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PROGRAMME**

**EFFECT OF INTERNAL CONTROL SYSTEM ON
OPERATIONS OF NIPPON TELEGRAPH &
TELEPHONE CORPORATION
(NTT MYANMAR)**

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(EMBF_5th BATCH)**

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**EFFECT OF INTERNAL CONTROL SYSTEM ON OPERATIONS
OF NIPPON TELEGRAPH & TELEPHONE CORPORATION
(NTT MYANMAR)**

A thesis submitted as a partial fulfillment towards the requirements for
the degree of Executive Master of Banking and Finance (EMBF)

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ABSTRACT

The study aims to provide that the effect of internal control system on performance of operation in Nippon Telegraph Corporation (NTT COM/Myanmar). In this study, 65 respondents (50% of total population) who are working at middle and top management levels at NTT are taking part of the study. Statistical survey is made by examining the internal control system practices based on performance efficiency of operation of NTT. The objective of the study is to analyze the effect of internal control system on operational performance of NTT organization. The study used both primary and secondary techniques to collect the data and by using the descriptive method. Moreover, the study examines the relationships of the current organization internal control system in terms of operational performance effectiveness. In the model, the analysis, the result shows that there is significant effect of independent variables to effect of operation performance of NTT. However, this data found that some weaknesses of control environment and control activity management need to be considered for implementation for the future. Therefore, NTT should maintain the good practices of internal control system with strong technology, good efforts in management cooperate together with employee. In the model, the analysis, the result shows that there is significant effect of independent variables to effect of operation performance of NTT. The conclusion of the study, the internal control systems are effected on the operational performance but some factors still having weaknesses. therefore, management need to be considered for implementation for future.

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LIST OF ABBREVIATIONS

AICPA	- The American Institute of Certified Public Accountants
COSO	- Committee of Sponsoring Organizations of the Tredway Commission
DOCOMO	- the largest mobile phone network operator in Japan.
ICT	- Information and Communication Technologies
IT	- Information Technology
IFRS	- International Financial Reporting Standards
NTT	- Nippon Telegraph and Telephone Corporation

CHAPTER I

INTRODUCTION

Every organization, most important internal control system commonly comprises of the effectiveness of internal control system on financial and operational accountability. Effective internal control systems are proposed to provide the owners and managers of a company with some assurance that business goals are met. These goals are defined by the group and individual most interested in the particular goals. Controls over the financial reporting process, these controls are target the manual and technological processes that bring transactions from initiation all the way of financial reports, designed to prevent or detect errors that could lead to the release of false financial information to concern parties. Controls over authority requirements, a business has to comply with laws and regulations that often carry tough penalties if broken, so management establishes controls. Managers, investors, and regulatory agencies are all interested in this category of controls.

According to New York State Internal Control Task Force Report (2006) the fundamental principles of internal control are rooted in well-established organizational techniques and practices. The basic components of internal control are control environment, information and communication, risk assessment, control activities, and monitoring. Some of big organizations even they have strong internal control system in the other hand face to some other weaknesses may manifest themselves as inconsistent application, frequent discrepancies and a lack of acceptance by employees. Assessment of internal company controls has to look for such weaknesses and make corresponding changes using the strong controls as a model, a system of controls are not provide absolute assurance that the control objectives of an organization will be met. Instead, there are several inherent limitations in any system that reduce the level of assurance (Markgraf, 2018).

Nippon Telegraph and Telephone Communications (NTT) was established in 1999 as a subsidiary of Nippon Telegraph and Telephone Corporation. The principal NTT subsidiary engaged in long distant and international telecommunications service, the largest telecommunications company in Japan and one of the largest worldwide. NTT provides technologies, devices, equipment, facilities, networks, security and solution services. NTT Group has more than 30 companies in the Asia-pacific region, Europe and Americas. It has a clearly state mission that is known and

understood by everyone in the organization, good internal control will provide "reasonable assurance" goals and objectives are met. Company did begin a set of internal policies, operational policies, financial systems and procedures. The performance of duties should be measured at every level of organization.

1.1. Rationale of the study

An organization designed to rapidly develop a scalable business model huge number of people in a meaningful way, it's not worth doing. Thesis aim to study how to get the result of internal control strong point and weak point of effectiveness and also investigate the operational risk-taking and explore examples associated with this type of default risk. This thesis showed ensure a reduction in some of restricted policy. Specifically, controls to protect, with detailed procedures on how to setup, plan and implement internal control systems however in reality, due to the experience level of managers that were tasked to develop or implement or due to time-pressures and tight deadlines and constantly changing business. The important stage is to make sure an adequate internal control that support to reduce the losses from scams and errors.

That look at preparation of more information data sets to ensure better reporting accuracy, financial statements that deemed reliable, prepared and conducted in accordance with provisions of applicable law, banking and financial industry regulation (including international financial reporting standards IFRS). Overall, gaps identified institutional resources that have been unearthed and also a number of strategic decisions made have not yielded the expect results. This clearly demonstrates a weakness in the internal control system and the ability of the management team to follow principles set-out in internal control, and it is based upon these factors for why this researcher has decided to conduct and investigated, analyzed and share a set of recommendations that may remedy of NTT.

To maintain monitoring, control activities, risk management, control environment management's objectives of information and communication. Preventive controls techniques-designed to discourage errors or irregularities from occurring to achieve safeguarding as assets limiting and access of authorization. They had security of assets, error handling, segregation of duties. Moreover approvals, authorizations, and verifications, detective controls techniques- designed overall efficiency among firms engaged in similar type of operations for the purpose of bringing improvement in efficiency and indicating the weaknesses on some part of operation process.

1.2. Objective of Study

The main objectives of study are as follows:

- (1) To identify the current practices and the procedures of internal control system in NTT Communications.
- (2) To analyze the effect of internal control system on performance of operations in NTT Communications Organization.

1.3. Scope of Method of the Study

This study focused on internal control system practice of Nippon Telegraph and Telephone corporation (NTT). This study targeted to analyze the current internal control system structure and practices in NTT. This research is designed to collect data from 90 employees top management and middle management (Manager level inclusive departmental head and operational supervisor respective departments of NTT). The questionnaires consist of five section: control environment, risk assessment, control activities, information and communication and monitoring. This study used descriptive and quantitative research method to testify the result. Multiple regression analysis is used to analysis the internal control system and descriptive statistics is used to describe demographic background and respondents. Both primary and secondary data are obtained. Primary data are collected by interviewing with structured questionnaire. Secondary data is used from NTT's audited annual financial reports, newsletter and previous thesis papers and website.

1.4. Organization of the Study

This thesis is divided into five chapters. It starts with chapter one introduction of the study including rationale of study, objectives of study, scope and method of study and organization of the study. Chapter two presents the theoretical background of the internal control system with operational performance and conceptual framework for this thesis. is discussed which external and internal of organization fundamental and principles. Chapter three provides the profile of NTT Communications Corporation business and Chapter four described the primary data information and data analysis. Finally, Chapter five presents a summary of the study findings as well as conclusion, recommendations and suggestions for further study.

CHAPTER II

THEORETICAL BACKGROUND OF THE STUDY

This Chapter introduces the definition of internal control system and types of internal control system. Moreover, principles of internal control system, components of an internal control system that provide systematic policies and procedures to achieve the organization's goals. Besides the limitation and effectiveness of internal control system and weaknesses of internal control system are described. And then the previous study of internal control system, and expressed the conceptual framework of the study.

2.1 Definition of Internal Control System

The definition of internal control was presented for the first time in 1949 by the American Institute of Certified Accountants (AICPA, 2014). It represented internal control as a plan and other coordinated means and ways by the enterprise to keep safe its assets, check the coherency and reliability of data, to increase its effective and to ensure the settled management politics. The good internal controls help ensure that employees carry out the work according to company policies and procedures. Internal control strengths include simplicity, wide acceptance and effectiveness in making sure the company achieves its objectives.

Internal control means different things to different people (The Committee of Sponsoring Organizations of the Tread Way Commission (COSO 1994). Therefore, internal control is defined in many definitions since it impacts on the plenty of aspects of entities in various ways and creates some confusions amongst business owners, regulations and other stakeholders. Harrison argued and showed his opinion concluded in the definition about internal control which is as “a system of procedures implemented by company management. It is aim to follow company policy, promote operational efficiency, ensure accurate, reliable accounting records and comply with legal requirements.” (Harrison 2011).

COSO model defines internal control as effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Effective internal control system, the following five components work to support the achievement of an entity's mission, strategies and related business objectives, control environment, risk assessment, control activities, information and

communication and monitoring. control environment consists of integrity and ethical values, commitment to competence, board of directors and audit committee, management's philosophy and operating style, organizational structure, assignment of authority and responsibility, human resource policies and procedures. risk assessment consists of company-wide objectives, process-level objectives, risk identification and analysis, managing change. control activities incurred the policies and procedures, security (application and network), application change management, business continuity/backups, outsourcing. information and communication consists of quality of information and effectiveness of communication. monitoring consists of ongoing monitoring, separate evaluations and reporting deficiencies.

