

The Role of Internal Controls in Public Universities Vietnam

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Abstract:

The current system of universities in Vietnam is increasingly diverse in occupations and forms of ownership. Even so, the system of public universities still plays an important role in national education. In order to ensure that operations are managed to achieve these goals, public universities need to develop and establish an appropriate and effective internal control system. The paper examines different perspectives, thereby giving views on the internal control system in public universities and the basic elements needed in the internal control system in public universities. Establishment includes: Control environment, risk assessment, accounting information systems, control and monitoring procedures. In order for the internal control system to work effectively and effectively, the elements of the system all need to function effectively and synchronously.

Keywords: Internal control, public universities, information systems

1. Introduction

In the past decade or so, the issue of university autonomy in Vietnam has seen many positive changes. From the fact that the entire Vietnamese higher education system is like a big university, subject to strict State management in all aspects through the Ministry of Education and Training, the universities have gradually been given autonomy and shown. through legal documents of the State (Hoa, 2012). In October 2014, the Government issued Resolution 77 / NQ-CP, on pilot renewal of the operating mechanism for CTU in the period 2014 - 2017, up to now, there have been 12 CTU's The Prime Minister allows a pilot model of autonomy. Next, is Decree 16/2015 / ND-CP, providing general principles and regulations on autonomy in the performance of tasks, organizational structure, human resources and finance of personnel units. public industry in fields such as: Education and training; vocational training; medical; culture, ... The Ministry of Finance also issued Circular 23/2016 / TT-BTC, guiding some contents on the management and use of State assets in these units. The contents of these documents show that CTU is given autonomy, but it also means that they have to face higher pressure than before, on management requirements. From the position of being covered by the State budget for recurrent expenditures on the basis of annual budget estimates, under the financial autonomy mechanism, these units must have plans to manage and use the property of the House. to have a source of revenue, to ensure recurrent expenditures. At the same time, CTU is also responsible for ensuring the quality of public non-business services according to the criteria and standards set by competent state agencies, as well as being subject to the social supervision of its activities. public service activities of their own unit.

To ensure the implementation of the above requirements, it is required that university colleges follow an autonomous mechanism, and need to have self-renewal towards a more modern governance direction. Experience from the activities of large, reputable and highly ranked universities in the world shows the existence and benefits of the Internal Audit department in these universities (Hai, 2013).

Today, when the economy grows, it is required that managers have to have innovative management measures to make the unit operate better. Any unit that wants to manage well and meet the set objectives needs to have an effective internal control system. The educational non-business units are not out of that rule. Especially when Decree 16/2015 / ND-CP stipulates the autonomy mechanism of public non-business units issued by the Government to replace Decree 43/2006 / ND-CP to adjust the operational mechanism, the financial mechanism for public non-business units in the direction of increasing the empowerment of autonomy and self-responsibility, encouraging conditional units to rise to a high level of autonomy, requiring non-business units. education must build an efficient and economical operating mechanism, in which the internal control must be paid adequate attention.

2. Literature review

2.1. Internal control in university

Through the process of document review and research, the author found that many internal control frameworks have been developed, from which there are separate definitions of internal control and different systems approaches.

The Committee of Sponsoring Organizations of the Treadway Commission (The Committee of Sponsoring Organizations of the Treadway Commission). The COSO 1992 report was the first document to provide a complete and systematic theoretical framework on internal control and is considered the foundation of modern control methods. According to the COSO report, KSNB is a process, carried out by managers and employees, designed to justify the achievement of an entity's goals. The COSO 2013 report was launched with many important new points such as: providing 17 basic principles for designing and operating the internal control system and the approach to these principles has been widely applied; additional requirements for effective internal control; expanding reporting objectives (both external and internal audiences) and reporting information (both financial and non-financial information); recognizes the increasingly important role of information technology for business operations and internal control of each enterprise.

Internal control framework under the CoCo (Criteria of Control Committee) report. The KSNB CoCo Framework was first launched in 1995 by the Canadian Institute of Certified Public Accountants. CoCo 1995 was built on the perspective of the COSO report and was rated as more specific and user-friendly and focused on the importance of behavioral control. According to CoCo, in an organization, the essence of control is the goal, commitment, competence, monitoring and learning. According to CoCo report, KSNB has high application in self-control process.

