

The development and implementation of a control assessment process of public procurement in the public sector

Le processus d'évaluation du dispositif de contrôle interne comme outil d'appréciation et de gestion des risques de la commande publique au sein des administrations publiques

MOUKKAR El Mehdi

PHD Student

Faculty of Legal, Economic and Social Sciences of Souissi

University Mohamed V in Rabat

Research laboratory on economic competitiveness and managerial performance

Morocco

elmehdi.moukkar@um5s.net.ma

HINTI Saïd

PES

Faculty of Legal, Economic and Social Sciences of Souissi

University Mohamed V in Rabat

Research laboratory on economic competitiveness and managerial performance

Morocco

s.hinti@um5s.net.ma

Date submitted: 14/07/2022

Date of acceptance: 21/09/2022

To cite this article :

MOUKKAR El M. & HINTI S. (2022) «The development and implementation of a control assessment process of public procurement in the public sector», Revue du contrôle, de la comptabilité et de l'audit «Volume 6 : Numéro 3» pp : 86 - 110

Abstract

The development and implementation of a process for evaluating internal control of public procurement and financial management plays an important role in ensuring security, transparency and good governance in the public sector.

This evaluation process will enable internal control to achieve its main objective which is to ensure the reliability and integrity of the process through which the public order is placed.

The effectiveness of this procedure lies in its ability to detect the risks associated with each phase of the public procurement.

In this article, we will try through a documentary analysis, to present the role of internal control in the public administration in general and in the risk management of the public order in particular, then we will present the practical process of assessment of internal control according to the COSO standard.

Keywords: Public procurement ; internal audit ; internal control ; public administration ; results based management.

Résumé

Le développement et la mise en œuvre d'un processus d'évaluation de contrôle interne de la commande publique dans le cadre de la gestion des finances publiques jouent un rôle important pour assurer la sécurité, la transparence et la bonne gouvernance dans le secteur public.

Cette évaluation périodique qui sera faite dans le cadre de ce processus est le bilan de santé du dispositif de contrôle interne.

Elle aura pour objectif de s'assurer de la fiabilité et de l'intégrité du processus par lequel passe la commande publique. Comme, elle doit servir d'alerte pour s'assurer que la gouvernance, le pilotage et les points de contrôles mis en place sont fiables à tous les niveaux de l'administration.

Dans cet article, nous allons essayer à travers une recherche qualitative, de présenter le rôle du contrôle interne dans l'administration publique en général et dans la gestion des risques de la commande publique en particulier, par la suite on va présenter le processus pratique d'évaluation du contrôle interne selon le référentiel COSO.

Mot clés : marches publics ; audit interne ; contrôle interne ; administration publique ; gestion axée sur les résultats.

Introduction

The development and implementation of an internal control assessment process for public procurement within the framework of public financial management plays an important role in ensuring security, transparency and good governance in the public sector.

Thus, the public sector takes a central place in the new development model where public administration is asked to reinvent itself, rethink its role and modernize its management techniques.

This evaluation process is considered as an important tool that will allow internal control to achieve its previously defined objectives. The effectiveness of this procedure lies in its ability to detect the risks associated with each phase of the public procurement process, while allowing the actors involved to manage those risks smoothly and quickly.

The periodic assessment that will be carried out as part of this process is the health check of the internal control system. Its objective will be to ensure the reliability and integrity of the process through which public orders are placed. As, it should serve as an alert to ensure that the governance, steering and control points put in place are reliable at all the administration levels. The 2013 public procurement decree, in its Article 165, gives the concerned Minister a power that is realized through his/her initiative to activate or not the control and audit procedures of contracts and their amendments.

As this power is considered arbitrary, the legislator has provided a framework for several provisions that organize these control and audit missions which cover the preparation, award and execution phases of public procurement.

These provisions make it compulsory to carry out control and audit missions for contracts with amounts exceeding five million dirhams (5,000,000.00) and for negotiated contracts with amounts exceeding one million dirhams (1,000,000.00) all taxes included.

This obligation, in spite of its partial character because of its application according to the threshold of the public markets, shows the ineluctable movement of the new rules of public management where the process of control intervenes as a tool of performance evaluation and management of the risks and not as a tool of sanction to the irregularities.

In order to anticipate the risks that may arise on a continuous basis from the award to the liquidation, it is necessary to strengthen the internal control system and to put in place a control assessment process to ensure the proper application of the rules within the system. This implies

that the public manager must ensure the quality of the risk management systems regarding the operations for which he or she is responsible in order to focus management on results and, consequently, obtain the results corresponding to the objectives assigned to him or her.

Internal control is a process designed to provide reasonable insurance regarding the achievement of management's objectives.

Effective public sector governance promotes better decision making and efficient use of resources, which ensures management accountability and better use of those resources.

According to the international framework, good governance in the public sector is about ensuring that entities achieve their intended results while acting in the public interest on an ongoing basis. Among other things, it is critical to manage risk through strong internal control and the establishment of good practices in transparency, a control assessment process, to ensure effective accountability.

