

Institutionalization of the Internal Audit System (IAS), Awareness and Effectiveness Towards Good Governance and Sustainable Development at Pangasinan State University

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Abstract- *This paper intended to determine the level awareness of PSU personnel on the IAS; its effectiveness in achieving good governance and sustainable development; the perceived problems in the institutionalization of the IAS considering it is the newest Office in the University and the acceptability of policy recommendations to address the perceived problems. One hundred PSU Lingayen employees, constituting 50 teaching and 50 non-teaching personnel participated in this study. The descriptive survey method was employed in data gathering. Findings revealed that the awareness level of employees, both teaching and non-teaching have a low level of awareness especially in terms of plantilla positions and components. Its effectiveness is perceived as low as well considering that awareness level is low. The perceived problems are mostly focused on inadequate information and education; hence awareness level is low. Acceptability of proposed policies to enhance its implementation at PSU. The proponent established that there is a very low level of awareness on the Internal Audit System, hence the corresponding insignificant number of employees perceiving the policy as effective in achieving good governance and sustainable development. They have a clear insight, however on the problems to which low level of awareness and effectiveness can be attributed. The policy recommendations presented to them are highly acceptable. The employees will fully cooperate in supporting the IAS as long as they are knowledgeable on its mandate and benefits to the organization. It is recommended that the orientation of personnel be planned and set; IAS Campus coordinators should be designated; education and information campaign should be intensified; initial baseline assessment should be conducted to identify internal controls in place and the distribution of IEC materials.*

Keywords- *internal audit system, good governance, sustainable development, Pangasinan State University Lingayen Campus*

INTRODUCTION

This study was conceptualized to determine the level of awareness and the perceived effectiveness of the Internal Audit System ⁽¹⁾ as an essential tool in the pursuit of good governance among employees at Pangasinan State University, Main and Lingayen Campus. Should the data reveal that awareness level is low, measures can be instituted to intensify information and education strategies to address this impasse, relying in the dictum that a “well-informed citizenry is an empowered citizenry” ⁽²⁾

A healthy governance system leads to sustainable development ⁽³⁾. A well-placed IAS is a reform measure which ensures that integrity systems are in place while continuously upholding public accountability and promoting a culture of excellence in public service delivery ⁽⁴⁾.

OBJECTIVES OF THE STUDY

This research intended to determine the awareness of PSU personnel on the Internal Audit System; Identify the effectiveness of the IAS in achieving good governance and sustainable

development; Recognize the perceived problems in the institutionalization of the IAS and Know its Acceptability of policy recommendations to improve the implementation of the IAS

MATERIALS AND METHODS

The research will employ the Descriptive Quantitative and qualitative research design, applying normative survey. This study can be considered an empirical research because the proponent is part of the Provincial Accountant’s Office. Empirical research is based on direct experience

The normative survey is an extension of the descriptive-survey, with the addition being the normative element. In the descriptive-normative survey, the results of the study should be compared with the norm.

The proponent selected 50 teaching and 50 non-teaching personnel from Pangasinan State

University’s Linagyen campus to participate in this study.

The researcher designed a Questionnaire as data gathering tool. The Likert Scale was used in the questionnaires. This is a type of psychometric response scale in which responders specify their level of awareness on the IAS, its effectiveness in achieving good governance and sustainable development and the acceptability of policy recommendations to improve its implementation at Pangasinan State University.

To interpret and analyze data, they were subjected to statistical treatments which include Percentage, one of the most frequent ways to represent statistics. Another tool is Weighted Mean, A mean where some values contribute more than others. When the weights add to 1: just multiply each weight by the matching value and sum it all up. Otherwise, multiply each weight w by its matching value x, sum that all up, and divide by the sum of weights

Table 1

Level of Awareness of PSU Personnel on the Internal Audit Services

PARAMETERS	FREQUENCY	PERCENTAGE	AWARENES S LEVEL
a. Office Functions and Mandate	50	50%	low
a. Plantilla Positions	43	43%	very low
a. Legal Basis for institutionalization	38	38%	very low
a. Purpose for Institutionalization	50	50%	low
a. Components of IAS	25	25%	very low

Legend

0-25%	-	Very Low
26-50%	-	Low
51-75%	-	High
76-100%	-	Very High

Table 1 presents the level of awareness of respondent employees on the Internal Audit System.