Turnbull Report to KSNB (Turnbull Report). The Turnbull Report was first published in 1999 and was the best guide on the operation of KSNB for companies listed on the UK stock exchange at that time. Basically, KSNB Turnbull guide is quite similar to COSO guide, however not as detailed and specific as COSO. The Turnbull report focuses more on risk and the KSNB is more broadly defined than the COSO, whereby KSNB includes all the things that managers need to do, not merely setting goals. Turnbull's instructions are similar to COSO's, however, it is confusing when combining control environments and control operations.

Control Objectives for Information and Related Technology (Control Objectives for Information and Related Technology). This control framework allows managers to evaluate the security and control practices of the IT environment. COBIT has adapted the COSO definition of control, whereby the organizational policies, procedures, practices, and structures are designed to reasonably ensure the achievement of business objectives and to prevent and detect , fixing the unexpected risks.

Thus, it can be seen that, although there exist many different internal control frameworks, most of these control frameworks are developed and built on the basis of COSO reporting. While other internal control frameworks appear to be incomplete when focusing on only one aspect of control or a particular type of business, the COSO framework is universal and highly governance. The COSO Internal Audit Framework is not only related to financial statements, but also expanded to the areas of operation and compliance, corporate governance and risk management, the information that the COSO control framework provides is not only limited to financial information. In addition, most companies in the world prioritize the application of the COSO framework in the design and operation of the Internal Audit, and the COSO report is also the most commonly used in academic works related to the Internal Audit. The COSO Internal Control Framework has linked internal control, risk management and corporate governance.

Because of the above reasons, on the basis of the research purpose and scope of the thesis, the author chooses to use the internal control framework according to COSO as a orientation for the determination of the components

of internal control in the regional university. Accordingly, Internal Audit includes 5 factors: Control Environment, Risk Management, Information and Communication, Control Activities, Monitoring. This is also the internal control model that the author Dinh The Hung and his colleagues determined when studying the internal control of a public university in Vietnam. However, the authors only limit the information and communication factors in the Accounting Information System, so in this study, the author maintains the 5 elements of Internal Audit according to the COSO by in "Information and transmission. information" includes accounting information. Besides, this factor also refers to the process of providing, sharing and storing information, so it should be considered in the study of factors of internal control of a unit.

The authors Pollock N. and Cornford J. (cited in Nguyen Thanh Tuan, 2014, p.13) identify there is a similar relationship between universities and business organizations, which is the association. certain between purpose, "production" limits output, autonomy and depends on the needs of society. Any organization also has one or more of the above characteristics. In addition, the authors also made conclusions about the similarities in activities and management functions between universities and business organizations.

According to author Weixing Wang (2010), the university is also an economic organization, so it has many internal control requirements like enterprises. However, since the goals of the university are significantly different from the goals of the business, the internal control objectives of the universities need to make appropriate adjustments in the application of their reports. COSO. According to the actual characteristics and operation of the colleges, the internal control goals of the universities can be verified from the following aspect: safety and integrity of assets; Practical, complete and useful accounting information; The effectiveness and efficiency of training activities; and Comply with the provisions of the law. The author said that, based on the management characteristics of universities, the internal control elements in these organizations should be divided into 2 classes. The first class includes: Control Environment, Control Activities, and Monitoring and Evaluation. In that, the control environment is fundamental, control activities are core, and monitoring and evaluation are warranted. Factors such as: Organization and culture; Information and communication; Budget management; Control procedures and methods of control; Identifying and controlling risks, is the second layer of factors of internal control. Organizational structure and culture, Information and communication is the second layer of factors analyzed from the Control Environment. The remaining factors are the second layer of analytical factors of Control Activity. Monitoring and evaluation is only one factor, but there are 2 aspects: Monitoring and Evaluation. The monitoring is to transmit information to the inspection agency by taking into account the results of certain times, to correct deviations of the objectives; The assessments are for monitoring and controlling the internal control of various functional departments, through which the basic situation of internal control can be described and weaknesses in internal control. sets can be consulted and improved.

