

## The Role of Internal Control System in Enhancing Corporate Governance

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### Abstract:

This study aims to examine the role of the internal control system in enhancing corporate governance pillars. And in order to achieve the objectives of this study we developed and distributed a questionnaire to a sample of Algerian academics and professionals in the field of audit.

Based on the statistical analysis, the study indicated that the Internal control system efficiency is mandatory for the enhancement of corporate governance, and also indicated that the internal control system contributes in enhancing the pillars of corporate governance at a high degree by the existence of a clear and defined policies.

**Keywords:** internal control, corporate governance, accountability, responsibility.

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## 1. INTRODUCTION

Through the recent years corporate governance has become a key focus of academic and practice literature as a direct result of recent financial scandals and the positive relationship between the good corporate governance and corporate performance which affect in itself the economic competitiveness of the countries, also has been linked between bad corporate governance and the failure of many firms or even their continuity and the realization of their economic, social objectives and playing their role as a locomotive of countries development.

And considering internal control as the policies and procedures that a firm uses to ensure compliance with its own moral code, and internal control activities ensure that those policies and procedures are being followed what makes companies adhere to governance guidelines, what makes the internal control system mandatory for the existence of good corporate governance, This leads us to study the role of internal control in enhancing corporate governance.

### 1.1 The main question of the study

In view of that, and in order to examine the role of internal control in enhancing corporate governance the study seeks to answer the following main question:

How can the internal control system contribute to the enhancement of corporate governance pillars?

### 1.2 The research sub questions

The sub questions that can be delivered from the previous question are:

- How can the internal control system be efficient to enhance corporate governance pillars?
- How can the internal control system contribute in enhancing the fairness pillar of corporate governance?

- How can the internal control system contribute in enhancing the responsibility pillar of corporate governance?
- How can the internal control system contribute in enhancing the accountability pillar of corporate governance?
- How can the internal control system contribute in enhancing the transparency pillar of corporate governance?

### 1.3 Study hypotheses

Based on the previous main question and sub questions and in order to solve them, we developed the following main hypothesis and sub-hypotheses:

- **H1:** the internal control system contributes in enhancing corporate governance pillars (fairness, responsibility, accountability, transparency).
- **H1/1:** the internal control system efficiency contributes to enhancing the corporate governance pillars.
- **H1/2:** the internal control system contributes in enhancing the fairness pillar of corporate governance.
- **H1/3:** the internal control system contributes in enhancing the responsibility pillar of corporate governance.
- **H1/4:** the internal control system contributes in enhancing the accountability pillar of corporate governance.
- **H1/5:** the internal control system contributes in enhancing the transparency pillar of corporate governance.

### 1.4 Literature review

From our literature study we can mention some studies that have a relationship with our theme, as follow:

**The first study:** *The Role of Internal Control in Enhancing Corporate Governance Evidence from Jordan*, Inaam M. Al-Zwyalif, 2015.

This study aimed to examine the role of internal control elements: control environment, risk assessment, control activities, communication and information, and monitoring, in enhancing the corporate governance pillars which are: accountability, fairness, responsibility, and transparency. The study also seeks to determine the extent to which this commitment contributes to strengthening these pillars in the context of Jordanian insurance companies.

And this study concluded that the commitment to all elements of internal control contributes to strengthening corporate governance pillars at a high degree. The study also revealed that the commitment to each element of internal control contribute to strengthening corporate governance pillars at a high degree.

**The second study:** *The role of internal audit in enhancing corporate governance: Case of Algerian companies*, Bendiabdel Abdeslam, Ziani Abdelhak.

This study aimed to examine if the internal audit contributes in enhancing corporate governance in Algeria, through the evaluation of the internal control system and his capacity to manage risks.

This study concluded that the role of internal audit in enhancing corporate governance through the evaluation of internal control system reveal that the internal audit represents the insurance of the existence of an efficient internal control system.

## **2. Theoretical framework**

### **2.1. Corporate governance**

The concept of corporate governance is not a new one that term existed before the 1990s, despite of that, the interest on corporate governance increased due to the corporate scandals in the last decade of this century.

#### **2.1.1 The definition of corporate governance**

The word governance came from the grec verb (kubernan) who means « to pilot a ship or a tank » and it was used for the first time by Platon to design the fact of governing men(Khelassi, 2013, p. 210).

