programmes, projects and operations they supervise and take the necessary measures to avoid their impact.

1.2.5. Monitoring

The fifth component of internal control, monitoring, ensures the proper functioning of the other four components of internal control. Management evaluates the performance of internal

control systems through continuous monitoring, separate evaluations or a combination of the two. The main methods of surveillance include regular management, supervisory activities, accounting, periodic audits, fraud detection systems and many other actions. Internal control deficiencies and significant weaknesses are reported to all actors in the public organisation, allowing them to correct problems in a timely manner.

In this research, these five components define the structure of internal control. It is stated in the references (for example, COSO 1994) that in order to have an effective and adequate internal control system, these internal control components must be presented and function correctly.

2. The effect of COSO components on organizational performance

2.1. Theoretical approach to organizational performance

The search for organizational performance is a central object of organizations' theories. Since the mid-20th century, this concept has attracted the interest of many researchers in management sciences as well as in the social sciences. In 1957, the authors Georgopoulos and Tannenbaum approached it from a functional angle to designate the achievement of objectives while defining organizational performance as : the degree to which an organization, as a social system with resources and means, fulfills its objectives without burdening its means and resources and without putting undue pressure on its members. Therefore, the definition of organizational performance must take into consideration two aspects : first, the objectives of the organizations and second, the means by which they support themselves and achieve their objectives. In 1993, Hassard and Parker broadened the concept of organizational performance by incorporating the expectations of organizational actors. In their approach, the evaluation of the organization's performance must take into account the expectations and perceptions of the various stakeholders or groups concerned (including those who work there).

The term "performance" is widely used both in the literature and in organizational circles, it designates a certain level of excellence but it remains, however, relatively ambiguous insofar as it is very overused in everyday language (Issor, 2017). Subjective concept, the performance has as many meanings, the perception of this concept changes radically from one domain, from one actor to another.

Conceptions of "performance" vary considerably, each stakeholder will have their own idea of what matters. The divergence of these perceptions is not limited to scientific communities. Even in companies, practitioners do not speak the same way when it comes to talking about

organizational performance. Although the concept is widely developed in the literature, its knowledge still remains a vague notion for the majority of companies. The complexity of the notion of organizational performance is due to the fact that it evolves according to the actors, organizations and sectors of action.

It can be seen that in an organization, each actor defines his own performance objectives and the indicators allowing him to assess them. Performance is a fuzzy and multidimensional concept that ultimately only makes sense in the context in which it is used (Salgado, 2013) and its analysis is a useful step in the process of evaluating an organization. Being successful would imply being both effective and efficient, these two concepts (effectiveness and efficiency) appear as synonyms of performance, but sometimes also as results to be achieved (Jacquet, 2011).

Performance is the relationship between the objectives set and the results obtained, but also the relationship between the results obtained and the means used. The concept of performance is widely used in the literature, however, it is not unanimous around a precise definition ; it depends, in fact, on the objective, the analysis perspective chosen, and also on the field of interest of the user (Issor, 2017). The notion of performance corresponds to the achievement of objectives or expected results, and more broadly to the creation of value.

Finally, and in the sense of Lorino (2011), there is no more “objective”, “universal”, “positive” definition of performance than: the achievement of strategic objectives. Mawanza notes that an organization's performance is measured by its ability to achieve its specific organizational goals. Performance refers to the ability to operate efficiently and profitably, to survive, to grow, and to respond to environmental opportunities and threats. However, performance is considered one of the main indicators explaining the level of development of an organization. Moreover, it is considered as one of the most important variables that have attracted the attention of researchers in the literature on finance and management (Gavrea et al, 2011).

We can consider the performance of an organization as an indicator that allows to measure and evaluate how well an organization succeeds in achieving its objectives for all its stakeholders.

For other authors, performance refers to the ability of an organization to achieve its objectives by using available resources effectively and efficiently (Asat, et al., 2015).

Furthermore, organizational performance encompasses the cumulative end results of all work processes and activities of the organization. Performance measures can be financial or non-financial.

The objective of the implementation of internal control is to provide adequate assurance regarding the achievement of the reliability of financial information, the effectiveness and efficiency of the organization as well as compliance with applicable laws and regulations. If all of these things have been implemented correctly in public organizations, then in itself will provide public organizations with the assurance of achieving the goals and objectives of the organization. All these things will have a positive influence on the level of performance in public organizations (Sari et al, 2016).

Clear and measurable objectives are very important in the sustainability of public organizations, especially to improve the performance of these organizations.

Successful organizational performance is an ongoing challenge. The performance of many organizations has been a disappointment for stakeholders and beneficiaries, (Amponsah & Darmoe, 2014). Therefore, the management of organizations of all types of organizations has always been concerned with the implementation of measures that can improve the performance of organizations (Bruce, 2014). Therefore, it was necessary to study the performance measures of organizations. This study is an investigation of the relationship between internal controls and organizational performance within Moroccan public organizations in the context of advanced regionalization.