According to the author's point of view, He Fan et al. (2013), the university is a non-profit organization with a big difference with enterprises in terms of content and operational objectives. Therefore, the university's internal control objectives need to be tailored to suit the university's functions and activities. From the influence of researches, the universities have started to attach importance to internal control and built for themselves a control system with its own characteristics under the guidance of the theory of internal control. Since then, the authors have built an internal control framework for universities including the following components: Control environment, Budget management, Risk recognition and response, Control methods, Information Information and Communication, Conduct Evaluation, Monitoring and Feedback. In which, from the point of view of the authors, the key to a controlled environment is to build up a reasonable governance structure in universities. It is necessary to establish a certain tolerance for risks and mechanisms of risk control in schools. Control method is the key to ensure the safety of funds, means of control can be divided into two parts: the management part of the organization level and the management of the operational levels; At the organizational level, universities should propose centralized control, especially for campus business units and the ancillary industry - where ownership is not really clear; At the operational level, significant financial activities in the infrastructure sector, regulatory agencies, indirect operating offices and research institutions should focus on procedures and audits. control.

In Vietnam, the author Dinh The Hung et al (2013) identified the constituent factors of Internal Audit in public universities based on the COSO framework, in which the Internal Audit in public universities includes the : Control Environment, Accounting Information System; Risk assessment; Control activities; Monitoring activities. These factors have been adjusted according to the characteristics of public universities in Vietnam.

Despite paying attention to different issues of the university, the authors all agree on the view: (1) The university is an economic organization, so its activities, management functions, and goals. and the control activities of universities and enterprises have certain similarities; (2) The university has differences in content and operational objectives compared to businesses, so it is necessary to make appropriate adjustments in control objectives in the application of COSO reports on internal control. . This is also the view that the author chose for his research.

Overview of internal control

For managers, control is a means to achieve set goals. Based on the scope of control divided into external control (external control) and internal control (internal control). External control is performed by people outside of the unit, while internal control is performed by people inside the unit. However, this division is only relative in both theory and practice in a specific control activity. There are many concepts related to internal control.

In 1949, AICPA published the first study on internal control, under which internal control was defined as follows: "Internal control consists of an organizational plan and all methods and measures of is recognized for business use to protect the organization's assets, check the accuracy and reliability of accounting information, promote operational efficiency and encourage adherence to management guidelines. out "[1, p.6]. With this concept, internal control tends to control accounting, finance, controlling the compliance with accounting and auditing regimes, playing a key role in preventing mistakes, losing assets, and ensuring law enforcement of the unit.

According to COSO's (2013) view of internal control is quite comprehensive, this is also widely accepted concept in the world. governing entity employees, it is set up to provide a reasonable reassurance in realizing the following objectives: Ensure the reliability of financial statements; Ensuring compliance with regulations and laws; Ensures the operations are performed efficiently [99].

With this concept, COSO emphasizes on four basic contents that are: process, people, reasonable assurance and specific goals:

Internal control is a process, because all activities of an entity go through a series of processes from planning, implementation and monitoring. To achieve the desired goal, the units must be in control of their activities, these activities are carried out daily and present in all departments, closely attached to the activities of an organization and internally. basic content in the activities of the organization.

Internal control ensures the reasonableness for managers, this confirms that internal control only ensures the reasonableness of the implementation of the goals of managers, not absolute guarantees. Because internal control, when operating, still has inherent limitations such as: human mistakes when making decisions, collusion of individuals, abuse of managers' authority ... More than a mechanical principle The cost of the control process cannot exceed the expected benefits from the control.

Internal control ensures the goals, there are many internal control objectives that need to be achieved: Operational goals (efficiency and efficiency of resource use), reporting goals financial (truthfulness and reliability of financial statements), compliance objectives (compliance with laws and regulations).

In 2010, COSO decided to update the 1992 framework with a new style and invited Pricewaterhouse Coopers (PwC) to implement the project. An Advisory Council is made up of representatives from industry, academia, government agencies and nonprofit organizations to provide input resources in the implementation of projects.

Protiviti has a representative on the Advisory Council. The draft referendum was publicly conducted to collect comments and the COSO received responses in the form of responses to the online survey as well as the public comment format. Based on these documents, the COSO completed an update, creating a more complete Framework. In the 2013 version, the core concept of internal control was largely unchanged. The updated concept of the Internal Audit shows an extension of the reporting objective: "Internal control is a process, influenced by management, management and other employees, designed to provide reasonable assurance related to achieving the entity's performance, reporting, and compliance objectives".