Curently, different definitions have been linked to the concept of corporate governance, We can cite among other definitions the definition of ISO 26000 FDIS, « organizational governance is the system by which an organization makes and implements decisions in pursuit of its objectives » (Crowther & Shahla, 2011, p. 10).

Or as defined by the IT Governance Institute « Enterprise governance is a set of responsibilities and practices exercised by the board and executive management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining that risks are managed appropriately and verifying that the enterprise's resources are used responsibly » (IT Governance Institute, 2003, p. 6).

OECD provides the following defintion: Corporate governance is the system by which business corporation are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the boards, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and means of attaining those objectives and monitoring performance (Demise, Miwa, Nakabayashi, & Nakoshi, 2006, p. 109).

#### **2.1.2 Pillars of corporate governance**

The governance framework of a company should be able to address the following four core pillars of corporate governance which are globally accepted (State Securities Comission of Vietnam & Internationl Finance Corporation, 2019, pp. 11-12):

- a. Fairness:** The corporate governance framework should protect shareholder rights and ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violations of their rights.
- b. Responsibility:** Corporate responsibility assumes that agents in management position to make decisions with transparency and ethics, and taking steps to ensure the sustainability of organizations to ensure longevity of companies, incorporating social considerations and the principles of governance (Carlos, Orlando, & Alessandro, 2018, p. 197).

- c. **Accountability:** The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and shareholders.
- d. **Transparency:** The corporate governance framework should ensure that timely and accurate disclosure is made of all material matters regarding the company, including financial status, governance structure, performance, and ownership.

The national committee of governance policy (2010) argued that the implementation of good governance pillars would like to give strategies which contributes to: (1) increasing social welfare;(2) creating condusive business environment;(3) improving the bargaining power;(4) preventing from all frauds in running the governmental duties (Eko & Hariyanto, 2012, p. 1239).

## **2.2. Internal control**

The concept of internal control within te company has always existed, as evidenced by the traces found in the books of the Mesopotamian civilization to more than 5000 years ago (Khelassi, 2013, p. 29).

The recent financial scandals and legislations that have emerged in recent years have shed new lights on the notion of internal control. Sarbanes-Oxley Act (SOX) section 404, state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting.

### **2.2.1 Definition of internal control**

The first definition of internal control by the American Institute of Certified Public Accountants (AICPA) was published on 1949 « internal control includes the organization's plan and all the methods and measures adopted in an enterprise to protect the assets, to ensure the accuracy and reliability of the accounting data, promote operational efficiency and encourage adherence to prescribed policies » (Khelassi, 2013, p. 29).

According to the Committee Of Sponsoring Organizations of Treadway Commission (COSO) 1992 report which formulates a conceptual framework of internal control, « 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 » (KPMG, 2013, p. 2).

### **2.2.2 The objectives of internal control**

Initially, internal control aims to provide an organization that allow reliable recording of economical and legal operations experienced by the company (Mandzila, 2004, p. 67).

Currently and according to COSO Internal control – integrated framework of 2013, Internal control aims to achieve three categories of objectives, illustrated as follows (COSO, 2013, p. 3):

- a. **Operations objectives:** These pertain to effectiveness and efficiency of the entity's operations, including operational and financial performance goals, and safeguarding assets against loss.
- b. **Reporting objectives:** These pertain to internal and external financial and non-financial reporting and may encompass reliability, timeliness, transparency, or other terms as set forth by regulators, recognized standard setters, or the entity's policies.

c. **Compliance objectives:** These pertain to adherence to laws and regulations to which the entity is subject.

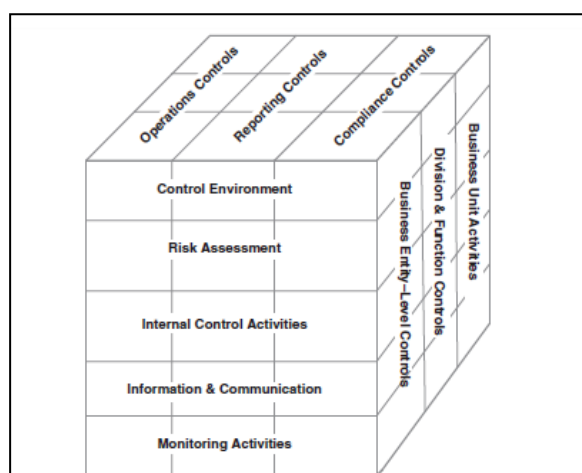
### 2.2.3 The components of internal control

In addition to the three internal control objective categories of operations, reporting, and compliance just described, the revised COSO framework defines internal controls from two other dimensions or perspectives: separate components of internal control and organization factors.