In 1992, the COSO model appeared; its analysis distinguished the concepts of risk and internal control Internal control refers to the process by which management structures an organization to provide that an entity operates effectively and efficiently, has a reliable financial reporting system and complies with applicable laws and regulations.

The Turnbull Report, first published in 1999, defined internal control conceded that there is no such thing as a perfect internal control system, as all organizations operate in a dynamic environment just as some risks recede into insignificance, new risks will emerge, some are will be difficult or impossible to anticipate. The purpose of any control system should be to provide reasonable assurance that the organization can meet its objectives. Control is a connect through which the performance of an enterprises is controlled to ensure its right actions in the future. (C Drury 2012).

Internal controls system consists a set of rules, policies, and procedures an organization implements to provide direction, efficiency and strengthen to policies. The system of internal control as internal control is best regarded as the whole system of controls, financial and otherwise, established by the management in the conduct of business including internal check, internal audit and other forms of control.

Internal control is the process designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of the entity's objectives concerning the stable of financial reporting, effectiveness, and efficiency of operations and compliance with applicable laws and regulations. It follows that internal control is designed and implemented to address identified business risks that threaten the achievement of these objectives.

According to Committee of Sponsoring Organizations (COSO), Internal control is the process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories. such as reliability of financial reporting, compliance with applicable laws and regulations, effectiveness and efficiency of operations. As per definitions of internal control systems have identified the main objectives of internal controls to be the assurance that organizational resources will be put to economic. To carry on efficient and effective use in order to achieve the objectives for which organization was set up.

2.2 Types of Internal Control System

Internal controls are the policies and procedures that an organization puts into place in order to protect its assets, ensure its accounting data is correct, maximize the efficiency of its operation .To promote the compliance among of employees. There are three main types of internal controls, detective, preventative and corrective.

2.2.1 Detective controls

Detective controls are designed to note errors and irregularities after they occur. Examples of these types of controls are exception reports, bank and general ledger reconciliations with periodic audits both independent external audits and internal audits which help to uncover errors, irregularities and noncompliance with laws and regulations.

2.2.2 Preventive Controls

Preventive controls are the most effective types of internal controls because they are put in place before errors or irregularities occurred and designed to keep the weakness from happening. Preventive controls are adequate separation of duties (not having the same person both authorize and process transactions), proper authorization of transactions (a supervisor authorizes a purchase by reviewing and approving the purchase request) and adequate documentation and control of assets (when purchases are made, there should be an approved purchase request and an invoice and receiving documents to show delivery of the items).

2.2.3 Corrective Controls

Corrective controls are designed to prevent errors and irregularities from reoccurring once they are discovered. The types of internal controls are policies and procedures for reporting errors and irregularities so they can be corrected, training employees on new policies and procedures developed as part of the corrective actions, positive discipline to prevent employees from making future errors and continuous improvement processes to adopt the latest operational techniques.

2.3 Principles of Internal Control

Starting point of creating an accounting system, organizations must establish a framework for internal control. The internal control process helps to ensure that the system is working well and that all of the employees involved are performing as expected. Having such an essential business function provides reasonable assurance by decreasing the likelihood of mistakes and safeguarding of the organization's assets. Therefore its significance, companies do well to consider the fundamental principles and procedures of internal control.

2.3.1 Responsibilities for Internal Control

Organization must clearly establish responsibilities in internal control activities. Assigning specific responsibilities to individuals ensures they understand what their part is in maintaining internal control. Whether internal control responsibility is consistently overlooked, an effective internal control system makes it clear who is not performing an assigned task.

2.3.2 Record Keeping Procedures

Memory is not authoritative tool, especially when dealing with large amounts of information or transactions. Having correct record-keeping procedures and enable companies to have an accurate history of transactions on hand. Such historical data allows for the organization to refer to it later, if a problem is discovered or if clarification is necessary.

2.3.3 Insurance and Bonding

Unfortunately, even the best internal control system may not prevent the loss of an asset. By insuring assets and bonding employees, an organization can rest

assured that it will be reimbursed for the value of an asset if the asset is stolen, or otherwise misappropriated.

2.3.4 Asset Records and Custody

The people who have physical access to cash and other assets are not the same people who keep the records relating to that asset. For example, the person responsible for keeping the petty cash records was the same person who had the key to the petty cash box, it would be easy for that person to help themselves to the cash while falsifying the petty cash record. Who keeps asset records should not be able to physically access the assets he is tracking.

2.3.5 Responsibility for Related Transactions

Sometimes, several tasks must be completed in order to complete a single transaction. It is important that different employees each perform the separate tasks making up the transaction. This ensures that more than one person was involved in completing the task, increasing the odds that any mistakes or fraudulent acts are discovered.

2.3.6 Technological Internal Controls

Thief alarms, electronic keypads and other technology-based security features can help the organizations protect assets. Technology can often go where people cannot, and can be on the job 24 hours a day without requiring extra pay or breaks. Smart companies augment their internal control activities and systems with appropriate and cost-effective technology.

2.4 Components of an Internal Control System

Hohler A. (2005) Internal controls are classified mainly into control environment and control procedures or activities, Statement of Auditing Standards (SAS, 30) However, (Larry E 2007) has stated five components of COCO's control framework as followed Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring. The components could be viewed as both the fundamental principles and aid planning evaluating and updating controls in any organization.

2.4.1 Control Environment

The control environment sets the an organization, influencing the control mindful of people. It is the foundation for all other components of internal control, providing discipline and structure. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the entity's people; management's philosophy and operating style, the way management assigns authority and responsibility of organizing and development to people. Attention and direction provided by the Board of directors.

Various factors comprise the control environment in an entity, among which are the following, integrity and ethical values, commitment to competence, board of directors and audit committee, management philosophy and operating style, organizational structure, assignment of authority and responsibility, human resource policies and practices.

2.4.2 Risk Assessment

Risk assessment for financial reporting purposes in an entity's identification, analysis, and management of risks relevant to the preparation of financial statements that are fairly presented in conformity with generally accepted accounting principles. Risk can be defined as real or potential events to reduce the fair of achieving business objectives. Or to put another way, uncertainty as to the benefits. Stable internal control and risk management supplement entrepreneurship, they do not replace it, the role of internal control is to manage risk rather than to eliminate it.

Management's risk assessment should include special consideration of the risks that can arise from changed circumstances, such as new areas of business or transactions, changes in accounting-standards, new laws or regulations, the rapid growth of the entity, and changes in personnel involved in the information processing and reporting functions. The advantages of embracing Turnbull may include: Exploitation of business opportunities earlier, increased likelihood of achieving business objectives, increased market capitalization, more effective use of management time, lower cost of capital.

2.4.3 Control Activities

Control activities are the policies and procedures to ensure that management directives are carried out. To ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities occurred throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating, performance, security of assets and segregation of duties. Control activities relevant to a financial statement audit may be categorized in many different ways. The way of internal control as follows, Information processing controls, General controls, Application controls, Proper authorization, documents and records, independent checks, segregation of duties, physical controls, performance reviews.

2.4.4 Information and Communication

The information system related to financial reporting, objectives, it includes the accounting system, consists of the methods and records established to identify, assemble, analyze, classify, record, and report entity transactions and to maintain, accountability for the related assets and liabilities transaction. Communication involves providing a clear understanding of individual roles and responsibilities about the internal control structure over financial reporting. Information systems produce reports, containing operational, financial and compliance-related information, that make it possible to run and control the business. They deal not only with internally generated data, but also information about external events, activities and conditions necessary to informed business decision-making and external reporting effective communication must also occur in a deep sense, flowing down, across and up the organization. information and communication processes applicable information must be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities.

2.4.5 Monitoring

The processes for monitoring the effectiveness of the system of internal control. Internal control systems need to be monitored a process that assesses the quality of the system's performance over time. It is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Going concern monitoring occurs in the course of operations. It includes regular management and supervisory

activities, and other actions personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the Board.

Figure (2.1) COSO framework for Effective of Internal Control



Source: COSO framework for Effective of Internal Control

2.5 Limitations and Effectiveness of Internal Control

The effectiveness of controls will be limited by decisions made with the human judgment under pressure to conduct business based on the information at hand, even well designed internal controls can break down, no matter how well internal controls are designed, they can only provide reasonable assurance that objectives have been achieved. Some limitations are inherent in all internal control systems. Employees sometimes misunderstand instructions or simply make mistakes. Errors may also result from new technology and the complexity of computerized information systems. Missing segregation of duties. A control system has been designed with an insufficient segregation of duties, so that one person can interfere with its proper operation. Instead, there are several inherent limitations in any system that reduce the level of assurance.