Based on an initial exploration of the literature review and qualitative research, it appears that internal control rules and procedures are not sufficiently developed within public administrations and are not being used to meet the objectives of regularity, effectiveness, and efficiency in public expenditure management.

In addition, the control assessment process is marginalized in the Moroccan public sector.

The development and implementation of an internal control assessment process will constitute a redesign to improve control and modernize public administration. This proposed process will help identify potential risks and weaknesses in the internal control system within public administrations.

Hence the interest in answering the following questions:

"How can a control assessment process be implemented in order to improve the internal control system within public administrations and manage the risks in the public sector?"

- What are the objectives of internal control and where does it fit within the public administration?
- How can we establish a control assessment process within the administration to improve the internal control system and manage the risks in public procurement procedure?

To answer those questions, we will start with a literature review through which we will try to present the evolution of internal control, its objectives and the interest of its implementation within the public administration. Then, we will deal with the practical approach of evaluating

the internal control system at the entity level as well as the sampling methodology and the results follow-up.

1. Literature review

1.1. Emergence of internal control

Dating back to the Sumerian era, internal control has undergone an unprecedented evolution over the past ten years, to enable managers to meet the new demands of society.

Contrary to what is speculated, internal control's origin is not traced back to the US and is not a product of the 20th century, it was born a few millennia ago.

In the Louvre, there is a block of diorite on which is engraved the code of Hammurabi, which includes the chart of accounts and the manual of registration procedures. This is the work of the Sumerians and their successors, the Babylonians, in the second millennium BC.

Historians describe this period as the beginning of the history of management information systems. The Sumerians even used a technique to prevent the risk of theft and loss that remains relevant today: cross-checking. Internal control was thus born with the concern of protecting farmers from theft and product loss, the only risks identified in the Sumerian economy.

Then the Egyptians, Greeks, Romans and Chinese gradually took into account other risks that appeared throughout history, and developed other techniques. Thus, the prevention of embezzlement of a more elaborate social organization led Rome to build the security of public accounting: the separation of responsibilities between the senate and the consuls on one hand, and the separation of the censors (authorization of budget revenue and expenditure) and the Quaestors (collection, disbursement and rendering of accounts to the Senate), on the other hand. These are the controls that many public companies are still practicing today.

From Rome to the beginning of the 20th century, the prevention of the risks of loss and theft, based on the separation of powers between the authorizing officer and the accountant, has been completed by a few post-clearance control techniques to detect fraud.

In the 12th century AD in China, Zeng Bouquian established reciprocal control between the treasury and audit functions.

In the thirteenth century, a system of material evidence was born when the Pope had his notary establish a duplicate of all receipts and expenses to facilitate the verification of the work of the accountant.

In the 14th century, in China, Qui Jun improved accounting through the principle of quality of information, before the popularization in the West of the first double-entry bookkeeping treatise by Lucas Pacioli. He also provided the physical inventory and the plausibility check. It was not until the twentieth century that, under the influence of external auditors, the idea of protecting oneself against the risk of error through internal control emerged. Indeed, the development of companies during the 19th century led the legislator to bring in external auditors. They were the ones who later suggested to the leaders that they adopt internal control.

Hence the dominant idea, during the first three quarters of the twentieth century, of internal accounting control reinforced by organizational principles.

The Order of Chartered Accountants defined it in 1962 around the objective of preventing errors and fraud without delay.

Like the national company of auditors, it has been disseminating the concepts of internal control for several decades and recommends that its members take them into account in their due diligence.

Until the mid-1980s, this internal control primarily aimed at improving economic performance, the regularity and fairness of accounting records and the protection of the company's assets.

The prevention of legal risks through internal control will come later across the Atlantic in the wake of the scandals (Nguyenhong, 1999).

1.2. Evolution of internal control

In order to ensure that decisions are carried out in accordance with them, Max Weber proposed a bureaucratic model of work organization (described as rigid) based on the rational system of organization on one hand, and on the classical conception of public administration on the other hand.

In the face of an uncertain and dynamic environment, this model, which implies operational control based on the use of specific rules and procedures, tends to be outdated, given its inefficiency. (Borgonovi, & brovetto, 1988).

Within the framework of the "New Public Management" movement in OECD (The Organisation for Economic Co-operation and Development) countries, new forms of organizational control have begun to be employed with the aim of directing the actions of managers towards the achievement of the organization's objectives.

Internal control and management control then become complementary controls to bureaucratic control.

Following the various corruption scandals in European Union countries, and in order to compensate for the inadequacies of ex-ante financial control, this community has developed a new control system called "public internal financial control".

According to Cohen (2012), this system is based on the introduction of different types of controls, in particular internal audit, from which internal control stems. This system has been proposed in order to make managers accountable and to ensure the efficient use of public financial resources and the rationalization of expenditures and revenues.

From a risk management perspective, the transition from a control system described as rigid to a flexible control system that makes managers accountable is a necessity that can only be supervised and ensured by a solid internal control system.