A direct relationship exists between objectives, which are what an entity strives to achieve, components, which represent what is required to achieve the objectives, and the organizational structure of the entity (the operating units, legal entities, and other) (COSO, 2013, p. 6).

The relationship can be depicted in the form of a cube, as represented bellow:

**Fig.1. COSO Internal Control Framework**



Source: Moeller, 2014, p. 36

The three categories of objectives operations, reporting, and compliance are represented by the columns.

The five components are represented by the rows.

An entity's organizational structure is represented by the third dimension.

According to COSO revised internal control framework, and as represented in the Figure above, internal control consists of five integrated components (Crowe, 2019, p. 5):

- a. **Control Environment:** Describes a set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. According to the Institute of Internal Auditors (IIA), a control environment is the foundation on which an effective system of internal control is built and operated in an organization that strives to 1) achieve its strategic objectives, 2) provide reliable financial reporting to internal and external stakeholders, 3) operate its business efficiently and effectively, 4) comply with all applicable laws and regulations, and 5) safeguard its assets.
- b. **Risk Assessment:** Forms the basis for determining how risks will be managed. A risk is defined as the possibility that an event will occur and adversely affect the achievement

of organizational objectives. Risk assessment requires management to consider the impact of possible changes in the internal and external environment and to potentially take action to manage the impact.

- c. **Internal Control Activities:** Are actions (generally described in policies, procedures, and standards) that help management mitigate risks in order to ensure the achievement of objectives. Control activities may be preventive or detective in nature and may be performed at all levels of the organization.
- d. **Information & Communication:** Information is obtained or generated by management from both internal and external sources in order to support internal control components. Communication based on internal and external sources is used to disseminate important information throughout and outside of the organization, as needed to respond to and support meeting requirements and expectations. The internal communication of information throughout an organization also allows senior management to demonstrate to employees that control activities should be taken seriously.
- e. **Monitoring Activities:** Are periodic or ongoing evaluations to verify that each of the five components of internal control, including the controls that affect the principles within each component, are present and functioning around their products.

### 3. Research methodology

#### 3.1 Research Population and Sample

For the purpose of the application of this study a sample of Algerian Academics and professionals in the field of accounting, audit, management, business was chosen, because of their knowledge about this subject in order to collect the most satisfying amount of information to reach the objectives of this paper, and after distributing more than 96 questionnaire only 35 of them were returned and valid for data analysis with a response rate of 36,45%.

#### 3.2 Data Collection Instrument

Data were collected using a questionnaire built in order to corresponds our research topic « the role of internal control system in enhancing corporate governance », consisting of two parts: the first part aimed to identify the position of the respondent, while the second focused on the role of internal control in enhancing the pillars of corporate governance (fairness, accountability, responsibility, transparency), devised to 5 principal axes as follows:

- **Axe 1:** The role of internal control efficiency in enhancing the pillars of corporate governance;
- **Axe 2:** The role of internal control in enhancing the fairness pillar of corporate governance;
- **Axe 3:** The role of internal control in enhancing the accountability pillar of corporate governance;
- **Axe 4:** The role of internal control in enhancing the responsibility pillar of corporate governance;
- **Axe 5:** The role of internal control in enhancing the transparency pillar of corporate governance.

In order to examine the validity and the relevancy of the questionnaire for this study, we consulted some professionals and academics in the Algerian universities.

A Likert five-point scale was used to examine participants responses to the questionnaire statements, where:

**Table 1. Likert scale weight**

Situation	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Weight	5	4	3	2	1

**Source:** realized by the researchers

The arithmetic means are explained as follows (Al-Zwyalif, 2015, p. 61):

1-2.49 = low, 2.5-3.49 = medium and 3.5-5 = high

### 3.3 Data Analysis Method

The statistical tools applied in the analysis are as follows:

- **Percentage and frequency:** used essentially to know the repetition of variable categories and describing the sample of the study;
- **Alpha Cronbach:** to measure the internal consistency of the test items;
- **One-sample K-S test:** this test aims to know if the data are following the normal distribution or not;
- **One-sample T test:** applied to test the study hypotheses.