High-level personnel may be able to override prescribed policies and procedures for personal gain or advantage. It shall not be confused with management intervention, which represents management actions to depart from prescribed the policies and procedures for certain purposes. Management has a business planning

process in place that examines existing objectives and establishes new objectives when necessary, business plans and budgets with realistic goals, and incentives for achievement of plans are balanced. Each functional leader, with assistance of their direct reports, is responsible for identifying specific goals/priorities for their areas of responsibility that will satisfy the company's overall priorities for the year. Control systems can be prevented by employee collusion. Individuals acting can alter financial data or other management information in a manner that cannot be identified by control systems. Costs versus benefits, the cost of an entity's internal control structure may exceed the benefits that are expected to be ensured.

Effectiveness internal control provides the following benefits to the various parties: Internal control helps to protect the assets of the business from misuse, theft, accident etc., to implement management policies to attain corporate goals, the auditor in the person work detecting all the errors and frauds which are committed in the books of accounts, to increase the accuracy and reliability of financial statements and books of accounts, to regulate the work of staff through a division of work among the staff in a scientific manner which helps to make the daily works of staff effective, the management to prepare and implement effective plans by providing correct and factual information, to put moral pressure on staffs. Moreover, internal control areas spread over accounting and non-accounting spheres. As it applied to the accounting system, implies control over accounting system to achieve the following objectives: Efficient and orderly conduct of accounting transactions, safeguarding the assets in adherence to management policy, prevention of error, detection of an error, prevention of fraud, detection of fraud, ensuring accuracy, completeness, reliability and timely preparation of accounting data.

Proper internal control system has some part of internal and external audit procedure essential to have in organization. The basic obligation of the auditor is to certify the fairness and accuracy of the accounts of the business. To achieve this objective, the auditor is expected to discharge her duties in such a way as would reveal the actual state of affairs of the business. Most of reasons transmit back to the best objective that the company continues to operate.

2.6 Weaknesses of Internal Control System

Every organization have an internal control weakness manifest themselves as inconsistent application, frequent discrepancies and a lack of acceptance by employees, assessment of internal company controls has to look for the such weaknesses and make corresponding changes using the strong controls as a model. Separates internal controls into the specific (account-level) controls. If management was displaced control features in order to manage earnings, then one would expect to find more internal control weaknesses related to general controls, even if the specific (account-level) controls are effective.

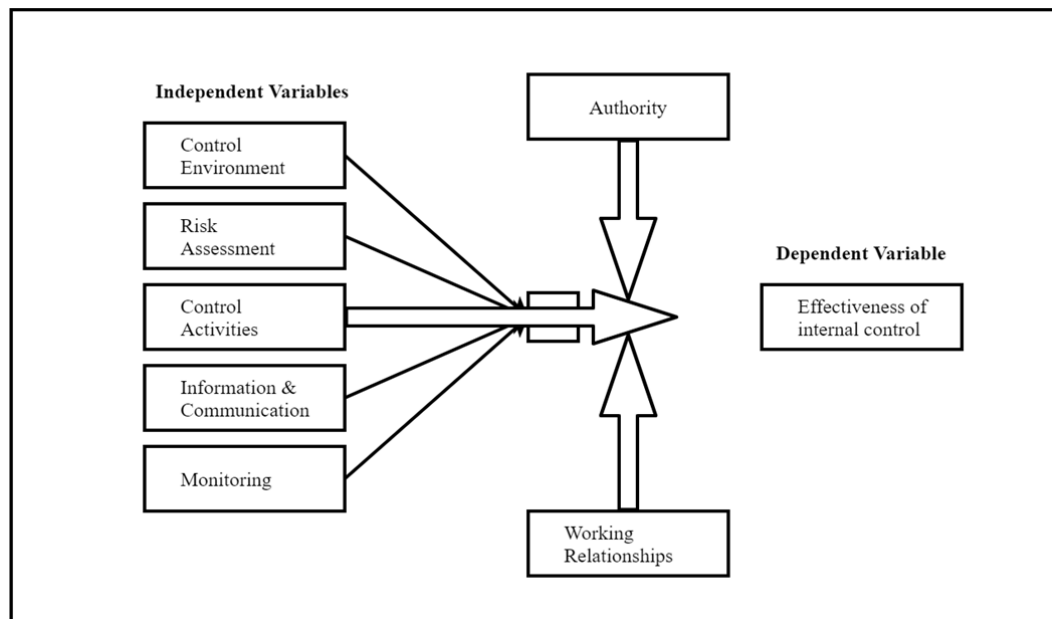
LD Withaar 2019 said Robust physical security as in locks, alarms, cameras and limited access to their business's valuables, clearly defined employee roles and job responsibilities, segregated employee duties, particularly in handling money. If one of the person is responsible for handling all the money from receiving it to discharge it in the bank you taking a big risk that it could be handled inapplicable. Management or owner to make approval of who does an ongoing basis and when a particular activity requires supervisory approval. Assets security including who has keys to the business, who can operate what equipment and who has access to cash and inventory. Regular business performance reviews to balance budgets, check that earnings are on target and confirm that goals are being met. Frequent reconciliations in which different sets of data are compared so that discrepancies and problems can be easily identified. Regular inventories compared with sales to ensure that no stock is missing through waste or theft. A disaster recovery plan to ensure data backup and assets protection. You should be able to continue to operate or at least recover quickly if your place of business is damaged or a natural disaster occurs.

The use of strategic controls requires that corporate managers have a deep understanding of business-level operations and markets Finally, a limitation of internal controls is that they are generally designed to deal with what normally or routinely happens in a business. However, it may be the case that an unusual transaction may occur which does not fit into the normal routines, in which case standard controls may not be relevant to the unusual transaction, and hence mistakes may be made about that unusual transaction.

2.7 Previous Study of the Internal Control System

This study refers to the research of Sailor (2010) which was a research on effect of internal control system and risk management in the financial sector of the Norwegian economy. The study identified and analyzed of relationship between international control systems from the perspective of Control environment, Risk Assessment, Control activities, Information and Communication and Monitoring as an independent variable. In contract to effectiveness of internal control was proposed as dependent variable. They are being complied with, significant findings in the company and that these control systems are very applicable. the identification and analysis of relevant risks. Control is a process started by specific settled standards and finished by their success implementation and further improvement and prevention. The conceptual framework of the researcher is shown in Figure. (2.1).

Figure (2.2) Previous Study of the Internal Control System



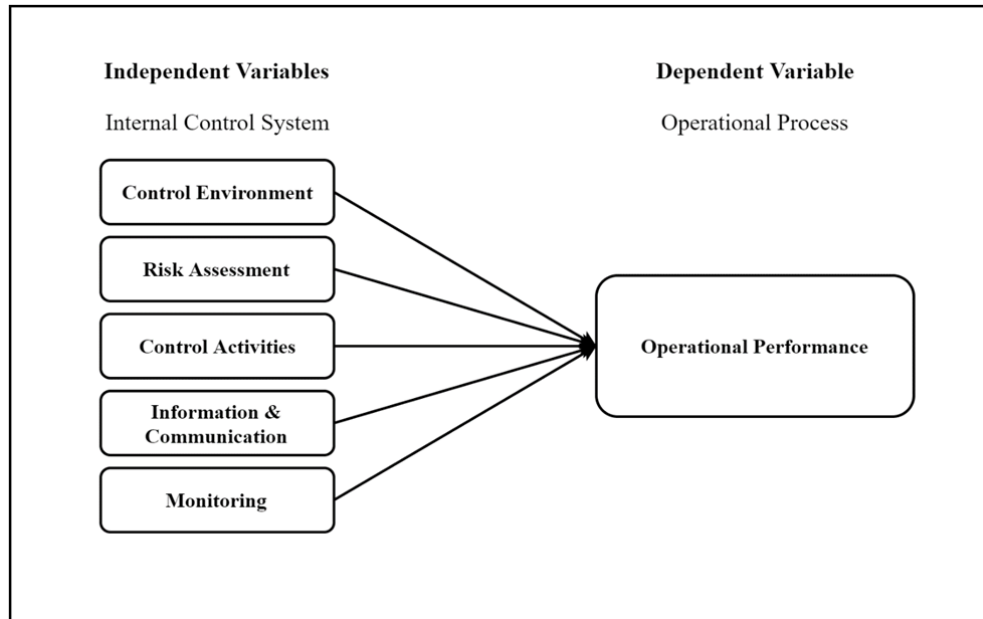
Source : Siayor (2010)

2.8 Conceptual Framework of the Study

The conceptual framework of this study was developed on previous study and according to Figure (2.2), the conceptual framework includes two parts; independent variables and dependent variables. The independent variable is constructed based on the internal control system and dependent variable is performance efficiency of

operation. Control is financial and operational management of the enterprise aimed to achieve profit from its performance.