In Morocco, the history of the application of internal control within the public sector dates back to the 1980s when public companies had to follow certain recommendations for the control of financial statements following the implementation of the structural adjustment plan.

In this context, the public authorities in Morocco, aware of the new challenges of public service management, have embarked on a modernization movement to improve the quality of their management and promote the efficiency of their operating processes.

1.3. Interest in the implementation of internal control within the public administration

Control within the public administration is intended to make managers accountable (Proulx, 2008) and to ensure protection of public money (Ouashil & ouhadi, 2016) through a device that limits and frames the power conferred by the legislator on this public entity (Magdalijs, 2004). (Buchanan, 1972), in his work on public choice theory, describes control as an alternative to counteract officials and politicians who direct decisions towards maximizing their self-interest rather than the public's interest, to direct the behavior of actors in public organizations towards its political objectives and to limit their opportunism. This determines the performance of these organizations (Ouashil & ouhadi, 2016).

(Williamson, 1985) had confirmed this postulate in the framework of agency theory, which demonstrates the importance of exercising control over the manager within a public entity in order to be accountable to the citizens who elected the government and consequently the leaders of public organizations (Jensen & meckling, 1976).

Thus, the state, under the theory of transaction costs, can delegate the management of certain projects or activities to another entity, which implies a modification in its governance structures taking into account optimal forms of performance (Williamson, 1985, 1994).

The public order, because of its considerable share in the national economy represents 20% of the GDP under the Moroccan finance law of 2022.

The history of public procurement law shows that it was created to prevent conflicts of interest between public officials and companies supplying public administrations. Its adaptation over the years can be explained mainly by the introduction of new measures aimed at preventing from new fraud techniques committed by corrupt public officials in connection with corrupting companies (Moreau, SD).

These contracts are subject, with some exceptions, to a mandatory competitive bidding procedure, which varies according to the type of contract, whereby companies submit bids to the public purchaser, who in turn must award the contract to the company that presents the most economically advantageous offer for the administration. In other words, the rules of public procurement require the public purchasers to publicly announce their willingness to buy via the public procurement portal and newspapers, and also, to put the companies that respond to this call for tenders in competition and to treat them on an equal footing so that they are separated solely by the merits of the offer that they send to the public purchaser.

These rules have a single purpose: to ensure that public purchasing is carried out in the general interest and not in any private interest (Moreau, SD).

1.4. Objectives of internal control

The updated version of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines internal control as " a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance" (IFACI, 2014).

The logic of COSO * gave birth to a famous cube which illustrates and offers a benchmark applicable to any type of enterprise, any size and any sector. Internal control is defined in this framework as a process under the control of an entity and its management organs that must provide reasonable assurance for the achievement of the following objectives.

- Compliance with the laws and regulations in force (compliance),

- Reliability of financial information (reporting),
- Planning, execution, efficiency and optimization of operations (strategic operations including safeguarding assets).

The definition of objectives is a prerequisite for internal control and an essential link in the managerial process of strategic planning. Through these three objectives, operational, reporting and compliance, internal control is recognized as a value of performance, transparency and compliance.

Operational objectives relating to the achievement of the entity's mission and vision: they can relate to improving financial results, productivity (for example by avoiding waste and redundancy), quality, environmental practices, innovation and customer and employee satisfaction. Objectives related to operations include safeguarding assets, i.e. their protection and preservation.

The reporting objectives related to the preparation of reports for organizations and stakeholders. These objectives may relate to financial or extra-financial, internal or external reporting.

Compliance objectives regarding compliance with applicable laws and regulations: they set minimum standards of expected conduct. The organization is expected to incorporate these standards into the objectives of the entity.

The Moroccan public sector, which is characterized by the evolution of reforms (public accounting reform, control of state expenditures, etc.), aims to achieve a fairly remarkable position both regionally and internationally. It is developing in order to meet the requirements of good governance of public finances and financial transparency, the moralization of public management as well as those of administrative modernization and public performance.

The Moroccan public administration is bringing its public management closer to internationally recognized practices and standards, such as the COSO standards for internal control, IPSAS for accounting standards applied to the public sector, INTOSAI for Supreme Audit Institutions, etc., which makes it possible to establish a solid foundation for strengthening and improving managerial practices.

There are several public control bodies with specialized skills in the control of the entire public sector, such as:

- The General Inspectorate of Finance (IGF), which has become the major player in the process of modernizing public financial management and which carries out a control that focuses mainly on the regularity of operations;
- The control bodies appointed by the Ministries of Finance: State Commissioner, Accounting Treasurer, etc.
- The Court of Auditors, which carries out jurisdictional control over the accounts of public accountants and management control over all aspects of management (BOUNGAB, S. 2021).

2. Evaluation of the internal control system in public administrations

The assessment of the internal control system is a process that provides a health check on internal control. Its purpose is to ensure the reliability and integrity of financial information. It should also serve as a warning to ensure that the governance, management and control points in place are reliable at all levels of the organization.