## 4. Results and discussion

### 4.1 Distribution of the sample

Table (2) below illustrates the distribution of the study sample according to the position of the respondents, where we can see that 45,70% of the sample are academics in different Algerian universities and the other 54,30% is represented by different professionals in the audit field were 8,60% are accounting experts, 40,00% of legal auditors and the final 5,70% is represented by internal auditors.

**Table 2. Distribution of the sample according to the position**

Position	Frequency	Percent
Accounting expert	3	8,60%
Legal auditor	14	40,00%
Inernal auditor	2	5,70%
Academic	16	45,70%
<b>Total</b>	<b>35</b>	<b>100,00%</b>

**Source:** realized by the researchers using SPSS V.22 outputs

### 4.2 Reliability and normality tests

#### 4.2.1 Reliability test

For the reliability test of the study we can use the Alpha Cronbach statistic which is calculated to measure the internal consistency of the test items, were a value superior than 0,7 is highly accepted and reflect that the study items are consistent, and for our study the result of these test are presented in table (3) as follow:

**Table 3. Alpha Cronbach test of the study items**

Axe	Number of Items	Axe test value	Overall test value
1	5	0,767	0,783
2	5	0,913	
3	4	0,678	
4	4	0,789	
5	5	0,766	

Source: realized by the researchers using SPSS V.22 outputs

#### 4.2.2 Normality test

Before starting the analysis of the questionnaire and testing the hypotheses we must first test the normality of the distribution to know if we are going to use parametric or nonparametric tests for hypotheses testing.

For testing the normality distribution of the study items, we used one sample Kolmogorov-Smirnov test were a sig value larger than 0,05 means that the test distribution is normal, in our study the test results are presented in table (4) below:

**Table 4. One sample K-S test**

Axe	Kolmogorov-Smirnov	Sig
Axe 1	1,348	0,053
Axe 2	0,972	0,302
Axe 3	0,830	0,496
Axe 4	1,282	0,075
Axe 5	0,849	0,467

Source: realized by the researchers using SPSS V.22 outputs

#### 4.3 Descriptive statistics of the contribution of internal control system to enhancing the pillars of corporate governance

Tables (5,6,7,8,9) below shows the means and standard deviation of the paragraphs relating to the contribution of internal control to enhancing the pillars of corporate governance.

##### 4.3.1 Descriptive statistics of the contribution of internal control efficiency to enhancing corporate governance pillars

The table (5) shows the means and standard deviation of the paragraphs relating to the contribution of internal control efficiency to enhancing the pillars of corporate governance, it points out that the means of respondents answers on all paragraphs as a whole was 4,05 and the standard deviation was 0,60. It's clearly indicates that the respondents believe that the internal control efficiency contributes at a high degree in enhancing the pillars of corporate governance.

**Table 5. Descriptive statistics of the first axis**

The first axis items	Mean	StdD	Degree
The existence of an agreement or contract denouncing the responsibility of management in setting and developing an appropriate internal control system for the company;	3,83	0,857	High
The existence of written and clear guide determining the company's business policies and procedures;	4,46	0,611	High
The existence of an internal audit function independent of management within the company;	4,23	0,731	High



Taking into consideration the notes of the legal auditor as a result of his duties related to evaluating the company's internal control system;	3,77	1,165	High
Recouring to a qualified external auditor to contributes to the evaluation and development of the internal control system, under a contractual mission.	3,94	0,725	High
<b>First axis overall</b>	<b>4,05</b>	<b>0,60</b>	<b>High</b>

Source: realized by the researchers using SPSS V.22 outputs

#### 4.3.2 Descriptive statistics of the contribution of internal control to enhancing the Fairness pillar of corporate governance

The table (6) shows the means and standard deviation of the paragraphs relating to the contribution of internal control to enhancing the fairness pillar of corporate governance, it points out that the means of respondents answers on all paragraphs as a whole was 3,81 and the standard deviation was 0,96. It's clearly indicates that the respondents believe that the internal control contribute at a high degree in enhancing the fairness pillar of corporate governance.