Figure (2.3) Conceptual Framework of the Study



Source: Own Compilation ,2019

As per conceptual framework this study adopted that the elements of internal control system are Control environment, Risk assessment, Control activities, Information and communication and Monitoring as independent variables .On the other hand the study the context of references and the subject which operate in organization ,the process of management risk specifies suitable objective and analysis risk, the policies and procedures developed to ensure efficiencies and reduce business risk, activity checking the correct operational of the control communications internally and externally and then conduct ongoing and separate evaluations as dependent variables. This study explored the internal control system in NTT affect their business performance efficiency on operation has endeavored to answer the questions. To what extent internal control system practice have effective on the operational performance.

CHAPTER III

PROFILE OF NIPPON TELEGRAPH & TELEPHONE CORPORATION

This chapter presents the information of NTT including the role of communication, company profile with mission and vision, type of services and Internal control systems of NTT/Myanmar business segments.

3.1. Role of Communication

Communication is an essential part of human life. NTT empathized with each other through words and actions and use telecommunications to connect with others across distances, nurturing relationships with people and places throughout the world. Methods of communication have evolved to support us in new ways. The root of communication comes after making a connection. It is what they do after understanding and empathizing with one another. By sharing thoughts and information across space and time, communication has paved the way for humanity and the world to progress. Communication has the power to change people and the world.

3.2. Company Profile with Mission and Vision

NTT Communications was established in 1999 is a subsidiary of Nippon Telegraph & Telephone (NTT) Corporation, the largest telecommunications company in Japan and one of the largest worldwide. They provides network management, security and solution services to consumers, corporations and governments. NTT Myanmar Branch was registered in the Myanmar 5th October 2012.

NTT Myanmar have More than hundred in Myanmar and ¥1,674.8 billion capital investments made in fiscal year ended March 31, 2018, NTT is one of the world's largest telecommunications services providers, having 88% of the top 100 Fortune Global 500 companies. NTT's service facilities include fixed lines and mobile communications as well as Internet and systems integration services. The company reported ¥11,800 billion operating revenues for the fiscal year ended March 31, 2018. NTT provides consultancy, architecture, security and cloud services to help enterprises worldwide optimize their information and communications technology (ICT) environments.

The NTT Group led by NTT Corporation has six major sub groups, NTT Communications (Long distance and international communication, ICT solutions), Dimension data (managed ICT service), NTT Docomo (mobile communication), NTT data (application integration), NTT East ,NTT West .

Mission: The mission of NTT is creating communication methods that open up new possibilities for people and their world, aim to create a world that maximizes the potential of people organizations and societies. They are giving the opportunity to shine. In such a world, every person can lead rich and contented lives, cooperating in harmonious freedom.

Vision: The main goals is take the initiative everyone has the potential to create. break out of comfort zone and start challenging in small ways. Inspire each other engage in honest discussion for a better tomorrow. Be sincere when debating with those who share their goals and respect their viewpoints. This will be inspired a group synergy that helps to achieve unprecedented results. Respond to society's needs pay attention to society and clients to create the future they need. Their strengths with end-to-end information and communications technology (ICT) services, they provide safe and secure solutions for user enterprise

NTT is the leading global provider of information and communications technology (ICT) solutions within NTT Group which ranks in the top 100 of the fortune global 500. NTT is a global ICT company that provides services and solutions to corporate clients on a global scale, present in over 70 countries/regions with a network that spans over 190 countries/regions worldwide. Ever-shifting environment of technological and cultural change, they staying ahead of the curve by placing socially responsible innovation at our core. NTT Group, their commitment is backed by more than \$2.5 billion a year invested in R&D, over 6,000 researchers and two renowned innovation labs NTT i3 in Silicon Valley and NTT labs in Japan. The Asian market continues to grow at an ever-increasing pace, to help and expand into this dynamic region. The worldwide reach, industry expertise and strength in Asia make us ultimate information and communications technology (ICT) partner. With their state-of-the-art services and solutions, can advance their position in Asia. long-standing partnerships with other NTT group companies around the globe enable to provide expertise and broader solutions for their company. In one-stop, gain access to your services and solutions and on-site support, IT outsourcing and worldwide threat and security management. To maintain state-of-the-art and highly secure data centers

worldwide, with many facilities located in top business markets. NTT data centers are directly connected to NTT's global fiber optic network for seamless connectivity worldwide.

NTT services offer a full portfolio of advanced, end-to-end ICT infrastructure services backed by one of the most extensive IT operations in the world. Our state-of-the-art infrastructure combines premiere global data centers, a high-capacity, low latency tier-1 IP backbone and around the clock global operations support. NTT Communications provides a wide range of innovative global information and communications technology (ICT) solutions including cloud, network and security services, helping customers to work quickly, strengthen their competitiveness, enter new markets and develop new businesses. They are a wholly owned subsidiary of Nippon Telegraph and Telephone Corporation, one of the world's largest providers of telecommunications services.

3.3. Internal Control Systems of NTT/Myanmar

NTT has a basic policy of the internal control systems, to ensure that the performance of duties by members of the board and employees conform with laws and regulations. NTT has article of incorporation there are management systems, Board systems, Employees systems. It has developed a system of internal controls through taking measures for the prevention and minimization of losses and the objectives of ensuring compliance with legal requirements, managing risks, achieving appropriate and efficient business operations. NTT has established the internal control which oversees the establishment of internal control rules and frameworks. The internal control office shall evaluate the effectiveness of the internal control systems based on internal audits regarding high risk matters affecting the entire NTT Group. They shall make sure that necessary corrective measures and improvements are implemented. NTT shall also take appropriate measures to ensure the reliability of its internal control systems for financial reporting based on the financial instruments and exchange Act. As a chief executive officer, the president shall be responsible for ensuring the development and operation of the internal control systems.

Development of the internal control system, thus systems to ensure that the performance of duties by members of the board and employees conform with laws and regulations. Rules and other systems concerning business risk management. Systems for ensuring that members of the Board efficiently perform their duties. Systems for

retaining and managing information related to the performance of duties of members of the Board. Systems for ensuring the propriety of the business activities of NTT Group. Employees who assist audit & supervisory Board members in the performance of their duties and the independence of those employees from members of the Board.

Regarding for public and social infrastructure segment providing the high-value-added IT services that play important roles in social infrastructure, such as government, healthcare, communication, and utility systems as well as in community revitalization. They aim to grow their business through the following methods, receiving renewal orders for core businesses from governments and infrastructure companies, creating new domestic and overseas businesses by utilizing the results and know-how that their group has cultivated, and responding to new businesses including those utilizing “My Number” and concerning IoT and the change in the utilities industry system (power and gas system reform).

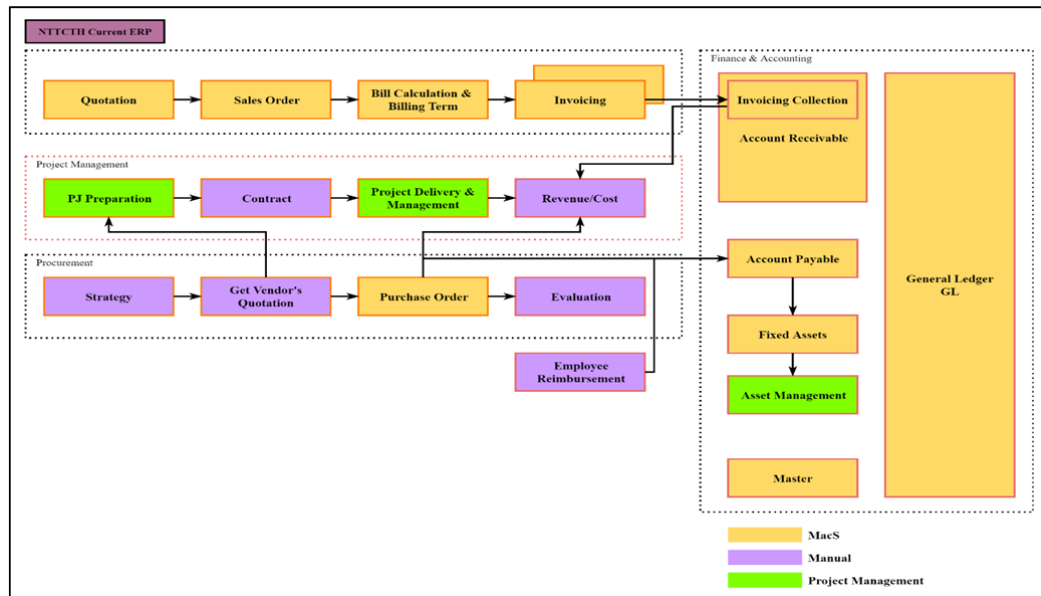
According to enterprise and solutions segment providing the high-value-added IT services that support business activities in the manufacturing, logistics and retail, and service industries as well as credit card and other payment services and platform solutions linked to each industry’s IT services. They aim for business expansion as a business partner that works with clients such as retailers, distributors, service providers, and manufacturers that are actively promoting IT investment in response to the changes in value chains brought about by digitization and global development. They are addressing those problems by utilizing their advantages in the areas of enterprise and solutions that correspond to these clients’ needs.