According to the updated 2004 INTOSAI guidance document, KSNB is defined as follows: "Internal control is a total processing performed by managers and individuals in the organization, this process. is designed to detect risks and provide a reasonable assurance of achieving the organization's mission ". Accordingly, INTOSAI's guidelines emphasize the ethical aspect, affirming the importance of ethical behavior as well as the prevention and detection of fraud and corruption in the public sector. The need for controls to ensure that budget is used for its intended purpose, without loss or waste of assets is a necessary issue, since the State Budget is the financial resource to be allocated, allocated to many different objects without having to be reimbursed.

The author Robert R. Moeller (2009, p.113) further developed the COSO (1992) argument for the purpose of internal audit, adding some of the objectives of internal control to be achieved. and "Internal control" is a process designed by the manager and applied within the entity to provide reasonable assurance of: The reliability of financial and operating information; Compliance with policies, procedures, rules, regulations and laws; Property protection; Implementing the mission, objectives and results of the entity's activities or programs; Ensuring integrity and moral values".

So, basically, the concepts are unified in the following points: Internal control is a process; Designed by managers and employees; Make sure to fulfill your goals.

The COSO has identified three types of goals, allowing organizations to focus on different aspects of internal control: Operational Objectives, Reporting Objectives, and Compliance Objectives.

Operational goal: This goal belongs to the efficiency and productivity of the entity's operations, including the operational and financial business goals and protecting assets from loss.

Reporting Objective: This objective relates to financial and non-financial reporting, which may include reliability, timeliness, transparency or other terms specified by the regulator, standards. accredited ink, or policies that the entity makes.

Compliance Objectives: This goal relates to the entity's compliance with laws and regulations.

Many authors have specified the goals of internal control in an organization. According to the actual characteristics and operation of the universities, author Weixing Wang asserted that the internal control goals of the universities can be confirmed from the following aspects: Safety and integrity of property; Practical, complete and useful accounting information; The effectiveness of training activities; and Comply with the provisions of the law. The author Dinh The Hung et al (2013, p.83) in a study on the internal control system in Vietnam's public universities also generalized the definitions of the internal control of COSO and INTOSAI, thereby confirming that In the public sector, internal control systems are also understood to mean the process governed by the entity's management and employees, designed to provide a reasonable assurance to achieve objectives: The effectiveness and efficiency of the activity; The reliability of financial statements; Compliance with laws and regulations ". The regional university belongs to the public tertiary education system, so the above statement is consistent with the regional university internal control.

2.2. Factors that constitute the university's internal control

COSO's 2013 Internal Audit Framework update reflected considerations of a number of changes in business and operating environments over the decades - including: Expectations for management oversight; Globalization of operations and markets; Business changes and complications; Needs, complexity in laws, rules, regulations and standards; Expectations for capacity and responsibility; Use, dependence, and development of technology; Expectations for fraud prevention and detection.

According to COSO, Internal Control consists of 5 elements: Control Environment, Risk Assessment, Control Activities, Information and Communication, Supervisory Activities.

The control environment is the foundation for other factors in internal control, referring to the managers' perceptions, attitudes and attitudes towards inspection and control activities in the unit, organizational structure and capacity of employees. The control environment encompasses the integrity and ethical values of the organization; parameters that allow management to exercise responsibility for management and supervision; the organizational structure and the assignment of rights and responsibilities; the process of attracting, developing and retaining talents; the rigor of performance measures, incentives and rewards to create responsibility for the job. Factors in the control environment include:

Integrity and ethical values. The effectiveness of internal control depends primarily on the integrity and respect for the ethical values of those involved in the control process. Therefore, senior managers need to build ethical standards within the organization and behave properly to prevent members from committing ethical or illegal acts.

- The executive philosophy and style of the manager. Leadership philosophy and style are reflected in the personality, status and attitude of the leader when operating the operations of the unit (COSO, 2013). This is manifested into the ethical and behavioral rules in the unit. In the regional university, the management philosophy is expressed by the university's Board of Directors and leaders of the member units are aware of the internal control function necessary for the inspection and supervision of activities in each unit. and throughout the university from which to build regulations on organizing activities in accordance with their units and exercising control over those activities.

