

Analysis of the Internal Accounting, Administrative and Financial Control of the Municipal GAD of the Palenque, 2022

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Abstract

This research study focuses on the analysis of internal control in relation to administrative, accounting and financial management, with the purpose of identifying critical points and deficiencies present. The data collected during the investigation carried out in the financial department and in the administrative area, where the delivery of specifications for coordination with the National Public Procurement System (SERCOP) is planned, reveal the existence of shortcomings in control practices. Control risks were mainly observed as risk factors, and the improper application of internal control procedures affects the internal processes of the finance department. It is essential for the Decentralized Autonomous Government of Palenque to identify development mechanisms to address existing problems and provide quality and timely works and services projects, thus guaranteeing the social and economic development of the population. In this research, the focus is to analyze and determine a solution scheme to mitigate deficiencies in accounting, administrative, and financial management. This involves designing control documents and determining tools that facilitate the improvement of internal control in the Decentralized Autonomous Government of the Palenque Canton.

Keywords: *internal control, administrative management, finance, risks.*

Introduction

This study focuses on the internal control of accounting, administration and financial management in the decentralized autonomous government of the state of Palenque to avoid delays in processes and implement actions that contribute to the improvement of the state.

As established in Article 238 of the Ecuadorian Constitution (2008), the country's Decentralized Autonomous Government (GAD) is a decentralized entity with political, administrative, and financial autonomy. The day-to-day reality of local governments across the country means that they face significant changes in laws, regulations and standards that require them to update their accounting, financial and administrative controls and adopt new strategies to achieve satisfactory results.

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According to Moncayo et al. a. (2023a), critical thinking should be used in decision-making. This study examines the internal control processes used in accounting, financial, and administrative management and emphasizes that internal controls are a means of providing a reasonable level of assurance to measure the effectiveness and efficiency of day-to-day operations.

This work addresses the definition of the research topic, analyzes and explains the problem, determines causes and effects, and promotes development among professionals and students in this field (Moncayo, 2023b). It emphasizes the importance of conducting research by contextualizing it, defining the problem, and justifying and specifying achievable goals at the macro, meso, and micro levels.

It also establishes relationships between variables underpinning theoretical frameworks through research on similar topics, the legal framework underpinning the research, and basic concepts of learning and understanding. Research methodology is generally understood in terms of form, approach, level of research, sampling, operationalization of variables, and information processing.

The lack of accounting, administrative and financial management procedures and guidelines created serious development problems and led to a waste of resources. In addition, the lack of evaluation and monitoring of internal controls did not allow timely adjustments to be made to implement management in accordance with relevant interests. The analysis and interpretation of the survey results are explained in detail and the questions are presented in statistical graphs and frequency tables for effective interpretation. Hypotheses about decentralized self-government in the Palenque Canton will be tested. An internal control analysis is performed.

According to the researchers Encalada, Álvarez, Zutira and Pillaga (2021), this makes it possible to optimize the use of public resources, reducing delays in processes and defects in the execution of tasks through the use of indicators. Research, conclusions and recommendations.

Methodology

This research study is based on a mixed approach that encompasses both qualitative and quantitative perspectives. It focuses on the analysis of financial tools and management principles with the aim of informing decisions.

According to Sánchez (2019), the qualitative aspect of research is based on evidence that leads to a deep description of the phenomenon, seeking to understand and explain it through the application of methods and techniques derived from epistemic conceptions and foundations such as hermeneutics, phenomenology and the inductive method.

On the other hand, according to Padilla & Marroquín (2021), in terms of the quantitative approach, research works under this methodology quantify variables that are observed, described, measured or subjected to some controlled experimentation. It is emphasized that field research in its generality corresponds to a determining phase of the process of direct knowledge of social actors and their collective dynamics. (Sandoval, 2022)

The field research was used directly in the facilities of the Decentralized Autonomous Municipal Government of the Palenque Canton, allowing direct contact with its directors, financial and administrative department, as well as with the public, to verify the functioning of the Municipality and the situation of the problem that was being analyzed. This was a necessary source of information for the researcher. The techniques used were observation and survey.

For Véliz et. al (2021), bibliographic methodology is the type of research carried out in arguments or research of a scientific nature, which contributes to the development of new knowledge.