2.1. Research methodology

In the context of this research, we will attempt to present the internal control assessment process through a qualitative approach based essentially on theoretical exploration and documentary research.

The qualitative approach uses a rigorous process that consists of taking stock of the subject studied through a review of the literature. This review of the literature allows us to immerse ourselves in the previous results of research on the subject.

We will also add findings from experience in the practice of public procurement auditing within the public administration. In addition, the practical process of internal control assessment constitutes a model adapted to the public sector and that tends to achieve the results pre-counted by the entity.

This method of data collection will allow us to understand and interpret the process that frames the different phases of public contract execution and control.

We will base the analysis on external data from texts and regulations governing the functioning and organization of public institutions and also on the experience gained from the practice of auditing public contracts within the public administration.

This combination of qualitative research on one hand, and practical input on the other, has enabled us to propose an appropriate methodology for evaluating the internal control system in strict compliance with the legal system and the specificities of public administration.

The research method consists in selecting the most appropriate process to solve a problem in the study.

Thus, qualitative research consists of exploring and understanding the phenomena and answering the questions.

Theoretical exploration consists of forging a link between two theoretical fields that have not yet been linked, either in previous work or between two disciplines. The researcher does not need to master all of these fields or disciplines. (Snow & Thomas, 1994).

Documentary research allows the collection of pre-existing data in texts and documents, and does not require the intervention of the researcher, who "has no control over the way the documents were prepared and must select what interests him or her, interpret or compare materials to make them usable" (Grawitz, 2001).

2.2. Synthesis of the work (results of the theoretical exploration)

A study conducted by researchers in 2021 on a sample of 59 civil servants within a public administration to measure the applicability of internal control within this administration showed that:

- 59% of the staff declare that they are aware of the existence of an internal control framework within the administration.
- Only 43% of the staff concerned stated that they had read the framework.

This reflects a low level of awareness among staff of the existence and application of internal control procedures.

In addition, the objective of control is essentially focused on detecting errors and not on preventing them.

- 42% of the staff members state that the purpose of control is to detect errors made and not to foresee the risk of errors before tasks are performed.

The applicability of internal control in public administration is considered insufficient, 46% of the personnel surveyed stated that the modalities of internal control are not applicable, 11% consider that these modalities are weakly applicable and only 16% of the surveyed population stated that internal control is applicable.

The results show that 79% of the interviewees stated that they had not received training in internal control, which supports the hypothesis that lack of training is probably a factor in the non-applicability of internal control.

An initial exploration of the literature review reveals that internal control rules and procedures are not sufficiently developed within public administrations and are not used to meet the objectives of regularity, effectiveness and efficiency in public management.

In addition, the control assessment process seems to be marginalized in the Moroccan public sector.

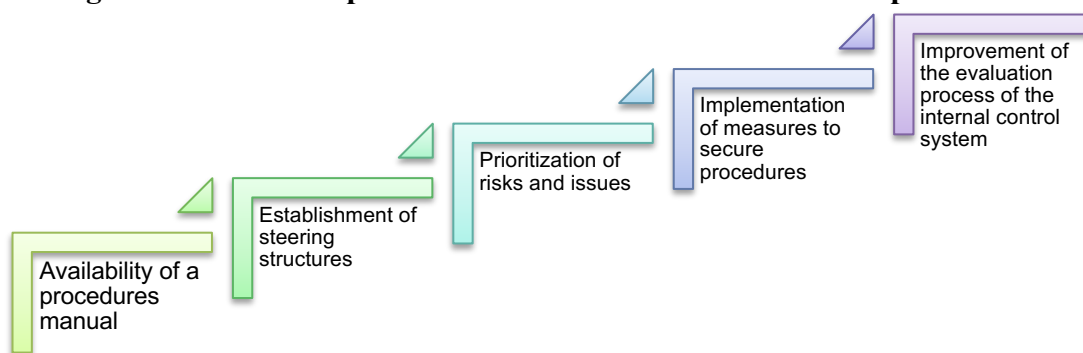
2.3. Preliminary work for the implementation of the control assessment process

The control assessment process is based on a principle of tests that relate to:

- The design of the control ("design effectiveness"): this involves ensuring that the defined control is relevant to the control objectives and makes it possible to guarantee the quality of financial reporting,
- The effectiveness of the control ("operating effectiveness"): this involves ensuring that the control is correctly carried out.

Prior to the test campaign, each process (purchasing, inventory, information system, etc.) must be described in terms of its stages and control objectives, which implies, for the public entity, the need to have a procedures manual and an internal control system.

Figure No.1 : Phases prior to the internal control assessment process



Source : Authors

A risk analysis for each process will identify the controls that need to be tested.

This information is included by process in the questionnaires of an application, namely control objectives, controls and tests.

A satisfactory result (question and test) leads to the qualification of the response as “compliant” with the internal control rules. And an unsatisfactory result in the response will be classified as “non-compliant” with the internal control rules.