- Organizational structure. Reasonable organizational structure will contribute to creating a good control environment within the organization, ensuring a top-down system in making decisions, implementing those decisions as well as checking, supervise the implementation of the whole unit, while contributing to the effective prevention of frauds and errors in the accounting and financial activities of the unit. The organizational structure of regional universities includes: University Council, Board of Directors, Offices and functional departments, affiliated scientific research and training units, member higher education institutions. , Science and Training Council and Advisory Councils; in which, the member units build their own management apparatus. Thus, the organizational structure in regional universities is implemented in two levels and must ensure consistency throughout the university in order to consistently perform the tasks to achieve the set goals.

Staffing policy and staff capacity. Employee competence includes the knowledge and working skills necessary to ensure a disciplined, honest, economical, efficient, effective implementation, as well as a correct understanding of responsibility. in the establishment and operation of the internal control system. The development of a unit is always associated with the staff, they are always an important factor in the control environment as well as the direct subject to implement all control procedures in the unit. If the employee is competent and reliable, many control processes may not need to be implemented while ensuring the goals of internal control. For regional universities, a team of highly qualified staff and faculty will ensure the implementation of the university's mission as well as its training duties. A reasonable personnel policy will help regional universities to recruit as well as retain talented and capable universities.

Risk assessment is a flexible and repetitive process for identifying and assessing risks in the process of achieving goals. The risk of achieving the goal from across the entity is considered to be related to taking the

risk. Therefore, risk assessment forms the foundation for determining how risk will be managed. To limit risks to an acceptable level, managers must base themselves on the objectives defined in the entity, risk identification and analysis, so that losses caused by risks can be controlled. this triggers. The risk assessment process includes: Goal Setting, Risk Identification; Risk analysis and assessment; Risk handling.

According to the research on the internal control system of public universities by Dinh The Hung et al. (2013, p.89), at present, Vietnamese public universities do not build a separate part in the organizational structure of risk assessment that can affect the financial results of the school as well as undetermined values, but is as important as reputation. and the reputation of the school, the assessment of the society about the school's products ... Therefore, the public universities in general and the regional universities in particular need to develop a process of risk assessment and attach responsibility. for all levels of management.

Control activities are actions carried out through policies and procedures that can help ensure that the management's directive that reduces risk in achieving the goal is fulfilled. Control activities are performed across all levels of the entity, at multiple stages of the operation and in the environment where technology is used. There are many different types of controls that can be performed, including key activities such as:

- Separation of duties. The purpose of the segregation of duties is to allow employees to control each other. Errors if they do occur will be discovered quickly and reduce the employee's chances of hiding it.
- Control the information processing and operations. Control of information processing requires strict control of the document and book system, and the validation of business types must be correct. It is important to ensure that all operations or activities are approved by an authorized person. This approval can be divided into two categories: general approval (where the manager issues policies to apply the whole unit) and specific approval (where the manager has to review each business separately. but cannot make a general policy).
- Control material. This control is carried out for all types of books and assets, including pre-numbered but unused prints; as well as control over access to computer programs, software, files, data ...
- Analyze review or review performance. It is a review of the work done by comparing actual numbers with planned figures, estimates, previous period, and other related data such as non-financial information, at the same time review in relation to overall to evaluate performance. This inspection is conducted independently by individuals (or departments) other than individuals (or departments) performing the task.

In order to control activities within the institution, the regional university and its affiliates need to develop a system of appropriate and effective control activities. Control activities include preventive control and risk detection. Control activities in public universities in general and regional universities in particular are subject to the following principles:

Assignment principles. Responsibilities and jobs are divided specifically for departments, individuals in the unit, the clear assignment of responsibilities creates expertise in the job, errors are less likely and when they happen, they will be easy to spot. show.

Principle of non-part time. The regional university and its affiliates maintain a system of controls that ensure that no one is assigned too much responsibility and authority to limit the risk of fraud.

Authorization and approval principles. The execution of operations is only performed by authorized persons according to their responsibility and scope. Delegation is a key way to ensure that only real businesses get the correct approval from a leader. The authorization procedures in the university are specified in the clearly published document and document systems.