Several researchers such as Dineshkumar and Kogulacumar (2013), Nyakundi, Nyamita and Tinega (2014) have studied internal controls and organizational performance in the private sector. Dineshkumar and Kogulacumar (2013) studied the internal control system and its impact on the performance of Sri Lanka Telecom Limited in Jaffna district. Their correlation results revealed a strong relationship between internal control system and organizational performance of Sri Lanka Telecom Limited.

2.2. Theoretical context

This study is conceptualized by the agency theory of Alchian and Demsetz (1972), developed by Jensen and Mekling (1976) as well as Eisenhardt (1985, 1989). This theory deals with agency problems arising from conflicts of interest that can emerge in contractual relationships. Agency theory explains how contracting parties design contracts to minimize the costs associated with such problems. The case of the agency relationship is that which

exists between an employer (the principal) and his employee (the agent). In an agency relationship, the principal wants the agent to act in his best interest. However, the agent is supposed to have his own interest (Padilla, 2002). The theory suggests that this requires monitoring. The purpose of monitoring mechanisms in an agency relationship is to prevent the agent from acting inappropriately, but rather to induce him to act appropriately. The theory states that the company is a "knot of contracts" between the shareholders (principal) and the management (agents of the principal). Management is contractually bound to work in the best interests of shareholders, but if management knows that it will not be monitored management may expend less effort than possible, or take advantage of corporate resources for its own benefit (Musalem & Palacios, 2004). Loss of agency is minimized when principal and agent share common interests. This theory pointed out that leaders of organizations may not act in the interests of other shareholders. This therefore called for mechanisms that would reduce the fraudulent intentions of agents.

The principal's problem is therefore to design a contract that induces the agent to take actions that will maximize the principal's welfare. However, both principal and agent face uncertainty.

This uncertainty can appear in various ways :

- First, the principal is uncertain of the actions taken by the agent and/or the information held by the agent. Mainstream economic theory calls asymmetric information the state of principal uncertainty. There is an asymmetric information state because the agent holds information that the principal does not.
- Secondly, the uncertainty relates to the results of the actions of the agent. An agent is uncertain about the results of his actions. For the employer, this last phenomenon manifests itself more precisely in the fact that it is uncertain as to the causality between the actions of the employee and the results. This state of uncertainty and the resulting state of information asymmetry between employer and employee impose certain constraints that complicate the formation of the contract. According to Padilla (2002), these constraints generate two types of problems : a moral hazard and/or an adverse selection problem.

Padilla (2002) explains that :

- The moral hazard problem arises when the principal cannot observe the actions of the agent because there is a positive cost of monitoring the actions of the agent and he is

not even able to Perfectly infer the agent's actions by observing the outcome because the agent's actions do not completely determine the outcome.

- On the other hand, an anti-selection problem appears when the agent has information that could be useful for his decision-making and the principal does not know it. Therefore, the principal cannot know whether the agent made the most appropriate decision in light of the information held by the agent precisely because the principal does not have this information. The principal is confronted, strictly speaking, with a problem of asymmetry of information.

Due to moral hazard and/or a selection problem, monitoring is necessary. Musalem and Palacios (2004) indicate that the objective of monitoring mechanisms in an agency relationship is to prevent the agent from acting inappropriately and to induce him to act appropriately. Management is contractually bound to work in the best interests of shareholders, but if management knows that it will not be monitored and potentially sanctioned, management may exert less effort than possible or take advantage of the resources of the public organization to his own personal benefit. Due to information asymmetries and self-interest, principals have no reason to trust their agents and will seek to address these issues by putting in place mechanisms to align the interests of agents with those of principals. and to reduce the scope of information asymmetries and opportunistic behaviors.

This theory pointed out that leaders of organizations may not act in the interests of other shareholders. This therefore called for mechanisms that would reduce the fraudulent intentions of the actors. However, the problem with the theory was that it neglected considerations such as employee commitment, responsibility to the organization, and intrinsic motivation. However, what is more significant is that the theory emphasized the importance of internal controls. Thus, this theory served as the basis for establishing whether all the components of internal control according to the COSO standard were linked to organizational performance.

2.3. Internal controls and organizational performance

2.3.1. Control environment and performance

The control environment is the attitude towards internal control and control consciousness established and maintained by the management and employees of an organization. This is the basis of the internal control system. There are several factors that impact the control

environment, including : management philosophy and style, as well as the competence, ethical values, integrity and morale of people in the organization.

