

**YANGON UNIVERSITY OF ECONOMICS
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**EFFECTS OF INTERNAL CONTROL PRACTICES
ON FINANCIAL PERFORMANCE OF MYANMAR
INTERFAITH NETWORK ON AIDS**

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(EMBF- 6th BATCH)**

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ON FINANCIAL PERFORMANCE OF MYANMAR
INTERFAITH NETWORK ON AIDS**

A thesis submitted as a partial fulfilment of the requirements for the degree
of Executive Master of Banking and Finance (MBF)

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ABSTRACT

The study attempts to analyse the effect of internal control practices on performance of Myanmar Interfaith Network on AIDS. Both primary and secondary data were used and analyzed by descriptive research method. The fifty percent of the total population of 95 members of the MINA are randomly selected and interviewed by structure questionnaires. Five-point Likert scale is used in preparing structure questionnaires to identify the internal control practices and financial performance of MINA. The variables of internal control practices considered are control environment, risk assessment, control practice, information and communication and monitoring. According to the result, the mean values of control environment, control activities, information and communication are higher level than the other two. The multiple regression analysis shows that control environment, control activities and monitoring are positively significant relationship with financial performance. Therefore, MINA should create policy for control environment and activities in order to improve the organization. This study suggested that management of the MINA should modify proper control practices aligned with potential risk and should regularly review the whole internal control system whether it is effective within the humanitarian field to get the best performance.

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LISTS OF ABBREVIATION

AIDS	Acquired Immunodeficiency Syndrome
COSO	Committee of Sponsoring Organizations of the Treadway Commission
HIV	Human Immunodeficiency Virus
KAP	Key Affected Populations
MINA	Myanmar Interfaith Network on AIDS
MV	Moderating Variable
NGO	Non-Governmental Organization
OI	Opportunistic Infection
OVC	Orphans and Vulnerable Children
PLHIV	People Living with HIV

CHAPTER I

INTRODUCTION

In the humanitarian response activities, the part of nongovernmental organizations (NGOs) has developed dynamically in current years, however that increase has been described by a shifting and progressively challenging strategic and functioning environment for these units. Absurdly, while possibly never more significant, organizations that performed relief activities now oppose more impervious and more challenging strategic atmospheres as well as a diversity of continuing and bedeviling operative level challenges. At the scale of strategic, NGOs are reliant on the frequently impulsive decisions of key situations for funding, are involved in a delivery of service structure characterized by rivalry, difficulty, and diffuse authority and accountability and are allocated as well by increasing alterations of how contributing organizations define their characteristics, particularly in light of more than a decade of experience with human rights-related humanitarian interventions (Stephenson, 2010).

Authorized donors visibly apply important inspiration over both the scope and the nature of humanitarian response, both worldwide and in specific countries. Decisions concerning which agencies obtain approved funding inspiration the relative mix of services populations receive, the degree emphasis on protection and the framework for organizing service delivery. While donors have arranged considerable stress on increasing the accountability of their effective partners, comparatively little attention has been paid to how donors are responsible for the impact of their decisions, both as funders and as policy actors (Macrae et al., 2002).

Overall inspection of approved charitable aid remains incomplete within recipient states, in donor countries themselves and universally. Humanitarian assistance is naturally provided in surroundings where governance is weak and contested, and is usually channeled outside of public structures in recipient countries. This means that the mechanisms by which exaggerated populations can influence the overall conduct of

humanitarian actions is predominantly restricted, as they cannot usually rely upon their governments to confirm the reasonable and suitable use of funds (Macrae et al., 2002).

1.1 Rationale of the Study

Addressing the requirements of the millions of people all over the world affected by humanitarian crises will be serious to termination the AIDS epidemic by 2030 (UNAIDS, 2015). Calling for a new way of addressing HIV in humanitarian emergencies, the professionals inspected ways to ensure that the specific needs of people affected by humanitarian emergencies are taken in to account as the response to HIV is fast-tracked over the next five years.

The increase of humanitarian needs and ever-increasing gap is the issue that need to be tackled to effectively assist and protect the crisis affected population. With this challenge, humanitarian actors/practitioners are constantly searching for new and better way of financing to meet the need of crisis affected people. The amount and the way humanitarian funding reaches to the crisis affected population has implication on the efficiency and effectiveness of the assistance provided (Global Humanitarian Assistance Report 2016).

Ten countries received 63% (or US\$11.8 million) of all country-allocable humanitarian assistance in 2017. In 2018, an estimated 206.4 million people living in 81 countries were deemed in need of humanitarian assistance. International humanitarian assistance from governments and private donors continued to increase in 2018, reaching US\$28.9 billion. (Global Humanitarian Assistance Report 2019).