Table No.1: Examples of risks associated with the public expenditure execution process

Procedures for the execution of public expenditures	Tasks arising from the process	Risks that may arise
Preparation of the forecasted purchasing program	Planning of requirements	<ul style="list-style-type: none"> - Weakness in the definition of needs resulting in the omission of certain projects - The forecasting of certain projects not covered by the credits available for each budget year
	Centralization and study of needs	
	Establishment and validation of the PPA	
	Publication of the PPA	
Preparation of tender documents	Drafting of the specifications	<ul style="list-style-type: none"> - Non-exhaustive determination of requirements - The use of fraudulent anti-competitive practices to guide the RFQ
	Publication of the DAO	Substantive error in the tender notice
	Opening of bids	<ul style="list-style-type: none"> - Subjective or irregular selection of a service provider bidding on a public contract - Disclosure of professional secrecy
Commitment of the expenditure	Preparation of the commitment file	Incorrect budget allocation
Execution of the contract	Follow-up of the execution	<ul style="list-style-type: none"> - Poor maintenance of the contract register - Non-respect of the chronology of service orders - Poor follow-up of the execution of the services
	Reception of the services	Acceptance of services not in accordance with the contract and/or not actually performed
	Liquidation	<ul style="list-style-type: none"> - Non-precise and non-concrete assessment of the final amount of expenditure incurred by the authorising officer's decision - Incorrect date of service rendered
	Scheduling	Delay in scheduling an expense related to an order
	Payment	Poor control of the accounting and legal regularity of the debt

Source: Prepared by us from TGR's presentation on public financial controls

2.4. Work within the public entity

At the level of each public entity, a maximum of four people will be identified to answer the questions and carry out the tests; this distribution of roles makes it possible to respect the principles of tasks separation:

- The writer, who performs the tests, documents them and enters the results into the previously mentioned computer tool.
- The validator, who checks that the tests have been correctly carried out and documented in accordance with this methodology, then validates them in the IT tool. At this level, verification can be performed by two people for reasons of speed and efficiency in processing information.
- The approving person who validates.

The division of responsibilities is a fundamental condition for the reliability of the assessment of internal control.

However, the auditors can only rely on the work carried out locally in an entity after verifying the skill and independence of the people in charge of this assessment.

This is the reason why, whenever possible, the editor should be different from the person in charge of the day-to-day execution of the controls.

Take for example the case of the purchasing-suppliers process, the people in charge of day-to-day controls are the purchasing manager and the accountant in charge of supplier accounting. However, other people can be found who are involved in this type of control and that are depending on the internal management of each company.

Only strong local organizational constraints can justify, by way of exception, that the editor is the person in charge of the daily execution of the controls.

The performance of the tests and their validation must be carried out by separate independent persons (the writer and the validator).

2.5. Details of the process at the public entity

The procedure followed for the tests is divided into four main phases: planning, definition of controls, performance of control tests, their documentation and validation of results.

2.5.1. Planning

The test writer learns about the processes and procedures involved in the assessment, the controls and the tests to be performed.

For each test, they must identify the operational contacts to meet and the documentation to consult to carry out the work. They must then plan the work meetings with the operational staff, and then they must have this work plan approved by the person validating it.

Subsequently, the tests must be finalized and the questionnaires validated and approved in the tool before a deadline set by the strategic manager.

2.5.2. Conception of control and tests

Existing documents describing the process (procedures, flowcharts, etc.) must be incorporated into the test file, so as to ensure the controls effectiveness.

To test the controls effectiveness, three methods are possible:

- **The test consists of ensuring the existence of a document** (procedure, list of authorized persons, etc.), that it is up to date and distributed to the people concerned and insures the existence of a copy in the documentation file of this process (electronic version and paper version).
- **The test consists of verifying that manual controls are carried out by the operational staff in charge of the process.** A so-called "documentation review" or "detail test" test should then be carried out on the analysis of the documentation selected according to a statistical sample (sampling method).
- **The test consists of verifying that automatic controls are carried out and formalized** (carried out by an automated information system, according to a given frequency). A so-called "rerun" test should then be carried out.

For the control concerned, it suffices both to run the system again and ensure that the result is correct, or to verify that the automatic controls carried out are good (in the event that the test cannot be repeated/ executed via screenshots, reports, etc.).

The procedure, the supporting documents for the checks carried out and the test report are kept in a documentation file (electronic version and paper version).

To carry out their tests, the writer draws up a test plan (list of controls to be tested, test method chosen for each and size of the samples). Based on this test plan, the operational prepares the necessary parts.

Any absence of unjustified testing and test documentation will be considered a weakness in the entity's internal control.

2.5.3. Documentation of tests

All tests performed must be documented and archived locally at the company and it is the editor who constitutes and updates this documentation.

For each of the tests, the following information must appear:

- ✓ Process, name of the operational contact and date of the tests performance,
- ✓ Copy of the procedure concerning the controls of the tested process,
- ✓ List and copy of the visas of the persons responsible for carrying out the checks provided in the procedure,
- ✓ Copy of the test procedure,
- ✓ Sampling method used for the test (size and period),
- ✓ Copy of the documents used for the tests,
- ✓ Written and signed report of the tester recording the commented results of the tests,
- ✓ Results entered in the computer application.