An exhaustive analysis was carried out of the information provided by books, degree theses, legal basis and Internal Control Standards issued by the Comptroller's Office, among other resources. The objective was to understand the scientific and legal contributions studied, establishing connections through comparisons, analyses, differentiations and projections. This approach allowed a clearer view of the past behavior of accounting, financial and administrative management.

Results and discussion

According to Piedra, et. al. (2021), the population is a defined, limited and accessible set of the universe that forms the referent for the choice of the sample. This is the group to which the results are intended to be generalized.

As previously indicated, the population used in this research was composed of both administrative (departments: Finance, Accounting, Treasury) and operational personnel. These positions were directly involved in the problems established. The study population, composed of 18 individuals, is presented below:

The population of the Decentralized Autonomous Government of the Canton of Palenque is distributed in three areas:

1. General Services Area
2. Social Services Area
3. Communal Services Area

The statement of the researchers Torres, Salazar & Paz (2019) underlines the importance of a meticulous and well-planned data collection process. This involves setting clear goals in terms of the level of detail and depth of information you are looking to collect. Following this orientation, a table can be structured that highlights the key elements of the data collection process, highlighting its planning and the objectives pursued. See Table 1.

Table 1. Information Collection Plan

Questions	Analysis
For what?	To test the hypothesis: Internal control in accounting, administrative and financial management in the Decentralized Municipal Autonomous Government of the Palenque Canton
From what person or object?	Decentralized Autonomous Municipal Government of the Canton of Palenque
On what aspects?	Internal control in accounting, administrative and financial management in the Decentralized Autonomous Municipal Government of the Palenque Canton
Who?	To the Financial, Administrative and Operational Department
When?	From January 2022 to December 2022
Where?	In the Financial, Administrative and Operational Department

When?	According to needs
How?	Through the application of surveys and observation
With what?	Own resources

Source: Bibliographic research

Prepared by: Authors

In the area of management and supervision, conducting regular evaluations plays a crucial role. These evaluations allow you to analyze an organization's performance, ensuring that its goals and objectives are aligned with established expectations. In this context, the fundamental question is addressed: Are periodic evaluations carried out to determine compliance with the proposed goals and objectives? See Table 2.

Table 2. Periodic evaluations are carried out to determine compliance with the proposed goals and objectives.

Alternative	Frequency	Percentage
Yes	10	58%
No	8	42%
Total	18	100%

Source: Tabulated data from the survey conducted

Prepared by: Authors

The analysis of the data reveals that a periodic evaluation process is carried out in the entity or organization, with an affirmative result of 58%. This percentage indicates a majority of "Yes" answers regarding the implementation of regular evaluations to determine compliance with the proposed goals and objectives. On the other hand, 42% of "No" responses suggest that a significant segment does not yet have regular evaluations. This ratio raises the need to explore the reasons behind the lack of implementation of this process, as the absence of periodic evaluations could affect the entity's ability to monitor and adjust its performance towards achieving its goals.

Overall, this analysis highlights the importance of periodic evaluation as a fundamental tool for monitoring and continuous improvement in the field of goal and objective management. In addition, it suggests areas of opportunity for those instances that have not yet adopted this approach, emphasizing the relevance of implementing practices that facilitate more effective and results-oriented management.

In the context of the administrative-financial management of an entity, the fundamental question arises about the perception of the use of effective internal control. The key question is: Do you consider that the entity implements adequate internal control in its accounting, administrative-financial management to address and correct possible shortcomings? This research highlights the importance of self-regulation and corrective capacity in the administrative-financial environment, seeking to understand the respondent's perspective regarding the effectiveness of the internal controls implemented in the entity in question. See Table 3.

Table 3. The entity implements adequate internal control in its accounting, administrative-financial management.

Alternative	Frequency	Percentage
Yes	12	67%
No	6	42%
Total	18	100%

Source: Tabulated data from the survey conducted

Prepared by: Authors

Analysis of the data reveals an apparent discrepancy in the results, as the sum of the "Yes" and "No" answers exceeds 100%. There may be a typo in the data provided, as there should be no overlap in the percentages. If we assume that the intention is to present the results correctly, we will consider the total to be 100%. In this case, the bank has a majority of affirmative responses, with 67% indicating that it is perceived to implement adequate internal control in its accounting, administrative-financial management. On the other hand, 42% of "No" answers suggest that a significant segment of respondents have doubts or perceive deficiencies in the internal control implemented by the entity.