Myanmar currently has the fourth highest number of PLHIVs in WHO-SEAR after India, Indonesia and Thailand. In 2018, Myanmar has an estimated 237,000 people living with HIV, representing 0.57 percent prevalence. The HIV Epidemic at sub-national level is quite different from region to region. The sub-national estimates show that Yangon, Kachin, Northern Shan State and Sagaing HIV epidemics are not declining as the national one (Alliance, 2018). Funding for the response has progressively improved over recent years. However, coverage remains excessively low, donors look mainly unenthusiastic to

inoculate the resources required to meet health needs and the government itself expressively under-invests in health.

When undertaking the humanitarian response activities, funding is the most importance resource for humanitarian organization. Most of the donors decided to support funding based on the financial performance of the organization. Therefore, this study is focused on how the internal control system effect on the financial performance of humanitarian organization by conducting case study of Myanmar Interfaith Network on AIDS (MINA) that support addressing HIV in humanitarian emergencies in Myanmar.

1.2 Objectives of the Study

The objectives of the study are as follows:

- 1) To identify the internal control system of Myanmar Interfaith Network on AIDS.
- 2) To analyze the effect of internal control practices on financial performance of MINA.

1.3 Scope and Methods of the Study

This study was focused on the internal control practices and financial performance of MINA that support addressing HIV in humanitarian emergencies in Myanmar. This study was based on both primary and secondary data. Quantitative research method with simple random sampling was applied in this study. The primary data for the study were collected through the use of questionnaire with interview methods (personal interview and email/phone interview). The questionnaire consisted of seven parts; the first section was the characteristics of respondents, while in the remaining sections are questions related with internal control practices and financial performance. Secondary data was collected from reports and publish articles of related organizations, e-book, journal articles from Google Scholar and available websites. Data analysis was conducted by using Statistical Package for the Social Science (SPSS) software.

1.4 Organization of the Study

There are five chapters in this study. The first chapter describes the introduction about the rationale of the study, objectives of the study, scope and method of the study, and the organization of the study. Chapter two concerns theoretical background of internal

control practices and financial performance. Chapter three presents the profile of Myanmar Interfaith Network on AIDS. Chapter four includes analysis of internal control practices on financial performance of Myanmar Interfaith Network on AIDS and chapter five deals with findings, some recommendations and suggestion and the need for further study.

CHAPTER II

THEORETICAL BACKGROUND

In this chapter, the study is designated in the following about the concept of internal control system, component of internal control system, financial performance and review on previous studies and conceptual framework of the study.

2.1 Concept of Internal Control System

COSO defines Internal Control as a process affected by an entity's board of directors, management and other personnel, and designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations (USF, 2009).

Internal Control is defined as a system which integrates plans, opinions, attitudes, activities and efforts of the people of an organization working together to help the company achieves objectives and missions (DiNapoli, 2007),.

According to Lakis (2008), Internal Control is a system established managers to assure the operational effectiveness of the company; formation of the safety mechanism, reasonable use of the assets; specification and accuracy of accounting information.

Internal Control is a necessary process which is broadly established in aiming for: economic effectiveness and efficiency, reliable financial reporting, compliance with laws and regulations (Lakis & Girinjnias, 2012). King (2011) also agrees that Internal Control is a process, by which the corporate achieves its objectives, results, operational plan of executives; organize, monitor the whole operation of the company or each activity.

Other scholars have defined Internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of a organizations' objectives in the effectiveness and efficiency of operations, reliability of financial and management reporting, compliance with applicable laws and regulations and protect the organization's reputation. Effective internal control system operates when some specific procedures are adopted by the

management. International Accounting Standards categorizes internal control types as a plan of organization, segregation of duties, control of documents, safeguarding of assets, competence of staff, arithmetic and accounting controls, recording and record keeping, supervision, authorization and approvals, vocation and rotation of duties, cost feasibility, routine and automatic checks (Kinyua,2016).

2.2 Key Components of Internal Control System

Internal control consists of five interrelated components which are control or operating environment, risk assessment, control activities, information and communication and monitoring.