Regarding for financial segment they providing high-value-added IT services that support financial institution operational efficiency and services. They aim to grow by expanding businesses with the background of their clients’ environmental changes such as increased needs for advanced settlement systems in domestic and overseas markets, creating new services at the timing of technological innovations and easing of regulation, new change in services for integrated services for banks and securities companies, and accelerated overseas advancement by major financial institutions.

Regarding for global segment NTT providing high-value-added IT services globally in overseas regions and on a cross-regional basis. They aim to further improve of local presence by globally cooperating with their group companies including the newly joined former Dell Services, and also by improving the service provision capability especially in new areas such as in digital industries, and gathering

each of our group companies' strength and resource, with the promotion of M & A strategies.

Figure (3.1) Operation Process Procedure Design



Source: NTT Management ,2019

CHAPTER IV

THE ANALYSIS OF INTERNAL CONTROL SYSTEM ON OPERATIONS OF NIPPON TELEGRAPH & TELEPHONE CORPORATION

This chapter presents the findings of the study and analyzes the internal control system on operations performance of NTT. There are described five sections. The first section expressed the research design, the second section analyzed on the demographic profile of respondent, the third section examined the respondents' awareness of internal control system practices in NTT, the fourth section illustrates the relational ship between internal control system and operations procedures, the last section states that the effect of internal control system on performance of construction companies.

4.1. Research Design

This study focuses on the internal control system effect on operational performance of NTT. This study represent sample 90 participants who are working in the top, middle and operational management level in different departments. 90 out of which 65 responded to the questionnaire set in the meantime 25 did not respond. Therefore, response rate of the study is 70 percent includes research method, population of the study, sampling method, research material, data collection, and method of analysis. Research methods using in this study are analytical descriptive method and quantitative method. Sampling method is stratified random sampling to select samples in the study. This study is to be improved accuracy and efficiency of estimation.

The questionnaire set was constructed first on previous studies and then transformed into match with NTT practices. This study has extensively used 5-points Likert scales. Section A is demographic profile data of participants, Section B focus on internal control system practices, and Section C focus on operational performance of the organization. The study utilized the three statistical tools such as Frequency and Descriptive Analysis for the measures of central tendency and variability, Cronbach alpha for testing the internal consistency and Multiple linear regression analysis for analyzing the impact of independent variables on dependent variable.

This study involves five main independent variables: control environment, risk assessment, control activities, information and communication, monitoring. The

operational performance as a dependent variable. Questionnaire set was sent via email using Google form application for respondent's confidentiality on their answer. Data analysis was done by Statistical Package for Social Sciences (SPSS Version 22.0) program.

4.2. Demographic Profile of Respondents

This section presents demographic profile of respondents which are five factors such as gender, age, position, education level and working experiences at NTT. Each characteristic has been analyzed in terms of frequency and percentage. The summary of demographic profile data is presented as follows sections.

4.2.1. Gender of Respondents

In this study of the respondent's gender, it is classified into male and female. Table (4.1) shows the result of gender demographic profile data of the respondents.

Table (4.1) Gender of Respondents

Gender	Frequency	Percentage
Male	37	56.9
Female	28	43.1
Total	65	100.0

Source: Survey Data, 2019

By the information of gender composition in Table (4.1), it is found that 28 female and 37 male respondents answered in the study. In term of percentage share, male respondents have been 56.9 percent while female respondents cover 43.1 percent in the study. It is found that gender balance in the study and there has balance of gender perception.

4.2.2. Age of the Respondents

In this study, age is grouping into four: Below 25 years, 25-35 years, 36-45 years, above 45 years. Table (4.2) summarizes on the result of age of the respondent employees. According to the analysis of age of the respondents, it is found that the age group below 25 years includes 2 respondents, 25-35 years includes 49 respondents, 36-45 years includes 10 respondents and above 45 years includes 4 respondents. In

terms of percentage, 25-35 years' age groups accounts for the largest with 75.4 percent and below25 years' age group shares the smallest with 3.1 percent. From that age analysis, age group between 25-35 years' employees are majority respondent to the survey.

Table (4.2) Age Group of Respondents

Age	Frequency	Percentage
Below 25	2	3.1
25 – 35	49	75.4
36 – 45	10	15.4
Above 45	4	6.2
Total	65	100.0

Source: Survey Data, 2019

4.2.3. Education Level of Respondents

In the analysis of education level, there are four groups: Ph.D (Doctor of Philosophy)level, Master level, Degree level. Diploma level, the educational background respondents are asking for their highest education level in this study. Table (4.3) summarized the results from the respondents as follows.

Table (4.3) Education Level of Respondents

Level of Education	Frequency	Percentage
Bachelor Degree	39	60.0
Diploma	12	18.5
Master	9	13.8
Ph.D.	5	7.7
Total	65	100.0

Source: Survey Data, 2019

Regarding the results of the analysis, it is found that 39 respondents are Bachelor Degree holders, 12 respondents are Diploma holders, 9 are Master Degree and 5 are Ph.D holder. In term of percentage, Bachelor Degree holders are the largest segment of the respondents at 60 % and Ph.D. holders are the smallest 7.7 %. From

that education level analysis, NTT educational background is quite good and this means that the respondents are adequately qualified persons academically.

4.2.4. Position of Respondents

In the analysis of position of respondents, there are four levels based on the organizational structure. There are Director/Head, Manager, Officer and Supervisor. who are working in different areas and different departments. Table (4.4) summarized the result on the position of respondents as follows.

Table (4.4) Position of Respondents

Position	Frequency	Percentage
Director/Head	5	7.7
Manager	10	15.4
Officer	32	49.2
Supervisor	18	27.7
Total	65	100.0

Source: Survey Data, 2019

Regarding to Table (4.4) showed , it is found that out of 65 respondents, 5 are directors and departmental head, 10 are managers ,32 are officers,18 are supervisors. In the term of percentage, Officer level shares the largest portion with 49.2 %, Supervisor level includes 27.7 % with the second largest portion. From the survey result, are those directly responsible for or directly involved the implementation of the Internal Control System. Therefore, their responses are deemed to reflect what actually takes place in the institution.

4.2.5. Working Experiences of Respondents

In the analysis of working experiences, it is grouped into four: below 1 year, 1-4 years, 5-10 years and above 10 years. Table (4.5) reports on the results of the analysis on the working experiences of the respondents are as followed. The largest 38 respondents at 58.5 % It shows the result of 65 respondents, 16 respondents at 24.6 % have less than one year working experiences, 9 respondents at 13 % experiences and the smallest 2 respondents at 3.1% have worked above 10 years. According to the

respondent's experience, there have mixture of perceptions from both of old services and young services.

Table (4.5) Working Experiences of Respondents in the Organization

Year	Frequency	Percentage
Below 1 year	16	24.6
1 – 4	38	58.5
5 – 10	9	13.8
Above 10 years	2	3.1
Total	65	100.0

Source: Survey Data, 2019

4.3. Assessment of Reliability

In this study used by Likert scales and it needs to be checked their reliability. The reliability of a scale is defined as its ability to consistently measure the phenomenon it is designed to measure. The objective of the inconsistent items and improve the internal consistency of the test. In this study, Cronbach's alpha value is used by as a measure of the internal consistency of the scales used in the questionnaire. Cronbach's alpha is a single correlation coefficient that is an estimate of the average of all the correlation coefficients of the items within a test. If alpha value is high, then this suggests that all the items are reliable, and the entire test is internally consistent. If alpha is low, then at least one of items are unreliable and must be identified via item analysis procedure. However, as per (DeVellis, Scale development: Theory and applications, 2003), the Cronbach's alpha value should ideally be above 0.7.

Table 4.6 Reliability Test (Cronbach's Alpha Value)

Practices	No. of Items	Cronbach's Alpha Value	Result
Control Environment	5	0.861	Very Good
Risk Assessment	5	0.836	Very Good
Control Activities	6	0.799	Very Good
Information and Communication	4	0.893	Very Good
Monitoring	4	0.856	Very Good

Source: Survey Results, 2019

The results of the Cronbach's alpha value are between 0.799 and 0.893, suggesting very good internal consistency and reliability for the scale with this sample.