It can be gleaned from the data gathered that only 50% or half of the respondents have a low awareness of the purpose of institutionalization as well as the functions and

mandate of the Office. Respondents have a very low awareness level in terms of the plantilla positions, components as well as the legal basis of the IAS. These findings imply that PSU employees have a very low level of awareness on the IAS.

Table 2

The Effectiveness of the IAS in Achieving Good Governance and Sustainable Development

PARAMETERS	FREQUENCY	PERCENTAGE
a. Internal Controls assessed	47	47%
b. Achieving Control Objectives	45	45%
c. Safeguard assets	48	48%
d. Check accuracy and reliability of accounting data	51	51%
e. Adherence to management policies	55	55%
f. Compliance with established standards (Constitution, laws, Presidential Issuances, Issuances of oversight and regulatory bodies, Agency issuances)	53	53%
h. Compliance with the 4E's of Operation (Efficiency, Effectiveness, Ethical, Economical)	39	39%

Table 2 exhibits the effectiveness of the IAD in achieving good governance and sustainable development. The data gathered reveal that 53% perceive that it is effective in terms of complying with standards; 51% say that it is effective in checking the accuracy of accounting data; 48% in safeguarding assets; 47% in terms of internal

controls assessed and 39% in terms of compliance with the 4Es of operation. The number and percentage of respondents whose perception on the IAS is effective is considered minimal. It is expected considering their awareness on the IAS is likewise very low.

Table 3

Perceived Problems in the Institutionalization of the IAS at PSU

PERCEIVED PROBLEMS	FREQUENCY	PERCENTAGE
a. Unclear functions	98	98%
b. Overlapping with Internal audit functions of the IQA	87	87%
c. No plantilla positions available for personnel	100	100%
d. Inadequate information and education among employees	99	99%
e. Low level of acceptability	35	35%

Table 3 shows the perceived problems on the institutionalization of the IAS.

The findings disclose that 100% of employees perceive the absence of plantilla positions for IAS personnel; 99% state that information and education campaign among employees is inadequate; 98% perceive that functions are unclear; 87% say there is an overlapping of functions between the IAS and the

IQA and 55% articulate the low acceptability level among employees.

These problems are the reasons causing low awareness level and perception on effectiveness. There is a low percentage of employees enunciate that acceptability is not perceived as a problem because they believe that the law institutionalizing the IAS will not be enacted should it not have a sound and noble intent

Table 4
Acceptability of Policy Recommendations to Enhance the Implementation of the IAS at PSU

POLICY RECOMMENDATIONS	FREQUENCY	PERCENTAGE
a. Personnel Orientation	100	100%
b. Designating Coordinators in all Campuses	98	98%
c. Intensify information and education campaign on the IAS	100	100%
d. Conduct initial baseline assessment to determine strength of controls	91	81%
e. Distribute IEC Materials on the IAS	95	95%

Table 4 reveals the acceptability of policy recommendations to improve the implementation of the IAS.

The data manifest that 100% of employees suggest an orientation of employees and the intensification of information and dissemination campaign; 98% on the designation of Campus coordinators; 95% on the distribution of IEC materials on the IAS and 91% on the conduct of baseline assessment to determine the strength of controls in place. These findings imply that the policy recommendations are very acceptable on the part of employees who support them to improve the implementation of the IAS

CONCLUSIONS AND RECOMMENDATIONS

Based on the data gathered, it is established that there is a very low level of awareness on the Internal Audit System, hence the corresponding insignificant number of employees perceiving the policy as effective in

achieving good governance and sustainable development. They have a clear insight, however on the problems to which low level of awareness and effectiveness can be attributed. The policy recommendations presented to them are highly acceptable. The employees will fully cooperate in supporting the IAS as long as they are knowledgeable on its mandate and benefits to the organization. PSUnians are very compliant after all.

Based on the conclusions established, then proponent recommends Personnel Orientation; Designating Coordinators in all Campuses; Intensifying information and education campaign on the IAS; Conducting initial baseline assessment to determine strength of controls and Distributing IEC Materials on the IA

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