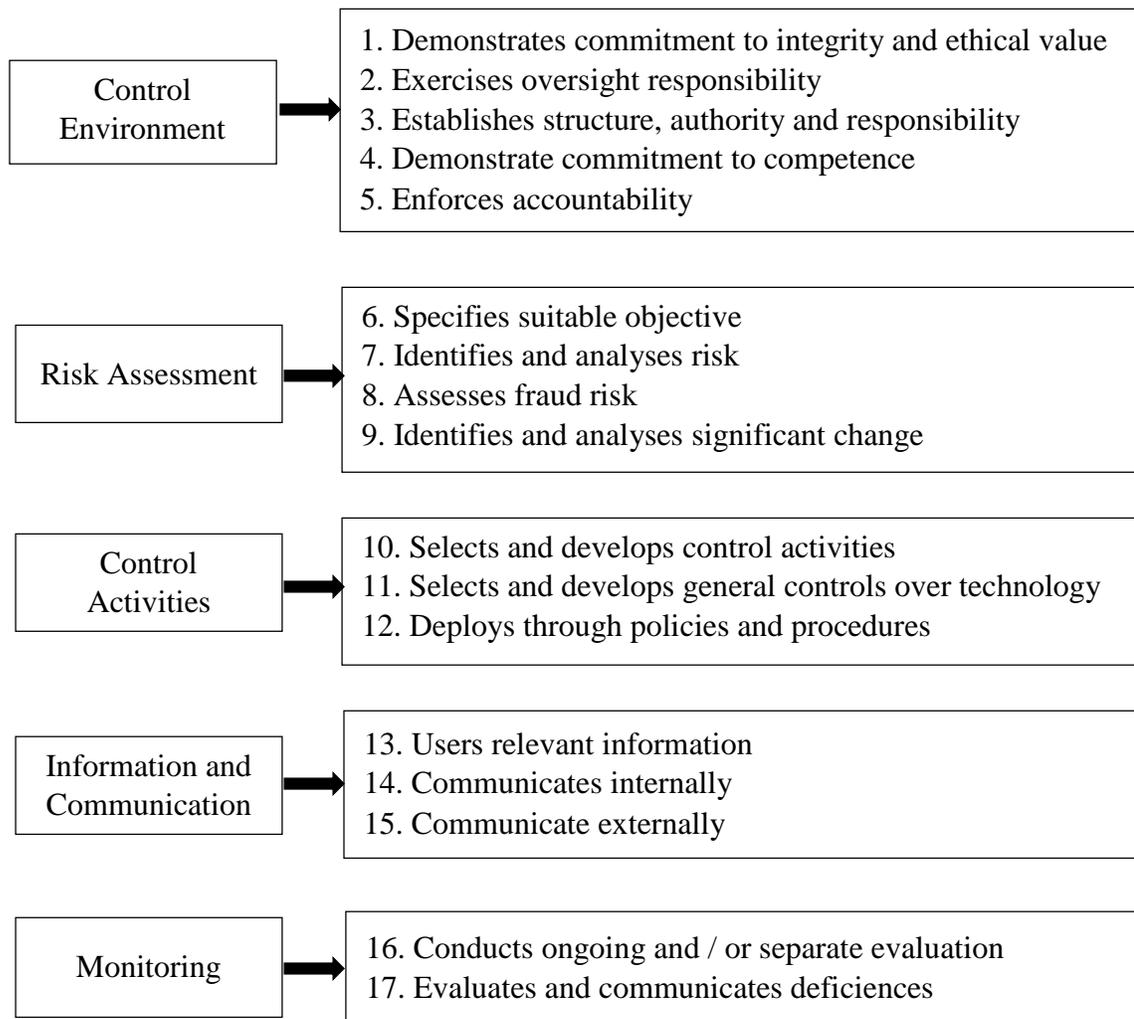
Figure 2.1 Components of the COSO Internal Control Framework



Source: COSO's Internal Control Integrated Framework, 1992

In 2013, COSO modernized the internal control framework by constructing the framework consuming five constituents with a total of 17 principles that characterize the important conceptions of the components to which they are connected.

Figure 2.2 Principles of Effective Internal Control System



Source: COSO, 2013

(1) Control Environment

Control environment is a set of policies and procedures that must be tracked in the implementation of internal controls within an organization (Kgabo, 2013). Control environment is the key feature of organization management due to it is a replication of the assertiveness and the policies of management in respect with the prominence of internal audit in the economic unit (Theofanis et al., 2011). However, it is the foundation for the other components of internal control and providing structure (Sudsomboon & Ussahawanitchakit, 2009). Control environment assist toward reducing the level fraudulent activities within organizational operation also the quality of an entity's internal

controls system depend on the function and quality of their control environment (Amudo & Inanga, 2009).

(2) Risk Assessment

Risk assessment is the documentation and analysis of relevant risks related with the attainment of the objectives of management (Theofanis et al., 2011). Likewise, Sudsomboon and Ussahawanitchakit (2009) view risk assessment as the process of categorizing and examining management significant risks to the preparation of financial reports that would be existing properly in conventionality with General Accepted Accounting Principles. The management must decide the level of risk cautiously to be established, and should try to maintain such risk within determined levels.