Information and communication: Information and communication are indispensable conditions for the establishment, maintenance and improvement of control capacity in the organization because managers need to have reliable and timely information. , relating to activities and events inside as well as outside the unit to be

able to make decisions. Information is provided through the information system and must meet the quality requirements of the information such as suitability, timeliness, updating, accuracy and convenient access. Communication is a part of the information system, emphasizing the role of communicating information internally and externally. Communication must satisfy the following requirements:

- All members of the unit must understand their work, fully and accurately receive instructions from their superiors, understand the relationships with other members and use the media in the application. taste.
- Information from outside must be honestly and completely received and recorded. Information to the outside should also be communicated in a timely manner, ensuring its reliability and compliance with legal requirements.

Accounting information system is an important module in the information system. In addition to the usual requirements of any information system, the key goals that an accounting information system should achieve include:

- Identify and record all real transactions;

Record and interpret the profession fully, in detail and correctly classify the transactions;

- Measure the value of the transactions to record the correct value;
- Determining the correct term of the economic transactions that happened to record in the correct period;

Present correctly and fully disclose necessary information on the financial statements.

The accounting apparatus of the regional university is divided into 2 levels, the university level and the subordinate level. The dependent units of dependent accounting organize an accounting apparatus to monitor the decentralized revenues and expenditures at their respective units, periodically report to the University's Planning and Finance Department for the combine revenues and general expenditures. The units directly under the independent cost accounting organize a complete accounting apparatus to conduct the accounting according to the current accounting standards and regimes, and periodically, these units submit reports as required on Planning - Finance Department.

Monitoring activities are regular audits, periodic audits or a combination of the two used to determine if internal control is operating as designed, and modifications are needed. suitable for each development stage of the unit or not. Regular assessment is built on a process of activities at different levels of the unit to provide timely information. Periodic audits performed by period will vary in scope and frequency depending on the risk assessment, the effectiveness of the ongoing audit and other management considerations. The goal of control is to make the necessary adjustments to internal control, so monitoring will ensure the effectiveness and efficiency of the control policies and procedures. Monitoring in public schools as well as regional universities can be done in the form of self-monitoring, but monitoring results from independent external organizations can also be used. The scope and frequency of monitoring activities are dependent on the risk assessment. Supervision in universities may include regular and periodic monitoring by managers of the internal control system in order to see if its performance is as designed and should be adjusted. suitable with the actual situation of each stage of development.

Regular monitoring: takes place immediately during operations, performed by managers and employees in their responsibility.

Periodic monitoring: usually performed through internal audit functions in the unit, thereby promptly detecting weaknesses in the system to take measures to improve. However, the public universities in general and regional universities in particular currently do not have an internal audit department, but just formed an inspection and examination department related to the training.

Controls are exercised differently by entities and individuals depending on funding, management relationships, type of activity, cultural, economic, and social traditions of each country: management and control at the macro level are performed directly or indirectly by the State with subordinates, unlike micro-level controls; With type of control activities for non-business activities towards management performance different from business activities towards efficiency of capital, labor, resources; In relation to the economic, cultural, and social traditions, the controls are also different in terms of people's intellectual level, managerial qualifications, discipline and legal traditions. Management is a process of directing and organizing the implementation of defined goals on the basis of identified resources to achieve the highest efficiency. Management needs to have controls to detect deviations and take timely corrective actions, guide and control the unit to the right purpose, thereby protecting the capital assets, creating confidence for the people who are concerned. mind, follow up and cope with the changing environment, create better quality for the operation of the unit. During the orientation phase, it is necessary to control forecasts of resources and attainable goals, control of program development, plan, and control the feasibility of planning programs in all aspects such as: finance, human resources, engineering, legal ... from which specific decisions are made to organize implementation. During the implementation stage, it is necessary to combine resources optimally while regularly checking the progress and results of processes to reconcile relationships, adjust norms and goals to optimize work. Therefore, for regional universities, when conditions change, the universities themselves also need to change the mode of control to meet the management needs.

2.3. Relationship between internal control and financial management effectiveness

As analyzed, financial management's effectiveness is understood as an entity's ability to achieve financial management goals. Financial management goals are also one of the identified operational goals of an organization. COSO's concept of Internal Audit emphasizes that Internal Audit ensures the reasonableness in achieving the goals of an organization. E.Wakida and J. Shambrook (2014) affirmed that the internal control in any organization also plays an important role to ensure the efficiency and effectiveness of activities in an organization [114]. KSNB ensures the accuracy and reliability of financial information, complies with all financial requirements and assists in achieving the unit's goals. Thus, to achieve the management goals, an organization needs to have an effective internal control system.