4.4. Analysis on the Internal Control System Practices of NTT

The analysis on Internal Control System Practices of NTT has five main components which are based on under internal control system. Those are Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring. Those are measured by mean value and standard deviation. The findings are presented and discussed as follows.

4.4.1. Control Environment

In this section, the understanding and practice on internal contract system based on control environment of organization was analyzed by using five elements such as: The mean score of each statement is shown in Table 4.7 as follows.

Table 4.7 Control Environment

No	Statement	Mean	Std. Dev
1	Management decisions are made collectively and not controlled by one dominant individual.	4.15	.364
2	Codes of conduct or ethics policies exist in the company	4.34	.477
3	Policies regarding the importance of internal controls and appropriate conduct are communicated to all staff.	4.34	.477
4	Audit or other control systems exist to periodically test for compliance with codes of conduct or policies.	4.32	.471
5	Adequate timekeeping procedures, including the use of time clock or attendance sheets and supervisory review and approval, are employed for controlling paid time.	4.38	.491
Overall Mean		4.30	

Source: Survey Data, 2019

In the analysis of the understanding about control environment, Table 4.7 showed that the mean score for control environment in the various departments of organization is 4.30, indicating that there has good control environment of the organization as a core value of good internal control system practices. The highest mean score is 4.38 (standard deviation 0.491). This highest number indicates very systematically of the organization's timekeeping procedure with attendance was well practiced and supervisory review and taking approval stage employees must follow the good ethical organizations. The lowest mean score is found that management decisions are made collectively and not controlled by one dominant individual the mean value 4.15 (standard deviation 0.364). Respondents believes that the Board need some skills to become an effective board.

4.4.2. Risk Assessment

In this section, the understanding and practice on risk assessment of internal control system both of external and internal in organization by using five elements such as: The main score of each element is shown in Table 4.8 as follows.

Table 4.8 Risk Assessment

No	Statement	Mean	Std. Dev
1	The company has clear objectives and these have been communicated so as to provide effective direction to employees on risk assessment and control issues.	4.34	.538
2	In regard to departmental policies and detailed procedures to support the policies however, employees are not always familiar with the policies.	3.18	.497
3	There are sufficient staff members who are competent and knowledgeable to manage company activities and these have been provided with adequate resources.	4.35	.482
4	Technology issues are considered and appropriately addressed.	4.37	.486
5	Significant internal and external operational, financial, compliance and other risks are identified and assessed on an ongoing basis.	4.40	.524
Overall Mean		4.13	

Source: Survey Data, 2019

In the analysis of risk assessment control section, Table 4.8 reports that the mean score for risk assessment control in the organization is 4.13, indicating that there has being taken very strong practices risk assessment in the organization. The highest mean score is 4.40 (standard deviation 0.524). This highest number indicates that significant of internal and external operational, financial, compliance and other risks are identified and assessed on an ongoing operation.

The lowest mean score value 3.18 (standard deviation .0497). This score is found that they have departmental policies and detailed procedures to support the policies however, employees are not always familiar with the policies, their internal control system implementation and operation period before and after such as do and don't any fraud or error policies as well. Moreover, highly to provide effective direction to employees on risk assessment and control issues.

4.4.3. Control Activities

In this study, the control activities are the actions established by policies and procedures to help ensure that management directives mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity and at various stages within business processes, and over the technology environment. The main score of each element is shown in Table (4.9) as follows.

Table 4.9 Control Activity

No	Statement	Mean	Std. Dev
1	Policies and procedures exist to ensure critical decisions are made with appropriate approval to be reduced.	4.45	.501
2	Managers that were tasked to develop or implement or due to time-pressures and tight deadlines and constantly changing the performance.	3.14	.464
3	There is a system in place to ensure that duties are rotated periodically.	4.38	.490
4	The organization ensures that in every process there is best use of effectiveness and efficiency of operations.	4.40	.524
5	Staff have the knowledge, skill and tools to support them in their duties in order to effectively manage risk and achieve company objectives.	4.42	.497
6	Does the organization maintain a policy manual covering approval authority for financial transactions and controlling expenditures.	4.38	.490
Overall Mean		4.19	

Source: Survey Data, 2019

Regarding to the analysis of control activity of the organization team, Table (4.9) reports that the mean score for the control activity at NTT is 4.19, indicating that there has high control activity of the organization represented as a core value of internal control system practices. The highest mean score is 4.45 (standard deviation 0.501). This highest number indicates the organization has strong policies and procedures exist to ensure critical decisions are made with appropriate approval to be

reduced. The lowest mean score is 3.14 (standard deviation 0.464). This lowest mean score indicates the organization process effected by an entity’s board of directors, management, and other personnel. Managers that weren’t tasked to develop or implement or due to time-pressures and tight deadlines and constantly changing business entirely.

4.4.4. Information and Communication System

In this study, Information and Communication System are necessary for the entity to carry out internal control responsibilities in support of achievement of its objectives. Communication occurs both internally and externally and provides the organization with the information needed to carry out day-to-day internal control activities. Communication enables personnel to understand internal control responsibilities and their importance to the achievement of objectives. IT environment and IT significantly affects and follow the function of organization policies. The main score of each element is shown in Table (4.10) as follows.

Table 4.10 Information and Communication System

No	Statement	Mean	Std. Dev
1	Effective reporting procedures in communicating and understandable account of the company’s procedures.	4.37	.517
2	There are set up channels of communication for individuals to report according to laws or regulation.	4.42	.487
3	IT have on your department some changes have been made to the IT environment and/or IT significantly affects this function.	4.49	.504
4	Internal controls shouldn’t identify, capture, process, and report fit for information by financial or operational.	4.37	.482
Overall Mean		4.40	

Source: Survey Data, 2019

In the analysis information and communication system of effective reporting procedures of financial information and operational process with accurate reporting, the IT environment significantly affects this organization’s functions. Table (4.10)

reports that the mean score for transparency and disclosure is 4.40, indicating that higher score in transparency and disclosure of information and communication. The highest mean score is 4.49 (standard deviation 0.504). This highest number indicates in this organization it has been strongly focus on the information technology (IT) have on all departments and significantly affects those functions. The lowest score mean value 4.37 (standard deviation .482). The lowest score is found that at internal controls There are identify, capture, process, and report fit for information by financial or operational, to effective information and communications system. Communication occurs both internally and externally and provides the organization with information needed to carry out day-to-day internal control activities, enables personnel to understand internal control responsibilities and their importance to the achievement of objectives.

4.4.5. Monitoring

In this study, the understanding and practice on monitoring of organization was analyzed by using four elements such as Monitoring are ongoing evaluations, separate evaluations, or some combination of the two used to ascertain whether the components of internal control, including controls to effect the principles within each component, are present and functioning. The main score of each element is shown in Table 4.11.

Table 4.11 Monitoring

No	Statement	Mean	Std. Dev
1	Overall business operations and these are addressed by senior management to monitor the effective application of the policies processes and activities related to internal control and risk management.	4.37	.486
2	There are effective follow-up procedures to ensure that appropriate change or action occurs in response to changes in risks and control assessments.	4.45	.501
3	Reports on significant failings or weaknesses are reported to management on a timely basis.	4.35	.482
4	Monitoring in the online environment is generally carried out by the automated software tools and also to some extent by human inspection and observation.	4.40	.494
Overall Mean		4.39	

Source: Survey Data, 2019

The mean score of each statement is shown in Table 4.11 as follows. In the analysis of the understanding about monitoring, Table 4.11 reports that the mean score for organization's operation is 4.39, indicating that there has good monitoring of the organization in operation as a core value of internal control practices.

The highest mean score is 4.45 (standard deviation 0.501). This highest number indicates in this organization it has been strongly monitoring on the overall department moreover those are effective follow-up procedures to ensure that appropriate change or action occurs in response to changes in risks and control assessments timely. Beside assign to monitor in the online environment is generally carried out by the automated software tools and also to some extent by human inspection and observation. In the other hand there are ongoing processes within the company's overall business operations and these are addressed by senior management to monitor the effective application of the policies processes and activities related to internal control and risk management.

The lowest score mean value is 4.35 (standard deviation .482). The lowest score is found that at this internal controls not perfect there are some parts of missing point. From the above finding, it can be presumed that there was a weakness base on operation project are not significant at all failings or weaknesses are reported to management on a timely basis of internal control system.