(3) Control Activities

Control activities are policies, procedures and mechanisms that ensure directives of management are properly carried out (Aikins, 2011). Proper documentation of policies and procedural guidelines in these aspects help to determine not only how the control activities are to be implemented but also provide adequate information for auditors examination of the overall capability of control design over financial administration practices (Aikins, 2011). These control activities ensure that all necessary actions should be taken with the aim to address risks so that organizational objectives are achieved. Example of control activities include; segregation of duties, daily deposit of cash receipts, bank reconciliations and limiting access to check stock.

(4) Information and Communication

Information and communication mentions to the process of detecting, catching, and cooperating of relevant information in a suitable manner and within timeframe in order to complete the financial reporting objectives (Aldridre & Colbert, 1994). However, effective communications should happen in a broader sense with information within the various segments of the organization (Theofanis et al, 2011). Most of the current literature on internal control system frameworks provided concerning on information and communication as one of the internal control system constituents, due to their prominence in influencing the working association within the organization at all levels (Amudo & Inanga, 2009). Hence, such information must be interconnected through

the whole organization in order to permit personnel to conduct their accountabilities with regard to objective accomplishment.

(5) Monitoring

Monitoring is the process that measures the quality of the organization's performance system over time. Monitoring controls are designed with the primary aim of certifying that the internal control systems put in place continue to work as proposed. This is achieved through ongoing monitoring activities, separate evaluations or a combination of the two (COSO Framework, 2013). Ongoing monitoring must happen in the course of operations. It must contain regular management and managing activities, and additional activities personnel take in performing their duties. The scope and frequency of separate evaluations primarily depend on an assessment of risks and the efficiency of ongoing monitoring processes. Any insufficiency in the internal control should be informed to the suitable level higher in the chain of command for counteractive actions, with serious matters recounted to top management and the board. Internal control is most effective when controls are built into the entity's infrastructure and are a part of the essence of the enterprise. Ineffective and delayed corrective responds from management reduces the credence of the monitoring exercise.

It is generally accepted that internal control systems require to be sufficiently censored in order to measure the quality and the efficiency of the performance of system over time. Monitoring delivers reassurance that the findings of audits and other reviews are quickly determined. (Theofanis et al, 2011), also notes monitoring of operations confirms effective functioning of internal controls system (Amudo & Inanga, 2009). Hence, monitoring determines whether or not policies and procedures intended and implemented by management are being carried out effectually by employees.

2.3 Financial Performance

Financial performance mentions to the act of performing financial activities. In wider sense, financial performance mentions to the degree to which financial purposes being or has been accomplished. It is the process of determining the results of policies and operations of organization in monetary terms. It is used to measure overall financial health of organization over a given period of time and can also be used to compare similar

organizations across the similar projects or to compare programs or sectors in combination (Trivedi, 2010).

Positive financial performance in an organization can be accomplished by eliminating waste in benefits services processes and systems. The “critical success factor” for an organization is the degree to which it accomplishes its set purposes and mission in terms of being well-organized, effective and economical. The information acquired from a complete internal control system as replicated from financial statements will provide a report on an organization’s financial performance and position that is valuable to a wide range of users for evaluating the stewardship and creating economic decisions (Davies, 2005).

According to Gerrit and Abdolmohammadi (2010), Organizational performance incorporates gathered end results of all the organization’s work procedures and activities. Financial Performance measures in humanitarian organization can be financial or non-financial. The most effective way to advance financial performance is by reducing the level of irregularity and deception through enhancements in the internal financial control system of firm. Shareholders is necessary to be guaranteed that their resources are being used proficiently and effectively in providing the right service at the least cost.

In the financial performance, accountability is also one of the major factors. Accountability is the ethical or lawful duty, placed on an individual, group or organization, to explain how funds, equipment or authority given by a third party has been used (Lewis, 2003). In addition, Sing, researcher rgues that the institution must explain how it has used its resources and what it has achieved as a result to all stakeholders, including beneficiaries. All stakeholders have the right to know how their funds and authority have been used.