This analysis highlights the importance of constantly evaluating and improving the internal control systems in the accounting, administrative-financial management of the entity. In addition, it suggests the need to further investigate specific areas of concern raised by those who perceive that internal control may not be adequate. This would make it possible to address and correct possible shortcomings in order to strengthen the effectiveness of internal management.

In the field of administrative-financial management, the fundamental question arises about the perception of the usefulness of carrying out studies, analyses or observations. The key question is: Do you think that carrying out studies, analyses or observations will contribute to improving and/or correcting aspects related to accounting, administrative-financial management? This question seeks to explore the respondent's perspective regarding the effectiveness of research and analysis in identifying and solving problems in the administrative and financial sphere of an entity or company. See Table 4.

Table 4. Carrying out studies, analyses or observations will contribute to improving and/or correcting aspects related to accounting, administrative-financial management.

Alternative	Frequency	Percentage
Yes	10	53%
No	8	47%
Total	18	100%

Source: Tabulated data from the survey conducted

Prepared by: Authors

The analysis of the data reveals that there is a divided perception among the respondents in relation to the effectiveness of carrying out studies, analyses or observations to improve and/or correct aspects related to accounting, administrative-financial management. 53% of affirmative responses indicate that the majority of respondents consider that carrying out studies and analyses will be beneficial to improve and correct

specific areas in accounting and administrative-financial management. On the other hand, 47% of negative responses suggest that a significant segment has doubts or disagrees with the effectiveness of such practices in addressing improvements and corrections in accounting and financial management.

This analysis highlights the importance of addressing diversity of perspectives in the context of decision-making related to the improvement of administrative and financial processes. In addition, it underlines the need to communicate and demonstrate the usefulness and effectiveness of studies and analyses to build trust and consensus in the implementation of corrective measures and improvements.

An essential question arises related to accounting, administrative-financial management: What, from your perspective, are the factors that lead to deficiencies in this management? The question is essential to explore the respondent's perception of the possible causes that can lead to shortcomings in the accounting and administrative-financial field of an entity or company. This approach seeks to identify and understand the variables that participants consider critical for efficient management in these specific areas. See Table 5.

Table 5. Factors that lead to deficiencies in this management.

Alternative	Frequency	Percentage
Lack of communication between departments	10	53%
Delays in the delivery of information	8	47%
Total	18	100%

Source: Tabulated data from the survey conducted

Prepared by: Authors

The results indicate that, according to the perception of the participants, two main factors lead to deficiencies in accounting and administrative-financial management. 53% of respondents identify a lack of communication between departments as a critical contributing factor to deficiencies in this area. On the other hand, 47% point to delays in the delivery of information as another key aspect that generates shortcomings in accounting and administrative-financial management.

This analysis underlines the importance of addressing internal communication between departments and ensuring prompt delivery of information to improve efficiency and effectiveness in accounting and administrative-financial management. Identifying and resolving these factors can be crucial to optimizing processes and ensuring more effective performance in these key areas of the organization.

Conclusions

The majority of respondents (67%) believe their organization implements adequate internal controls in accounting, administration, and financial management. This reflects significant confidence in the effectiveness of our established internal controls.

There is disagreement about the usefulness of conducting research, analysis or monitoring to improve and change aspects of accounting and administrative-financial management. Although 53% of participants found these practices useful, 47% doubted or disagreed with their effectiveness.

According to the participants, there are two main factors that are important: Lack of communication between departments was considered a factor causing deficiencies in accounting, administration and financial management by 53%. In addition, 47% indicated

that delays in the provision of information are another important aspect contributing to deficiencies in these areas.

The discrepancy between the usefulness of research and analysis highlights the need to demonstrate and demonstrate the effectiveness of these practices. Likewise, addressing the lack of interdepartmental communication and delays in the provision of information presents itself as a key opportunity to improve the effectiveness and efficiency of accounting and administrative-financial management.

Taken together, these findings indicate that while there is confidence in the implementation of internal controls, participants identified areas for improvement, particularly those related to internal communication and information management. These findings serve as a valuable basis for strategic decision-making and implementation of corrective actions to strengthen the company's accounting and administrative-financial management.

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