**Table 6. Descriptive statistics of the second axis**

The second axis items	Mean	Std D	Degree
The existence of a clearly defined policies and procedures by the management to preserve the company assets;	3,83	1,248	High
The existence of clearly defined policies and procedures regarding transactions with related parties and exceptional transactions;	4,00	0,970	High
The existence of clearly defined policies and procedures regarding rewards and dividends;	3,71	1,126	High
The existence of clearly defined policies and procedures regarding (organization, functioning, members) of the general assembly;	3,71	1,073	High
Existence of clearly defined formal policies and procedures regarding minority rights.	3,77	1,114	High
<b>The second axis overall</b>	<b>3,81</b>	<b>0,96</b>	<b>High</b>

Source: realized by the researchers using SPSS V.22 outputs

#### 4.3.3 Descriptive statistics of the contribution of internal control to enhancing the Accountability pillar of corporate governance

The table (7) shows the means and standard deviation of the paragraphs relating to the contribution of internal control to enhancing the accountability pillar of corporate governance, it points out that the means of respondents answers on all paragraphs as a whole was 4,20 and the standard deviation was 0,50. It's clearly indicates that the respondents believe that the internal control contribute at a high degree in enhancing the accountability pillar of corporate governance.

**Table 7. Descriptive statistics of the third axis**

The third axis items	Mean	Std D	Degree
The existence of policies and procedures that defines the organizational structure of the company in detail and clearly;	4,11	0,758	High

The existence of policies and procedures that clearly define the responsibilities associated with each job within the company;	4,46	0,505	High
The existence of policies and procedures that clearly define the powers granted to each administrative level;	4,34	0,765	High
The existence of a clear philosophy about the company's internal control system and defining the way of work.	3,89	0,758	High
<b>The third axis overall</b>	<b>4,20</b>	<b>0,50</b>	<b>High</b>

Source: realized by the researchers using SPSS V.22 outputs

#### 4.3.4 Descriptive statistics of the contribution of internal control to enhancing the Responsibility pillar of corporate governance

The table (8) below shows the means and standard deviation of the paragraphs relating to the contribution of internal control to enhancing the responsibility pillar of corporate governance, it points out that the means of respondents answers on all paragraphs as a whole was 3,96 and the standard deviation was 0,73. It's clearly indicates that the respondents believe that the internal control contribute at a high degree in enhancing the responsibility pillar of corporate governance.

**Table 8. Descriptive statistics of the fourth axis**

The forth axis items	mean	std d	degree
the existence of an internal control environment that provides a commitment to honesty and ethical values to reduce the risk of exceeding moral and legal limits;	3,83	1,043	high
the existence of clear policies and procedures on the management of human resources (such as recruitment, promotion, dismissal...etc);	4,23	0,877	high
the risks identification and analysis allow long-term sustainability;	4,23	0,426	high
developing codes of ethical conduct for managers and their executives that encourage decision-making in a responsible manner.	3,54	1,197	high
<b>The forth axis overall</b>	<b>3,96</b>	<b>0,73</b>	<b>high</b>

Source: realized by the researchers using SPSS V.22 outputs

#### 4.3.5 Descriptive statistics of the contribution of internal control to enhancing the Transparency pillar of corporate governance

The table (9) below shows the means and standard deviation of the paragraphs relating to the contribution of internal control to enhancing the transparency pillar of corporate governance, it points out that the means of respondents answers on all paragraphs as a whole was 3,95 and the standard deviation was 0,70. It's clearly indicates that the respondents believe that the internal control contribute at a high degree in enhancing the transparency pillar of corporate governance.

**Table 9. Descriptive statistics of the fifth axis**

The fifth axis Items	Mean	StdD	Degree
The existence of audit committees to facilitate communication between the internal audit department and the board of directors;	3,66	1,187	High

Identify and analyze of risks when preparing financial statements;	3,66	1,083	High
The existence of an efficient information systems in the company;	4,06	0,873	High
The use of modern means of communication that allow access to information about the company by shareholders and stakeholders;	4,06	1,056	High
The presence of external bodies (external auditor) to supervise and judge the effectiveness of the internal control system.	4,34	0,591	High
<b>The fifth axis overall</b>	<b>3,95</b>	<b>0,70</b>	<b>High</b>
<b>Overall statistics of all the paragraphs of the contribution of internal control to enhancing corporate governance pillars</b>	<b>3,99</b>	<b>0,60</b>	<b>High</b>

Source: realized by the researchers using SPSS V.22 outputs

Furthermore, the table above shows also the means and standard deviation of all the paragraphs relating to the contribution of internal control to enhancing the pillars of corporate governance in overall, it points out that the means of respondents answers on all paragraphs in overall was 3,99 and the standard deviation was 0,60. It's clearly indicates that the respondents believe that the internal control contribute at a high degree in enhancing the pillars of corporate governance.