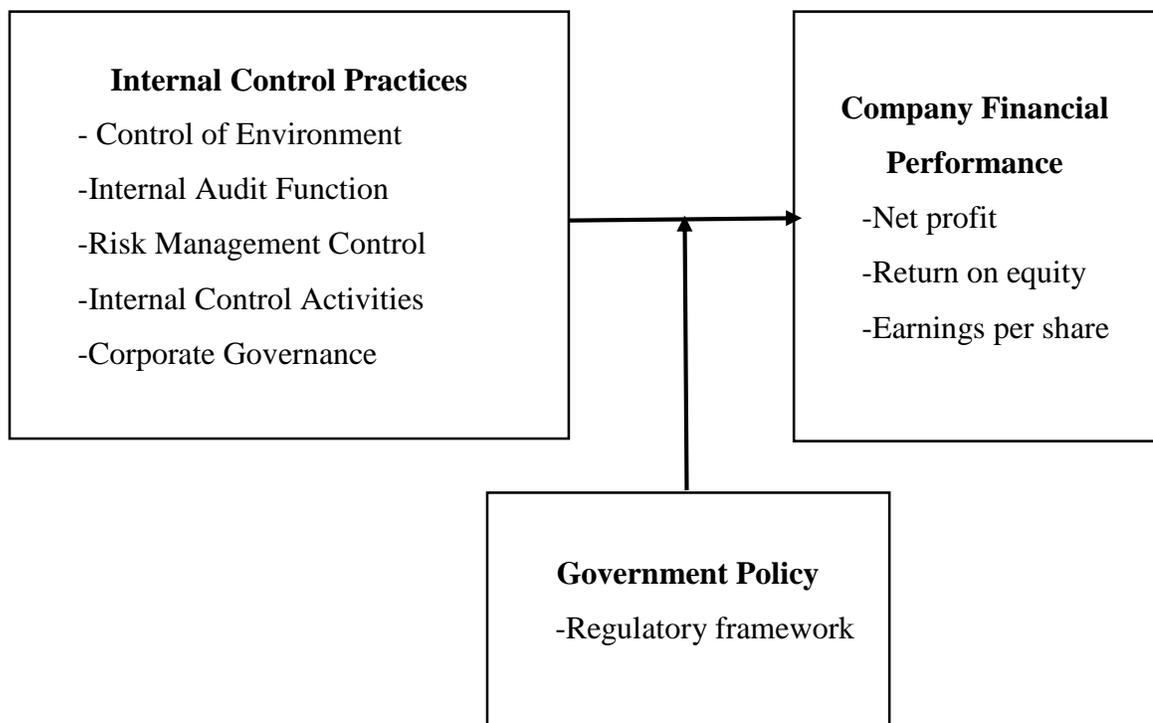
Furthermore, financial reporting is a very imperative role in presentating evidence of financial accountability. Because knowledge is strength, it also empowers beneficiaries and other stakeholders. Whittington & Pany (2001), talk about the extensiveness of internal controls in addressing the accomplishment of objectives in the areas of financial reporting, processes and compliance with laws and regulations.

2.4 Previous Studies

There are few research papers studying the internal control practices. Some of researches are the review to build of the conceptual framework of the study.

Kinyua (2016) studied effect of internal control system on financial performance of companies quoted in the Nairobi securities exchange by adopting descriptive research design using both quantitative and qualitative approach. Figure (2.3) presents the conceptual framework of Kinyua's study.

Figure 2.3 Conceptual Framework of Kinyua's study

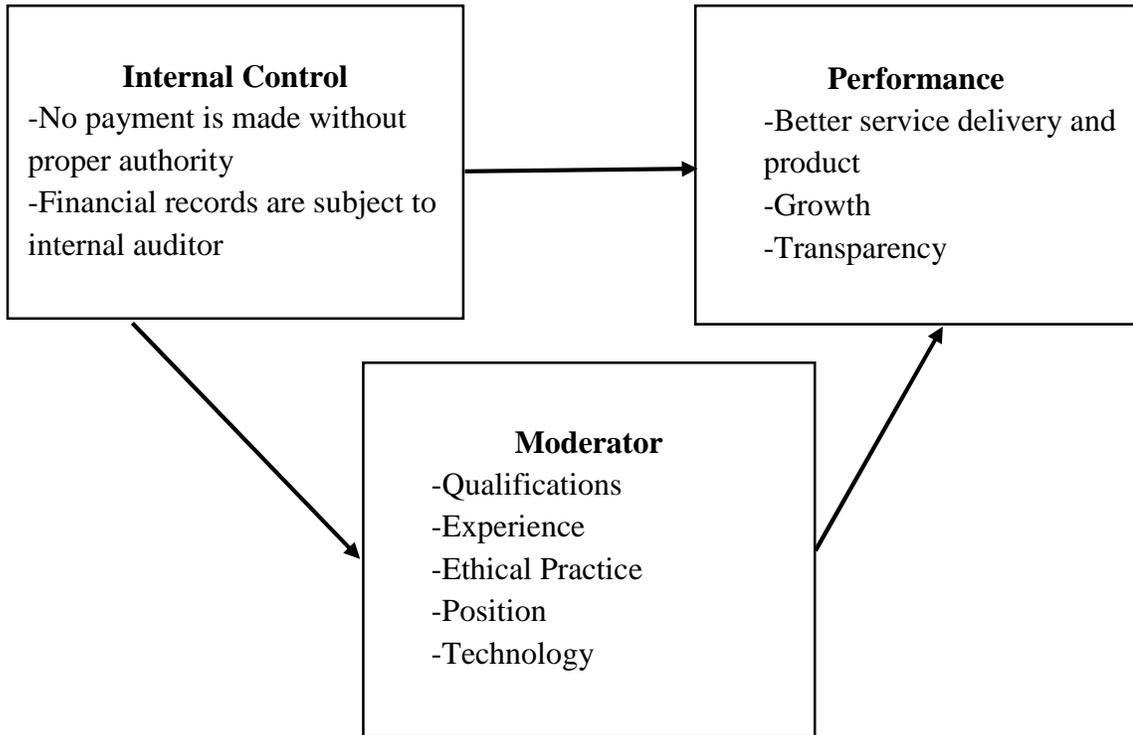


Source: Kinyua (2016)