This information and questions must be documented and thus kept for a period of time on paper and in electronic format so that they can be easily consulted by internal and external auditors.

2.5.4. Entering results and validating

The results of the tests carried out must be entered into the computer tool by the editor.

In the event of non-compliance, a comment must be made on this application in order to facilitate the fault analysis work.

The validator is required to electronically confirm that the work has been carried out in accordance with the test plan and that the test documentation is established and maintained.

2.6. Sampling methodology and analysis of test results

2.6.1. The sampling method

Before proceeding with the tests, we must first define the sample to be tested.

This sample must meet two criteria:

- A random draw,
- A minimum size.

Figure No.2: Criteria of sampling method**A random draw within a reference period:**

- The sample tested is selected from operations / parts of the reference accounting year (from January 1 to December 31 N). Otherwise, the test is not considered conclusive and any test performed after this period will not be considered valid.

A sample size:

- The size of the sample to be tested is defined according to statistical rules commonly accepted by external auditors and depends on either the frequency of the inspection or the occurrence of the event.

Source: Authors

For periodic checks (monthly, quarterly, etc.) the number of tests to be carried out depends on the frequency of the check, as specified in the table below:

Table No.2: The frequency of checks control

Control frequency	Annual / Semi-annually	Quarterly	Monthly	Weekly	Daily	Several times a day ¹
Number of tests	1	2	2	5	25	30

Source : Authors

For daily frequencies and several times, a day random draws are made on the reference exercise. For non-periodic control, the number of tests to be performed depends on the number of occurrences of the event during a financial year, as indicated in the table below:

Table No.3: The number of occurrences of the event during a financial year

Number of check controls per year	<4	From 5 to 10	From 11 to 16	From 17 to 35	>36
Number of tests	2	2	5	25	30

Source : Authors

¹ For daily frequencies and several times a day, random draws are made on the reference exercise.

The thresholds indicated in the above tables are presented as a guide, the exact and appropriate determination of these thresholds depends on the number of occurrences of the events, which remains a specific element for each public entity.

Depending on the number of check controls to be tested, the corresponding parts are sought (letters of consultation, etc.). A copy of the documents is kept, and if the documents cannot be found, confirmation from the interlocutor is obtained for an effective confirmation of their absence and thus obtains the reasons.

2.6.2. Analysis of test results

- For sample sizes less than 5:

Any anomaly or failure observed is declared as a test non-conformity.

- For sample sizes greater than or equal to 5:

Regardless of the type of tests described below and the size of the sample, a failure of one test results in a retest of the same sample size.

Any new failure in this second test results in the declaration of a test non-conformity in the informatics tool.

In the event that the management declares that the question is compliant in the tool despite the failures observed in the test, a justification is systematically provided in a commentary in the tool to make it possible to understand to what extent the internal control objectives are achieved in despite the shortcomings observed.

2.6.3. Scoring the campaign

The scoring system is based on the percentage of process compliance.

The question is considered compliant if the answer and test are compliant and non-compliant if the answer and/or test is non-compliant.

The simplification of the scoring is as follows:

- All the answers are conforming = 1.
- All responses are non-conforming = 0.

This will allow entities to reliably compare results from one year to the next and benchmark.

The results of the tests carried out are reported to the authorizing officer with a view to remedying any shortcomings and launching action plans in the event of non-application of a procedure or non-compliance with a rule.

See Annex for an example of a question sheet to guide the internal control assessment mission for the "purchase order process" (the list of questions is not exhaustive).

Conclusion

In an increasingly changing environment, the public administration is required to accompany and adapt to the various changes within a strategic framework. The implementation of strategies and action plans is a necessity in order to manage failures detected by the administration's internal control.

Internal control is very important in the public organizations where the use of public resources and the economic and social importance of the activities carried out make the adoption of different control activities essential.

In addition, internal control systems are mandatory tools for the ethical execution of operations and the prevention of corruption. These are two key elements in the public sphere (OECD, 2018).

Thus, this article has helped to answer our problematic which concerns the applicability of the control assessment process and its scope.

This process is an important support tool that allows internal control to achieve the previously defined objectives. The effectiveness of this procedure lies in its ability to detect the risks associated with each cycle while allowing the actors involved to manage them smoothly and quickly.

Further improvements in public internal financial control should be seen as important steps in the process of building a strong relationship with the European Union. A major challenge that remains is the failure to follow up on recommendations made over the years, which have led to persistent internal control weaknesses and financial losses.

The public order represents an important financial part, the State injects each year about 200 million dirhams. This year this amount has been exceeded, we have reached about 240 MDH which are devoted to the investment budget of the State. However, when we check the public order over the past 5 years, it shows a concentration on a handful of large companies.

Thus, the SME (Small or medium enterprise) remains the great forgotten of public procurement, although this same SME represents the large part of the Moroccan productive companies.