Table 4.12 Operational Performance

No	Statement	Mean	Std. Dev
1	Management designed to provide compliance with applicable laws and regulations at the same time intention to meet the operation performance.	4.45	.501
2	Management designed to provide reasonable assurance regarding the objectives to reach proper financial report.	4.48	.533
3	Internal controls is a set of processes, functions, activities, subsystems, people but who are grouped together not reach their performance individually.	4.55	.531
4	Manage risk by designing appropriate controls make sure that all controls undergo cost/benefit analysis.	4.37	.486
5	Some training provided to applicable employees but training still need to support in the other hand to match operation performance.	4.46	.502
6	Significant internal and external operational, financial, compliance and other risks are identified ongoing basis to catch up the operation performance.	4.34	.538
7	Management's measure the policies and procedures to ensure that employee's performance such as the authorization transactions, duties, proper design and usage of documents and records keeping on operation.	3.18	.497
8	These are policies and procedures that ensure that the management's directives are carried out. Independent verification, for example, internal and external audits.	4.35	.482
9	Make sure that all controls undergo cost/benefit analysis Identify threats in the financial, operational, and strategic areas.	4.37	.486
10	The authority to whom such information should flow will also be specified in the security policy.	4.40	.494
Overall Mean		4.30	

Source: Survey Data, 2019

4.5.1 Analysis on Operational Performance

In this section, operational performance is analyzed by using ten elements: The main score of each element is shown in Table 4.12 as follows. Table 4.12 reports that the mean score for operational performance in the organization is 4.3, indicating that there has good in operational performance of the other communication organization as a core value of operational performance practices.

But the highest mean score is 4.55 (standard deviation 0.531). This highest number indicates that there is operational performance is a set of processes, functions, activities, subsystems, and people who are grouped together but not reach their good performance because very tight the work load with dead line pressure time management. The lowest score is found that employee performance need to improve because of restricted policies and procedures. The management's measure the policies and procedures to ensure that employee's performance such as the authorization transactions, separation of duties, proper design and usage of documents and records keeping timely on operation. Moreover, full capacity to take care every single detail information to organize and indicate the mean value 3.18 (standard deviation .497). Over All indicators are showing that this organization is trying to organize their strong operational performance as well.

4.5.2. Relationship between Internal Control system and Performance

This section indicates the relationship between components of internal control system and NTT operational performance. In this study independent variable are components of internal control system and dependent variable is operational performance of NTT. This study evaluated the independent variables and dependent variables using by questionnaire base on Likert. Therefore, Pearson's correlation is suitable to use for this analyzing of relational ship.

Pearson correlation is a statistical test that assesses the strength of the relationship between two numerical data variables (Saunders et al., 2009). Therefore, the relationship of independent variables and dependent variable is measured via Pearson Correlation. The significance level is 0.05 in the Pearson Correlation test, which means there is 95% of confidence level. Therefore, the hypotheses only can be accepted if the significant p-value is less than 0.05 (Malhorta, 2010).

Table 4.13 Relationship between Internal Control System and Operational Performance

Internal Control System		Operational Performance
Control Environment	Pearson Correlation	.276*
	Sig. (2-tailed)	.013
Risk Assessment	Pearson Correlation	.589**
	Sig. (2-tailed)	.000
Control Activities	Pearson Correlation	-.783**
	Sig. (2-tailed)	.000
Information and Communication System	Pearson Correlation	.514**
	Sig. (2-tailed)	.000
Monitoring	Pearson Correlation	.432**
	Sig. (2-tailed)	.000

Source: Survey Data, 2019

Note : Statistical significance indicate ** Correlation is significant at the 0.01 level (2-tailed) and * Correlation is significant at the 0.05 level (2-tailed).

According to Pearson's correlation is Table (4.13) indicates the correlation coefficient for independent variable such as control environment, risk assessment, control activity, information & communication and monitoring and dependent variable is operational performance, the correlation coefficient of control environment, risk assessment, information and communication system and monitoring with operational performance is round about 0.589 so there are a fair and direct relationship between those four variables and operational performance at 1% level of significant. The correlation coefficient of control activity with operation performance is -.783 so there is a weak not direct relationship between control activity and operational performance at 1% level of not significant.

4.5.3 Effect of Internal Control System on Operational Performance

This section discusses the descriptive analysis for the measures of fundamental influence of operational performance components and the multiple linear regression analysis for analyzing the impact of internal control system on operational performance.

Table 4.14 Regression Analysis on the effect of Internal Control System Practices on Operational Performance

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	3.715	.471		7.888	.000	
Control Environment	-.017	.073	-.020	-2.238	.813	1.408
Risk Assessment	.235	.078	.276	3.020	.004	1.729
Control Activities	-.496	.076	-.576	-6.538	.000	1.610
Information System	.026	.049	.045	.535	.595	1.493
Monitoring	.133	.052	.194	2.562	.000	1.184
N	65					
Adjusted R ²	.730					
F value	35.555** (.000)					
Durbin Watson	2.112					

Source: Survey Data, 2019

In this study after analyzing a linear regression model, it needs to determine how good the model fits the data. According to the result R², value of 0.730 explains that 73% of the total variance in operational performance of effective by control environment, risk assessment, control activities, information and communication and monitoring. According to ANOVA result, this model is appropriate due to significant value is 0.000 and F value is 35.555. The regression coefficient of risk assessment is 0.276 at 1% significant level, information and communication 0.045 and monitoring 0.194 are 1% significant level respectively. In addition, two of the independent variable control environment -0.20 control activities -576, Beta value are not significant which are negative relationship could be respondent.

Base on the multiple regression analysis, it can be calculated that risk assessment, information and communication and monitoring have a significant positive influence in operational performance. Control environment and control activities have insignificant impact of operational performance. They have insignificant operational performance since p value are greater than 1% and 5% level of significant.

CHAPTER V

CONCLUSION

The study conducted with the aim of analyzing on operational performance of internal control system of NTT. The summary of finding on operational performance of NTT's internal control system. Based on the results of the data analysis this chapter presents the findings and discussions, suggestions and recommendations and need for further study.

5.1. Findings and Discussions

The study analyzes the targeted of NTT. The main objective of the study is to identify the practices of internal control system analyze the operational performance of NTT. The conceptual frame of the study constructed on the five components of control environment, risk assessment, control activities, information and communication system and monitoring such as independent variables and operational performance as dependent variable. From the organization, 15 respondents who are working in the management role to conduct the study and therefore 90 in total respondents (15% of total population). 90 out of 65 responded to the questionnaire. Majority of the respondents are working in the management, departmental head and operational positions. The study used primary data collected from structured questionnaires and those data are analysis by using of multiple regression analysis based on descriptive statistics.

According to analysis of control environment is not significant shows that on the operational performance, control environment is stronger but operational performance is not encouraged to overall operation process and procedure. Management decision is not cleared made by collectively and not controlled by one dominant individual. They are not cleared follow the organization's code of conduct ethical policies, principle rules and regulations. This is the main factor to show to their operational performance of internal control system, employees shall not be followed organization conduct with existing company policies entirely, the rules and regulations with instructions are very strict by time consume.

Regarding to risk assessment shows that significant internal and external operation compliance and other risks are identified and assessed on an ongoing basis.

Moreover, technology issues are considered and appropriately addressed. Analysis on risk assessment in regard to departmental policies and detailed procedures to support the policies however, employees are not always familiar with the policies. Beside there are sufficient staff members who are competent and knowledgeable to manage company activities and these have been provided with adequate resources.

Regarding to the analysis result of Control Activities is not significant shows that policies and procedures exist to ensure critical decisions are made with not easy to get approval. People in the Company have the knowledge, skill and tools to support them in their duties in order to effectively manage risk and achieve company objectives but organization always ensures that in every process there is best use of effectiveness and efficiency of operations. Although people are failed the performance in operation. Managers that were tasked to develop or implement or due to time-pressures and tight deadlines and constantly changing business although employees can't suffer and tight pressure therefore employee motivation downward.

According to analysis of information and communication System shows that to be clear Information Technology (IT) have all departments some changes have been made to the IT environment and IT significantly affects this function. There are established channels of communication for individuals to report suspected breaches of laws and regulation of other improprieties. There are effective reporting procedures in communicating a balanced and understandable account of the company's position and procedures but employees are not fully understanding so need to manage the training so they will be more clear their work environment.

Regarding to the analysis result of Monitoring shows that there are effective follow-up procedures to ensure that appropriate change or action occurs in response to changes in risks and control assessments. Moreover, monitoring in the online environment is generally carried out by the automated software tools and also to some extent by human inspection and observation. To be improve reports submission parts on significant failings or weaknesses are reported to management on a timely basis. Beside there are ongoing processes within the company's overall business operations and these are addressed by senior management to monitor the effective application of the policies processes and activities related to internal control and risk management.

Finally, the study analyzes on operational performance of NTT Communication on the effect of internal control system. Out of three internal control system factors, internal control system is statistically significance of the operational

performance and other two factors are not significant of the operational performance. In terms of the standardized coefficient, there is only one influencing factor such as internal control is key determinant of the operational performance. Regarding to the negative association of control environment and control activities with operational performance may be because of there is no specific guideline how to follow the policies and procedures ensure that the management's directives appropriate authorization of transactions, separation of duties, proper design and usage of documents and records to get well train. Management has designed to provide reasonable assurance regarding the achievement of objectives to reach reliability of financial reporting to reduce approval matrix. That is why, the study result show to be improve and need to do implement in the organization some of the parts.