According to Figure (2.3), Kinyua conducted the research to find the effect of internal control system on financial performance of company. In this study, five independent variables were included and moderating factor was regulatory framework. The researcher interviewed 144 respondents by structure questionnaires. The researcher used multiple regression models. This study was found that there was significant relationship between internal control systems and financial performance.

Ayon (2013) studied Internal Control and performance in Non-Governmental Organization by case studying of management sciences for health in South Sudan. Figure (2.4) shows the conceptual framework of Ayon.

Figure 2.4 Conceptual Framework of Ayon’s study

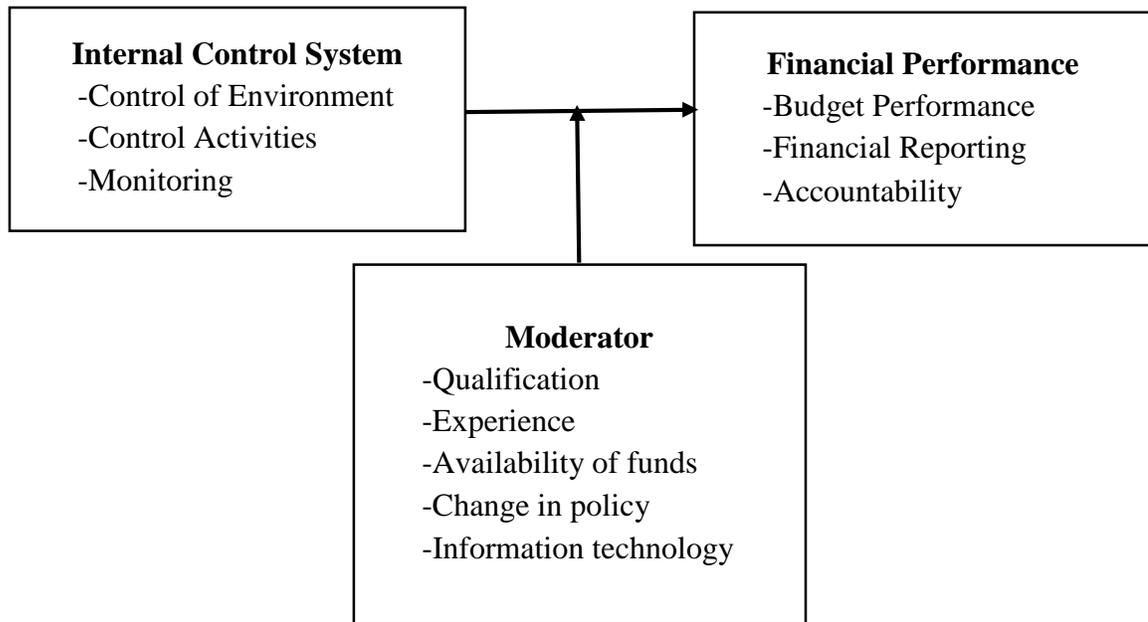


Source: Ayon (2013)

According to Figure (2.4), Ayon (2013) used self-administered questionnaire, and interview were used to collect data of 60 respondents in this study. Data was analyzed using frequency tables, Pie charts computer programs such as SPSS, Microsoft excel and word. In the conceptual framework of Ayon, the independent variable was internal control and dependent variable was performance. Furthermore, Ayon used qualifications, experience, ethical practice, position and technology as moderators. Researcher found that the internal control was affected on performance of the organizations.

Etengu and Amony (2016) studied internal control system and financial performance in Non-Governmental Organizations in Uganda. Figure (2.5) is the conceptual framework of Etengu’s study.