The problem comes from the fact that all these SMEs may not have the time, the means or the desire to respond to RFQs (Requests for quotation). As they consider, sometimes, that the

procedure is not transparent and that work would be for nothing. Playing a role in censoring themselves from the public procurement investment.

Thus, the complexity of the regulations is not the principal problem because there must be a minimum of complexity in the procedures for executing public orders. There is also a failure in the regulation that we must try to correct.

During a meeting organized in March 2022 in Casablanca by the CGEM (General Confederation of Moroccan Enterprises), the Treasurer General of the Kingdom spoke of the creation of an observatory dedicated to the public order which has for task: to collect, to treat and to analyze the data relative to the economic, social and technical aspects of the public order with the aim of reinforcing the transparency of its various contractual mechanisms such as recommended by the new development model.

The problem of payment deadlines also represents a barrier to participation of SMEs.

Except that the creation of this observatory will only repeat the dysfunctions that persist. We must move towards a logic of corrective actions through the establishment of control, evaluation and sanction devices as well as problem solving.

The solution lies in the establishment of control institutions and to ensure that they fulfill their mission to control and sanction malfunctions.

It can be said that the real problems exists more in the monitoring of the services execution rather than in the regulation or the control and the sanctions.

It is necessary to set up technical monitoring committees or specific commissions to evaluate the awarding of projects and the execution of contracts and to sanction those involved in the event of malfunction.

Dematerialization is considered the key to modernizing public administration.

However, the evaluation and control process can be a deterrent mechanism to control payment leadtime, ensure transparency and anticipate risks.

It is necessary to think of putting in place, also, a state organization capable of draining a maximum of companies with a simplified legislative framework, in particular to think of a model which favors the emergence of new companies having the will to improve themselves and be concentrated more in the participation in public orders. And this through a process of compound localization that goes far beyond the process of territorialization, because we are no longer going to talk about a simple localized industry or a

geographic concentration of companies but a more compound sustainable localization that has a special process. Of course, the company must go through territorialization, but it must not be a blocking point for submissions to public orders.

This is what the founder of the cambridge school of economics called the industrial district or the industrial neighborhood.

However, in order to provide an effective evaluation of internal control, the Moroccan legislator can adopt the provisions of the SOX law "Sarbanes-oxley" in the context of the management of public finances of the State.

This law, which is based on the principles of management accountability, accuracy and accessibility of information and independence of auditing bodies, is currently considered as the most important reform in the United States since the Securities Act of 1934.

Annex: Example of the Purchase Order Process Question Sheet

Internal control assessment campaign
Purchase Order Process” Question Sheet”
Question n°..
<u>Questions :</u> Le bon de commande respecte-t-il la procédure de consultation et d'attribution des offres ? les factures sont-elles rapprochées des bons de commande et des bons de livraison/réception le cas échéant ? les écarts soulevés ont été traités et validés ?
<u>Réponse :</u> YES
<u>Description du test :</u> <ul style="list-style-type: none"> - S'assurer que le service concerné relevant de l'entité publique a réalisé des consultations destinées à 3 sociétés au minimum (lettres de consultation). - S'assurer de l'existence d'un procès-verbal d'attribution de l'offre la plus avantageuse. - Effectuer un rapprochement (quantités, prix) avec la facture, la commande et le bon de livraison. Tirer les écarts éventuels. - S'assurer que les écarts et les discordances ont fait l'objet de modification ou justification ou validation par la personne habilitée. - Inventaire physique à l'improviste : s'assurer de l'existence des fournitures objet du bon de commande et des bons de sortie/décharges qui le correspondent.
<u>Taille de l'échantillon :</u> En fonction du nombre de bons de commandes passés par l'entité publique
<u>Résultat du test :</u> YES/NO
<u>Remarques :</u>
<u>Plan d'actions :</u>
<u>Test réalisé par :</u>
<u>Approbation de l'ordonnateur :</u>