The control environment encompasses attitudes and actions regarding control. Elements of the control environment include the organizational structure of the institution, management's operating philosophy and style, integrity, ethics and competence of personnel, external influences that affect the operations of the organization and risk management practices, the attention and direction provided by the board of directors and its committees and the effectiveness of human resources policies and procedures.

• **Integrity and ethics :**

An environment that promotes the implementation of internal controls must ensure that employees are aware of the general acts governing ethical behavior with particular attention paid to the rules relating to the prevention of conflicts of interest, the prevention of fraud and the reporting suspicion of corruption, fraud and other illegal acts. The head of the entity adopts an internal procedure according to which each new employee with the signing of the employment contract receives the legal document and receives the corresponding training. It is important that each case of infraction is taken into procedure as a demonstration of the decisive attitude of the management (Katnic, 2011).

As a result of the above, the board of directors must be concerned with integrity and ethical values. There must also be a code of conduct and/or an ethics policy and this must be adequately communicated to all levels of the organization.

In an environment where staff appreciate the mission of the organization and manage resources with their mission in mind, implementing internal controls will be easy. It is important to appreciate the mission because it provides a sense of direction and purpose to all members of the organization, regardless of their position, and provides guidance when making critical decisions (DiNapoli, 2007). Without a clearly defined and communicated mission, an organization cannot achieve its objectives. Therefore, management must inform employees of the mission of the organization and explain how their work contributes to the achievement of the mission. The mission statement will be more effective if all employees perceive that they have a personal interest in it (DiNapoli, 2010).

• **The structure :**

When the business structure is well defined in terms of lines of authority and responsibility, there will be effective implementation of internal controls. Indeed, structure is the framework

within which the plans of the organization are executed. However, the structure must have functional subunits and the relationships between them. The organizational chart provides a clear picture of the authority and responsibility relationships between functions. It helps actors to understand the organization as a whole, the relationships between its various components and their place in the organization (Katnic, 2011).

•**Skill :**

In all forms of organizations, management delegates authority and responsibility to its staff. However, it is the responsibility of management to organize the relationships of entity authority and responsibility between the various functions to provide reasonable assurance that work activities are aligned with the objectives of the organization. Therefore, with increased delegation of authority and responsibility, there is a need to provide qualified and continuous supervision and monitor results (DiNapoli, 2007). Apenteng (2012) explains that supervision is the control mechanism that has the task of correcting the activities of individuals and groups to ensure that their performance is according to plans. Supervision throughout the organization helps to ensure that employees are aware of their duties and responsibilities, and know the extent to which they are responsible for activities.

2.3.2. Control Activities and Organizational Performance

Internal audit is also one of the internal control mechanisms used by organizations. Internal auditors are part of the organization and are generally accountable to the senior management of the organization. The internal audit units mainly carry out a continuous assessment of the control systems and are a source of recommendations to improve the effectiveness of these systems. Katnic (2011) indicates that internal audits help detect irregularities.

2.3.3. Risk assessment and organizational performance

The COSO II board had commissioned and published in 2004 “The management of enterprise risks — Framework of reference”. And since then, public and private companies have widely adopted this publication in their risk management approaches. However, during this last decade, an evolution of the complexity of risks has been marked in this period, the emergence of new risks as well as the demand for increasingly developed reporting from boards and managers.

Therefore an update of the 2004 publication was useful and responds to the evolution of enterprise risk management and the need for organizations to improve their approach to risk management to meet economic, social and environmental changes.

The updated document, entitled "Enterprise risk management — An integrated approach to strategy and performance", specifies the usefulness of taking risks into consideration, on the one hand, in the process of drawing up strategy and on the other hand in performance management.

According to this document, Every choice made to achieve objectives carries risks. The update of this reference framework is organized into five components that adapt to different organizational structures, and improve strategy and decision-making. The usefulness of this update is :

- to clarify the interest of the management of the risks of the company during the development and the implementation of a strategy ;
- Strengthen the link between performance and the management of company risks in order to improve the definition of performance objectives and the understanding of the impact of risks on performance;
- Consider governance and oversight expectations ;
- To present new ways of understanding the risks linked to the definition and achievement of objectives in a context of increased complexity.

Enterprise risk management - An approach integrated with strategy and performance provides boards with the main guidelines for defining and carrying out their risk oversight responsibilities. It requires taking these elements into account : governance and culture; strategy and definition of objectives; the performance ; information, communication and reporting, as well as the review and amendment of practices to improve the entity's performance.

The Reference Framework specifies the importance of risk management in strategic planning and in the integration of strategy within the organization. According to this framework, risks influence and adjust strategy and performance in all departments and in all functions.