Figure 2.5 Conceptual Framework of Etengu’s study

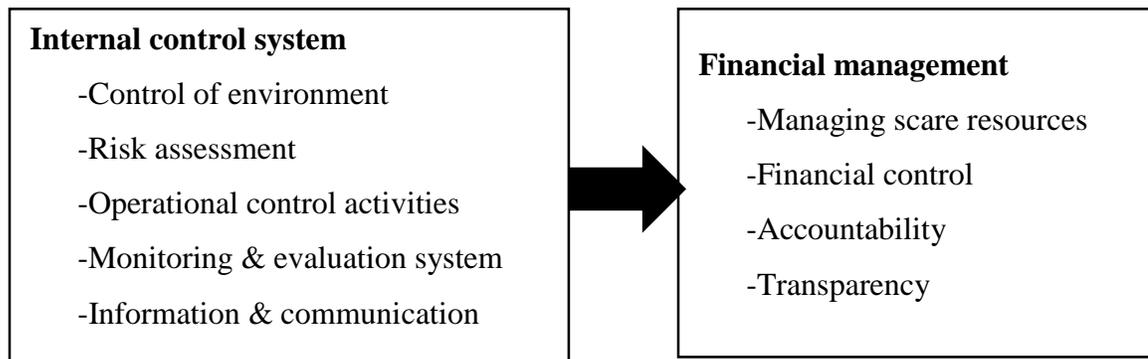


Source: Etengu (2016)

According to Figure (2.5), Etengu used internal control system as independent variable and financial performance was dependent variable. Furthermore, Etengu applied moderating variable in this study. The samples were included 70 respondents by using simple random sampling method. The findings of the study revealed a significant relationship between control environment, control activities, monitoring, and financial performance.

Mohamed (2018) studied internal control system and financial management in selected local Non-Governmental Organizations in Mogadishu, Somalia by employing descriptive survey research. Figure (2.6) is the conceptual framework of Mohamed study.

Figure 2.6 Conceptual Framework of Mohamed’s study

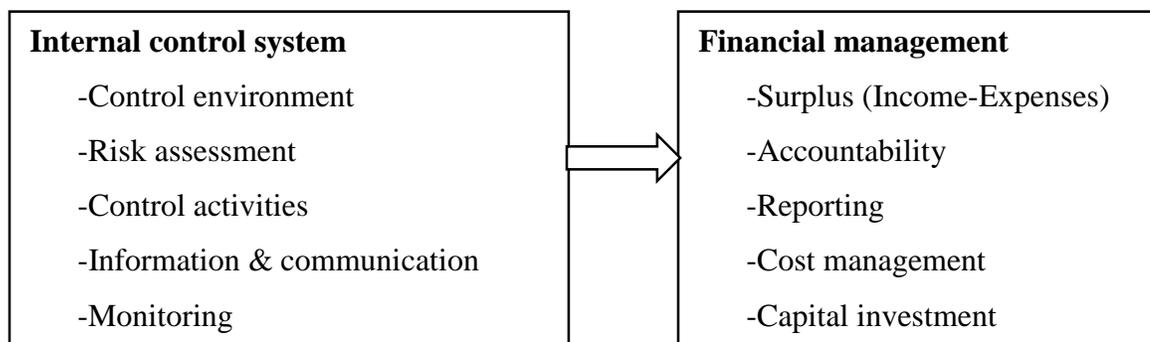


Source: Mohamed (2018)

According to Figure (2.6), Mohamed used internal control system as independent variable which included five components and financial management as dependent variable which included three factors. Researcher found that controlling environment, risk assessment and control activities significantly affect financial management of selected LNGOs in Mogadishu.

Muhonyo (2018) studied effect of internal control system on financial performance of public institutions of higher learning in Nairobi City Country in Kenya. Figure (2.7) is conceptual framework of Muhonyo’s study.

Figure 2.7 Conceptual Framework of Muhonyo’s study



Source: Muhonyo (2018)