Source : Authors

BIBLIOGRAPHY

- AL MARINI, R.** (2017). Trésorerie générale du Royaume : Les contrôles financiers publics : Mise en place d'un dispositif de contrôle interne.
- ARAQUI HOUSSAINI, M.** (1999). L'audit interne opérationnel et financier : les fondements & les techniques, Collection AUDITOR, Casablanca.
- BATAC, J. CARASSUS, D. MAUREL, C.** (2009). Évolution de la norme du contrôle interne dans le contexte public local », Finance Contrôle Stratégie – volume 12, n° 1, mars, p. 155-180.
- BENAZZI, K. et GHARRAFI, M.** (2020). Proposition d'une démarche d'instauration d'un système du contrôle interne au sein des collectivités territoriales marocaines, Revue alternatives managériales et économiques, vol 2, n°1, 81-96.
- BERGE, F. et JOURDAN, C.** (2013). COSO 2013 : Que retenir de cette nouvelle version du référentiel ? Finance & Gestion.
- BERRADA, M.** (2017). L'audit interne tout simplement, Afrique Challenge éditions, Casablanca.
- BORGONOV, E. et BROVETTO P.R.** (1988). The Concepts of Bureaucratic and Managerial Control in Public Administration », in A. KAKABADSE, P. BROVETTO, R. HOLZER (Eds.), Management Development and the Public Sector, Avebury.
- BOUNGAB, S. et BOUCHIKHI, H.** (2021). La pratique du contrôle interne et ses déterminants dans l'administration publique, international journal of business and technology studies and research, Volume 3, issue 1.
- COHEN, A.-G.** (2012). La Nouvelle Gestion Publique : Concepts, outils, structures, bonnes et mauvaises pratiques. Contrôle interne et audits publics, 3e éd., Paris, Gualino.
- DE FRANQUEVILLE, I.** (2014). Audit et contrôle internes dans le secteur public, management public, 223-252, SL, <https://doi.org/10.3917/dunod.holcm.2014.01.0223> .
- DEMIREL, D.** (2014). Accountability and the changing function of the control, Yönetim Bilimleri Dergisi. Cilt: 12, Sayı: 24, ss. 75-100
- DESCHEEMAER, P.** (2003). Nouvelle régulation internationale des sociétés cotées : les principales dispositions du Sarbanes-Oxley Act of 2002 », Bulletin Joly Sociétés, SL.
- GALVEZ, N R. et PROULX, D.** (2009), Le modèle de contrôle SIMAFAL et son application en Colombie », Télescope, Printemps-été.
- GAVARD, P. et al.** (2012). Méthodologie de la recherche en sciences de gestion réussir son mémoire ou sa thèse. Pearson, 2^{ème} édition.
- HAMZAOU, M.** (2005). Audit Gestion des risques et contrôle interne », Village Mondial, France.

- IFACI, PWC.** (2014). COSO Report-Référentiel intégré de contrôle interne-Principes de mise en œuvre et de pilotage, éditions Eyrolles, SL.
- IFACI, PWC.** (2005). Le management des risques de l'entreprise COSO II, éditions d'organisation, SL.
- JENSEN, M. et MECKLING, W.** (1976), Theory of the firm: Managerial behavior, agency costs and ownership structure, *Journal of Financial Economics*, vol 3, issue 4.
- KERBEL, P.** (2009). Management des risques, Collection finance, Eyrolles Editions d'organisation, SL.
- MAGDALIJNS, C.** (2004). Le contrôle de l'action administrative, contribution à une typologie réorientée des contrôles, *Pyramides*, 8, 65-82.
- MOREAU, P.** (SD). La pratique des marchés publics par les acteurs publics eux-mêmes. Irrégularités, code des marchés publics et constructions privées de l'intérêt général, colloque « théorie de la commande publique ».
- MOUKKAR, E.M. (2020).** La politique des marchés publics au Maroc face au Covid-19. *Revue Du contrôle, De La Comptabilité Et De l'audit*, 4(2). Retrieved from <https://www.revuecca.com/index.php/home/article/view/591>.
- MOUKKAR, E.M. (2020).** La révision des prix dans les marchés publics vers une préservation de l'équilibre économique des marchés au Maroc, *Revue IMIST Masarat dans les études et recherches juridiques*, ISBN 978-9920-765-27-5, ISSN 2508-9455.
- NGUYEN HONG, T.** (1999). Le contrôle interne : mettre hors risques l'entreprise, Harmattan, France.
- OCDE.** (2018). A review of CFE procurement rules and practices.
- OUASHIL, M. et OUHADI, S.** (2016). Performance des organisations publiques, une revue de littérature, Colloque international sur la Gouvernance et la Performance, ENCG Marrakech.
- OUASHIL, M. et OUHADI, S.** (2017). Contrôle des établissements publics marocains : état des lieux et perspectives, *public nonprofit management review*, vol. 2, 1, 3-14.
- PROULX, D.** (2008). Management des organisations publiques. Edition Presses de l'Université du Québec.
- SNOW, C. C. et THOMAS, J. B.** (1994). Field Research Methods in Strategic Management: Contributions to Theory Building and Testing" *Journal of Management Studies*, Vol. 31, n°. 4, pp. 457-480.
- STOLOWY, H., PUJOL, F. et MOLINARI, M.** (2003). *Revue Française de gestion*, 2003/6 (no 147), p 133.
- UJKANI, S., et BERISHA VOKSHI, N.** (2019). An Overview on the Development of Internal Control in Public Sector Entities: Evidence from Kosovo, *International Journal of Economics and Business Administration*, Volume VII, Issue 4, 320-335, SL.

WALTERR, J. et NOIROT, P. (2010). Contrôle interne des chiffres porteurs de sens ! Afnor, Saint-Denis.

WILLIAMSON O.E. (1985). The Economic Institutions of Capitalism, Free Press, New York.

WILLIAMSON O.E. (1994). *Les Institutions de l'économie*, traduit de: *The Economic institutions of Capitalism* (1985), InterEditions, Paris.