5.2. Suggestions

According to the research study finding management should emphasize to change some restrictive area of operation process, internal control systems not only give to managerial control but are also significant duties of corporate boards of directors. Management has to think about assess regulation, market expansion external risk, prospect of government new project looking for timely. To reduce some of internal approval stages more easy to get proper operation running. Time management with reporting process need to be match. Then forecasting plan meet with target revenue and plan have to review periodically and aligned with current potential risks. Respect to the operation of the system, as well as to strongly encourage and ethical principles. To ensure proper control over access to resources and records, management must be fully committed to the operation of the system. It is important to realize this commitment, management must also put in place policies, procedures, and mechanisms that ensure their directives are effectively carried. Internal controls involve the use of long-term and strategically relevant criteria for the evaluation of business-level managers' actions and performance. Moreover, regular training programs in the form of workshops and seminars need to be organized by management for employees and management staff as well to sharpen their skills and knowledge with regards to implementation of internal controls instituted by management. This will help NTT to improve as staff will be able to carry out their respective activities more efficiently with professional touch and in line with the established internal controls instituted by management. The suggestion would be that better to be having

properly operational report of the whole organization can show the overall situations and can be prepared for sustainability of organizations. The other suggestion is the management should always look on not only restrictive control of policies but also need to manage employee to get more motivation without stressful with happiness working environment.

In conclusion, NTT has good procedure and well practice already. Professionals and supervisors can be used in the effective implementation of the internal control procedures. It is recommended for management to endeavor to motivate its employees by educating them well on the functioning of internal controls procedures and also considering granting them incentive packages that will help boost their ego and make them give out their best at all times. Most of these reasons funnel back to the ultimate objective that the company continues to operate. For example, if the company failed to comply with relevant laws and regulations, it might be forced to stop operations.

5.3. Needs for Further Studies

The study has explored the effects of internal control system operational performance of NTT Communication organizations in Myanmar. However, there comprised of various other communications sectors which differ in their way of management and have different settings all together. This warrants the need for another study which would ensure generalization of the study findings for other areas and different sectors.

Moreover, recommending for another study be done with an aim to investigate the effects of overall internal control stem performance efficiency of other international organization or agriculture Sectors. This kind of study will also conduct to evaluate the effects of internal control system performance of effectiveness in Myanmar.

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Appendix - A

Analysis on Effect of Internal Control System on Operation of NTT

Questionnaire

SECTION A: CHARACTERISTICS OF RESPONDENT

PART A: PERSONAL PROFILE

1. Gender

Male

Female

2. Period spent working with current company

Less than a year

1 - 4years

5 -10 years

Above 10years

3. Age Level

Below 25

Age Between 36-45

Age Between 25-35

Above 46years

4. Highest level of education

Diploma

Degree

Masters

PHD

5. Department position

Executive Director/Director/Head of Department

Manager

Officer

Supervisor

SECTION B: THE EXTENT OF THE INTERNAL CONTROL SYSTEM

Please indicate the extent to which you agree or disagree with the following.

Strongly Disagree [1] Disagree [2] Not Sure [3] Agree [4] Strongly agree [5]

Sr.	Statement	1	2	3	4	5
CONTROL ENVIRONMENT						
1	Management decisions are made collectively and not controlled by one dominant individual					
2	Codes of conduct or ethics policies exist in the company					
3	Policies regarding the importance of internal controls and appropriate conduct are communicated to all staff.					
4	Audit or other control systems exist to periodically test for compliance with codes of conduct or policies.					
5	Adequate timekeeping procedures, including the use of time clock or attendance sheets and supervisory review and approval, are employed for controlling paid time.					
RISK ASSESSMENT						
1	The company has clear objectives and these have been communicated so as to provide effective direction to employees on risk assessment and control issues.					
2	In regard to departmental policies and detailed procedures to support the policies however, employees are not always familiar with the policies.					
3	There are sufficient staff members who are competent and knowledgeable to manage company activities and these have been provided with adequate resources.					
4	Technology issues are considered and appropriately addressed.					
5	Significant internal and external operational, financial, compliance and other risks are identified and assessed on an ongoing basis.					

CONTROL ACTIVITY					
1	Policies and procedures exist to ensure critical decisions are made with appropriate approval to be reduced.				
2	Managers that were tasked to develop or implement or due to time-pressures and tight deadlines and constantly changing the performance.				
3	There is a system in place to ensure that duties are rotated periodically				
4	The organization ensures that in every process there is best use of effectiveness and efficiency of operations.				
5	Staff have the knowledge, skill and tools to support them in their duties in order to effectively manage risk and achieve company objectives.				
6	Does the organization maintain a policy manual covering approval authority for financial transactions and controlling expenditures.				
INFORMATION AND COMMUNICATION SYSTEMS					
1	Effective reporting procedures in communicating and understandable account of the company's procedures.				
2	There are set up channels of communication for individuals to report according to laws or regulation.				
3	IT have on your department some changes have been made to the IT environment and/or IT significantly affects this function.				
4	Internal controls shouldn't identify, capture, process, and report fit for information by financial or operational.				
MONITORING					
1	Overall business operations and these are addressed by senior management to monitor the effective application of the policies processes and activities related to internal control and risk management.				

2	There are effective follow-up procedures to ensure that appropriate change or action occurs in response to changes in risks and control assessments.					
3	Reports on significant failings or weaknesses are reported to management on a timely basis.					
4	Monitoring in the online environment is generally carried out by the automated software tools and also to some extent by human inspection and observation.					

Sr.	Statement	1	2	3	4	5
1	Management designed to provide compliance with applicable laws and regulations at the same time intention to meet the operation performance.					
2	Management designed to provide reasonable assurance regarding the objectives to reach proper financial report.					
3	Internal controls is a set of processes, functions, activities, subsystems, people but who are grouped together not reach their performance individually.					
4	Manage risk by designing appropriate controls make sure that all controls undergo cost/benefit analysis.					
5	Some training provided to applicable employees but training still need to support in the other hand to match operation performance.					
6	Significant internal and external operational, financial, compliance and other risks are identified ongoing basis to catch up the operation performance.					
7	Management's measure the policies and procedures to ensure that employee's performance such as the authorization transactions, duties, proper design and usage of documents and records keeping on operation.					

8	These are policies and procedures that ensure that the management's directives are carried out. Independent verification for example, internal and external audits.					
9	Make sure that all controls undergo cost/benefit analysis Identify threats in the financial, operational, and strategic areas.					
10	The authority to whom such information should flow will also be specified in the security policy.					

SECTION C: OPERATIONAL PERFORMANCE

Regression

Correlations

		Operational Performance	Control Environment	Risk Assessment	Control Activities	Information System	Monitoring
Pearson Correlation	Operational Performance	1.000	.276	.589	-.783	.514	.432
	Control Environment	.276	1.000	.510	-.179	.150	.232
	Risk Assessment	.589	.510	1.000	-.464	.380	.200
	Control Activities	-.783	-.179	-.464	1.000	-.530	-.300
	Information System	.514	.150	.380	-.530	1.000	.316
	Monitoring	.432	.232	.200	-.300	.316	1.000
Sig. (1-tailed)	Operational Performance	.	.013	.000	.000	.000	.000
	Control Environment	.013	.	.000	.077	.116	.031
	Risk Assessment	.000	.000	.	.000	.001	.055
	Control Activities	.000	.077	.000	.	.000	.008
	Information System	.000	.116	.001	.000	.	.005
	Monitoring	.000	.031	.055	.008	.005	.

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Monitoring, Risk Assessment, Information System, Control Environment, Control Activities	.	Enter

a. Dependent Variable: Operational Performance

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.846 ^a	.715	.691	.13322	1.887

a. Predictors: (Constant), Monitoring, Risk Assessment, Information System, Control Environment, Control Activities

b. Dependent Variable: Operational Performance

ANOVA^a (S, 2009 Sept 1)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.631	5	.526	29.647	.000 ^b
	Residual	1.047	59	.018		
	Total	3.678	64			

a. Dependent Variable: Operational Performance

b. Predictors: (Constant), Monitoring, Risk Assessment, Information System, Control Environment, Control Activities

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.715	.471		7.888	.000		
	Control Environment	-.017	.073	-.020	-.238	.813	.710	1.408
	Risk Assessment	.235	.078	.276	3.020	.004	.578	1.729
	Control Activities	-.496	.076	-.576	-6.538	.000	.621	1.610
	Information System	.026	.049	.045	.535	.595	.670	1.493
	Monitoring	.133	.052	.194	2.562	.013	.844	1.184

a. Dependent Variable: Operational Performance