Figure 1 : Enterprise risk management : an integrated approach to strategy and performance



Source : COSO (Juin 2017 :6)

“Performance: risks that may affect the achievement of strategy and operational objectives must be identified and assessed. Risks are prioritized according to their criticality in the context of the organization's risk appetite. The organization then selects the risk treatment methods and analyzes the level of risk assumed in terms of the portfolio. The results of this process are communicated to the key stakeholders affected by the risks. (COSO June 2017 translated from English).

2.3.4. Information and Communication and Organizational Performance

Most researchers agree that internal controls contribute to good financial reporting and fraud prevention. Based on the updated COSO (Committee of Sponsoring Organization Tread Way Commission) framework, six determinants of internal control, including control environment, risk assessment, control activities, information and communication, surveillance and information technology, were examined to determine their influence on the financial and operational performance of private and public companies.

2.3.5. Management and organizational performance

Any internal control system should be monitored to verify its quality over time. This follow-up can take place through routine activities, one-off evaluations or by combining two methods : permanent monitoring and one-off evaluations. Monitoring is the systematic collection and analysis of information as a project progresses. It aims to improve the efficiency and effectiveness of an organization. It is based on objectives set and activities planned during the planning phases of the works. This helps keep work on track and can let management know when things are going wrong. This tool is valuable for good management and provides a useful basis for evaluation. It helps to determine if the resources available to

the organization are sufficient and well used, if its capacity is sufficient and appropriate and if it is doing what it was intended to do (Shapiro, 2001).

Monitoring must be continuous during operations. This includes regular management and supervisory activities, as well as other actions taken by staff in the performance of their duties. The scope and frequency of separate assessments will depend primarily on a risk assessment and the effectiveness of ongoing monitoring procedures. Deficiencies in internal control should be flagged up front, with serious issues reported to senior management and the board (Bukenya & Kinatta, 2012). Many organizations conduct employee performance reviews to analyze problems or suggest ways to improve performance. Management reviews staff performance against standards set by the organization.

Monitoring requires a monitoring team or supervisors. Supervisors have major responsibilities for forming and leading work groups in organizations. They play an important intermediary role between management and operational employees. Supervisors monitor organizational policies, procedures and plans. Identifying and reporting day-to-day and short-term employee deficiencies to senior management. Ssebakumba (2013) studied performance management and employee effectiveness. The results revealed a significant positive relationship between steering and organizational performance.

Monitoring is an ongoing process that uses the systematic collection of data on specified indicators to provide ongoing guidance to management and key stakeholders on the extent of progress and achievement of objectives.

Monitoring can and should be evident throughout the life cycle of a project, program or policy, as well as after its completion (Kusek and Rist, 2004).

3. Synthesis

The study by Oppong et al. (2016) examine the current level of internal controls, the study found that internal control systems significantly improve the performance of NGOs, in two aspects; economy and efficiency, but does not necessarily make them effective. Again, the existing internal control systems were found to operate satisfactorily in four components of the COSO model, with the exception of risk assessment where procedures were found to be very weak. Among the recommendations of this study, management should put in place a rigorous risk management framework that will be able to detect all the risks inherent in the internal control system in order to improve its effectiveness.

The study by Umar & Dikko (2018) examined the effect of internal control systems on the performance of commercial banks in Nigeria.

The results of the study revealed that there was a positive and significant relationship between the four components of internal control (control environment, control activities, monitoring and risk assessment) and bank performance. While information and communication have an insignificant positive relationship with bank performance.

The study by Simon E (2021) focused on the effect of administrative internal control on performance in the telecommunications industry in south-south and south-east Nigeria. Based on the findings of this study, the study asserted that internal control has a positive and significant effect on the organizational performance of the telecommunications industry in south-south and south-east Nigeria. Thus, telecommunications industries that invested more in effective internal control systems are more likely to experience improved overall performance compared to telecommunications industries that had a weak internal control system.

CONCLUSION

The research results showed that there is a significantly positive relationship between internal control systems and organizational performance. In this, internal control systems are relatively effective and have a great effect on the performance of organizations. Our next empirical study focuses on Moroccan public organizations that fully apply the elements of internal control their performance is high. Therefore, public organizations should widely apply aspects of the internal control model, including : control environment, risk assessment, information and communication, control activities, steering.

Moroccan public organizations should strengthen the implementation of monitoring policies to monitor performance within the administration. The organization must develop a reasonable human resource management policy. Managers should clearly assign authority and responsibilities to each department to help them achieve greater work efficiency. The board of directors must develop a periodic control plan, supervise the key stages of the activity to detect risks. Public organizations must plan for the upgrading of information systems to ensure information in increasing quantity and quality to meet the information needs of managers. Establishing and implementing control activities will help managers minimize risk in the business management process. Therefore, Moroccan public organizations should improve their control operations to achieve their objectives. Internal control systems must be effective enough to ensure proper functioning in any organization.

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