#### 4.4 Hypotheses testing

The following hypotheses were tested using one sample t-test at 95% degree of confidence, according to the decision rule the null hypothesis would be accepted if the tabulated (T) is larger than the calculated (T), the results of this test for our study are represented in table (6) below:

**Table 10. One-sample T-test results of the study**

Hypotheses	Mean	Calculated T	Tabulated T	Sig.
H1	3,99	9,81	2,03	,000
H1/1	4,05	10,24	2,03	,000
H1/2	3,81	4,97	2,03	,000
H1/3	4,20	14,12	2,03	,000
H1/4	3,96	7,77	2,03	,000
H1/5	3,95	8,01	2,03	,000

Source: realized by the researchers using SPSS V.22 outputs

#### First-sub hypothesis (H1/1)

Table (10) above shows that the value of calculated (t) for the First-sub hypothesis is amounted to 10,24 with the significance level of 0,000, which is larger than the tabulated (t) value at the level of significance of 0,05. These results proved this hypothesis is accepted, which states that: the efficiency of the internal control system contribute in enhancing the pillars of corporate governance.

#### Second-sub hypothesis (H1/2)

According to the table (10) above the value of calculated (t) for this hypothesis is amounted to 4,97 with the significance level of 0,000, which is larger than the tabulated (t) value at the level of significance of 0,05. These results proved this hypothesis is accepted,

which states that: the internal control system contribute in enhancing the fairness pillar of corporate governance.

**Third-sub hypothesis (H1/3)**

Table (6) above indicates that the value of calculated (t) for the third-sub hypothesis is amounted to 14,12 with the significance level of 0,000, which is larger than the tabulated (t) value at the level of significance of 0,05. Therefore, this hypothesis is accepted, which states that: the internal control system contributes in enhancing the accountability pillar of corporate governance.

**Fourth-sub hypothesis (H1/4)**

Table (10) above illustrates that the value of calculated (t) for this hypothesis is amounted to 7,77 with the significance level of 0,000, which is larger than the tabulated (t) value at the level of significance of 0,05. Based on the foregoing this hypothesis is accepted, which states that: the internal control system contributes in enhancing the responsibility pillar of corporate governance.

**Fifth-sub hypothesis (H1/5)**

Table (10) above shows that the value of calculated (t) for the fifth-sub hypothesis is amounted to 8,01 with the significance level of 0,000, which is larger than the tabulated (t) value at the level of significance of 0,05. Therefore, this hypothesis is accepted, which states that: the internal control system contributes in enhancing the transparency pillar of corporate governance.

**Main hypothesis (H1)**

From the results of testing the sub-hypotheses and according to the results indicated in table (10) above, we can see that the value of calculated (t) for the main hypothesis is amounted to 9,81 with the significance level of 0,000, which is larger than the tabulated (t) value at the level of significance of 0,05. From here we can conclude that the internal control system contributes in enhancing the pillars of corporate governance.

**5. Conclusion**

The objective of this study was to examine the role of internal control system in enhancing corporate governance pillars as well as to determine how can the internal control system contributes to the enhancement of each pillar of these pillars (fairness, accountability, responsibility and transparency) in the context of Algerian economic environment, and we reached the main following results:

- The existence of a written and clear guide determining the company's business policies and procedures and the existence of an independent internal audit function within the company is mandatory for the efficiency of internal control system to contributes in enhancing the pillars of corporate governance;
- Internal control system contributes to enhance the fairness pillar of corporate governance by the existence of a clearly defined policies and procedures regarding transactions with related parties and exceptional transactions and the existence of policies and procedures about preserving the company assets;

- Internal control system contributes to the enhancement of accountability pillar of corporate governance, by the existence of policies and procedures that clearly define the responsibilities associated with each job and the powers granted to each administrative level within the company;
- The existence of clear policies and procedures on the management of human resources and the risks identification and analysis that allows long-term sustainability, contributes to the enhancement of responsibility pillar of corporate governance;
- The presence of external bodies (external auditor) to supervise and judge the effectiveness of the internal control system and the existence of an efficient information systems in the company contributes to the enhancement of transparency pillar of corporate governance.

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