Buthayna Mahadeen et al (2016) conducted a study on the impact of the internal control system (Control Environment, Risk Management, Communication, Control Activity, and Monitoring) on effectiveness. organization in Jordan. The effectiveness of the organization is studied through three specific approaches: (1) The organization's ability to achieve its goals (objective approach); (2) The organization's ability to control and maintain essential resources (control approaches and resources); and (3) The organization's ability to resolve competition, job satisfaction, customer satisfaction and complaints (multi-mechanism approach). The research results show that the effectiveness of the organization is affected by the components of the internal control system, in which the control environment is the most influential factor, monitoring has a significant influence and the remaining components. has a negligible effect on the effectiveness of the organization. That means that internal control affects the organization's ability to achieve goals, including financial management goals.

The goal of financial management of a business is towards maximizing profitability and maximizing the wealth of shareholders, the goal of maximizing wealth can be achieved when the business achieves its profitability goals. Paramasivan C., Subra Manian T., 2009). Research results of Fadzil et al. (2005) showed that effective internal control has a positive impact on revenue. Research by Ssuuna Pius Mawanda (2008) has confirmed a positive relationship between internal control and financial performance. Browne et al. (2008) also showed a positive relationship between KSNB and firm's after-tax profit. When studying the characteristics of enterprises that have untruthful financial statements, Dechow et al (2011) conclude that poor internal control affects operational efficiency and at the same time leads to income-dominating behavior. . Research results of Ndungu (2013) on the impact of internal control on operational efficiency, the case of a service company under the

University of Nairobi (UNES) shows that effective internal control will contribute to increase operational efficiency and increase business collection.

Research on the impact of Internal Audit on the performance of SMEs in Kenya, Nyakundi et al (2014) used a mixed research method to measure the relationship between the factors of KSNB and return on equity. The analysis results show that internal control has a significant influence on the financial performance of the business.

In one of his studies, Duke D. Obonyo (2018) sought to establish a relationship between KSNB and microfinance institutions. The research results found that all aspects of internal control have a positive and significant effect on the profitability of these organizations.

The fact that some organizations around the world have failed raises concerns about the relevance and impact of internal control, especially when it affects an organization's financial performance. Eke Gift.O (2018) studied the relationship between Internal Audit and the financial performance of hotels in the industry to determine the impact of KSNB on the financial performance of these institutions. Components of internal control include: control environment, risk assessment, control activities, information and communication, and supervision. Financial performance is measured by the following criteria: total revenue, profitability, and rate of return on assets. The results of the study show that the control environment affects total revenue, thus affecting financial performance, the non-existence or inadequacy of the control environment can mark the destruction of an organization. Risk assessment has an impact on returns and by expanding its financial operations allows an organization to prevent and remedy risks and possibly avoid threats to their operations. Information and communication have a significant effect on asset returns. Research has found that there exists a positive relationship between internal control and an organization's financial performance.

It can be seen, studies have shown that, there exists a relationship between Internal Audit for an organization's financial performance, and Internal Audit has a positive effect on revenue and profitability. As analyzed earlier, the organization can achieve other development goals when the profit goal is reached. And so, there exists a link between Internal Audit and financial management effectiveness.

3. Conclusion

The author presented the theory of internal control, financial management and financial management effectiveness of public universities in the context towards financial autonomy. The author has also identified the foundation theories, research bases of the thesis, built a research model and scales the factors in the model. As follows:

The author summarizes the public university and presents the points of management of university finance, introduces the concept of public university financial management, defines the content of university financial management including: management mobilize financial resources; managing the allocation and use of financial resources; financial control. The effectiveness of university financial management in terms of financial autonomy is defined as the assurance of the achievement of financial management objectives, including: the ability to achieve profits; ability to diversify revenue sources; ability to ensure development goals; ability to increase income for staff and trainers.

The author also presented the views on internal control and selected views on internal control according to COSO as orientation, identifying the components of internal control, including: Control environment, risk assessment, Information and Communication, Control and Monitoring. The author has pointed out the relationship between Internal Audit and the effectiveness of financial management in an economic organization.

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