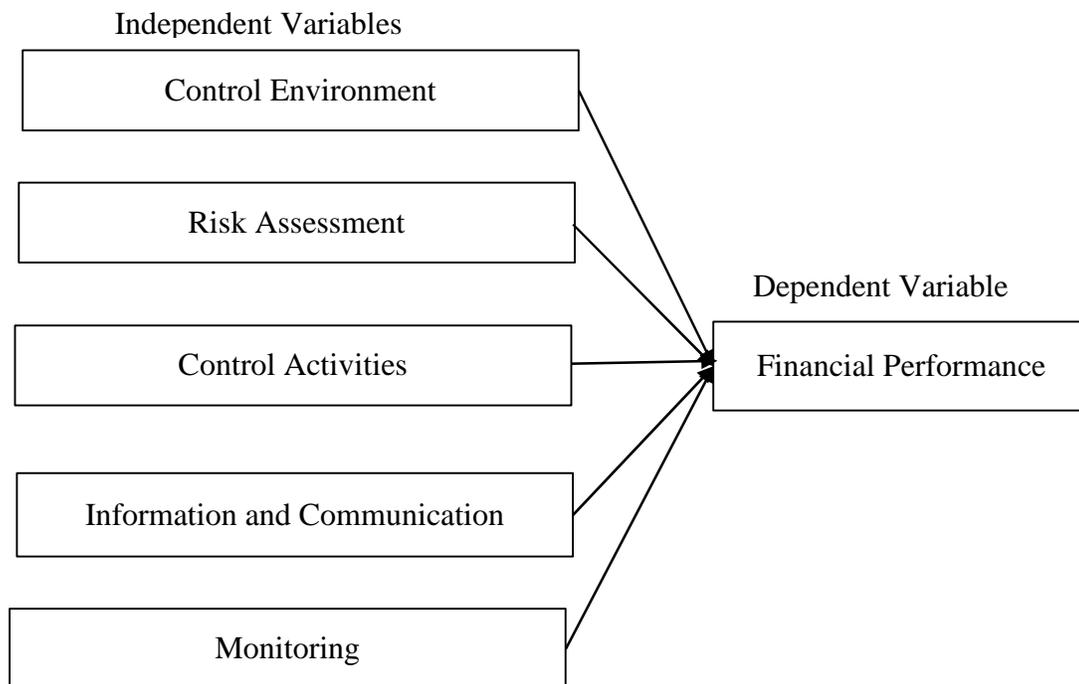
According to Figure (2.7), Muhonyo applied five independent variables in order to access the effect on financial management of public institutions. The sample included 96 employees from public institution. Structure questionnaires were used in this study. Data

analysis was done by using multiple linear regression method. This study revealed that the control environment, risk assessment, control activities and information and communication have significantly influence on the financial performance of public institutions in Nairobi City, Kenya.

2.5 Conceptual Framework of the Study

This study is investigated the major five variables of internal control system: control environment, risk assessment, control activities, information and communication and monitoring, the following framework as developed. The conceptual framework of this study is similar with both of researchers, Mohamed and Muhonyo in the review of previous studies. The conceptual framework of this study is shown in Figure (2.8).

Figure 2.8 Conceptual Framework of the Study



Source: Adopted from COSO (1992)

According to Figure (2.8), the dependent variable is financial performance of MINA and the independent variables are control environment, risk assessment, control activities, information and communication and monitoring in this study.

Having ethical values and integrity of staffs and members in the organization, human resource policies & procedures, financial policy and management, organization structure and responsible assignment are indicated as the control environment. Risk identification, risk analysis, risk management, risk evaluation and risk response are the factors of risk assessment. In the control activities, segregation of duties and responsibilities of each staffs and members, independently review on the work of others, following policies and procedure consists of the main components. Information and communication channels, capturing and disseminating useful information are also important in internal control practices. In the monitoring, regular review of the effectiveness of the internal control system, timely corrective action for internal control deficiency and ongoing monitoring are included. In the financial performance, budget management, financial reporting and accountability are included.

CHAPTER III

BACKGROUND STUDY OF MYANMAR INTERFAITH NETWORK ON AIDS

In this chapter, the study is described about background of Myanmar Interfaith Network on AIDS (MINA), objectives of MINA, organization structure of MINA and activities of MINA.

3.1 Profile of Myanmar Interfaith Network on AIDS

Although informal collaboration and collective responses to HIV by faith-based organizations has started in 2007, MINA was formally organized as a network of faith-based organizations on November 17, 2009. It has 13 leading religious organizations in Yangon Region, covering 95 other religious organizations throughout 9 States and Regions of Myanmar including Yangon, Mandalay, Shan State, Mon State, Bago (East and West), Ayeyarwaddy, Sagaing, and Kachin. The National Office of MINA is situated in Yangon Region.

Myanmar Council of Churches, Myanmar Baptist Convention, Ratana Myitta, Yey Lel Monastery, Positive Muslim Group and Suyam Hindu Group are its interfaith members. They have actively involved in all aspects of HIV response, including provision of ART (Ratana Myitta) medical support for OI (Ratana Myitta), providing Shelters (Yey Lel Monastery, Good Shepherd Sisters, Mingladone Catholic Church) referral to services, financial support, psycho-social support, hospital visit and home visit and home based care.

Before the official formation of MINA, faith groups had celebrated Candlelight Memorial with the support of UNOPS in 2007. In 2010, with the support of Burnet Institute in Myanmar, MINA could organize a common platform of four religions to bring out common stance from respective religious Scriptures in responding to HIV. An Interfaith Forum was held later to highlight the results of commitments to the community members and stakeholders.

Again in 2013, MINA organized four dialogue sessions between religious leaders and key affected populations (KAP) in four religious centres, where greater understanding between religious leaders and KAP was created. The outcome of the dialogue was

highlighted in a forum to community leaders and stakeholders. Burnet Institute of Myanmar had provided financial support.

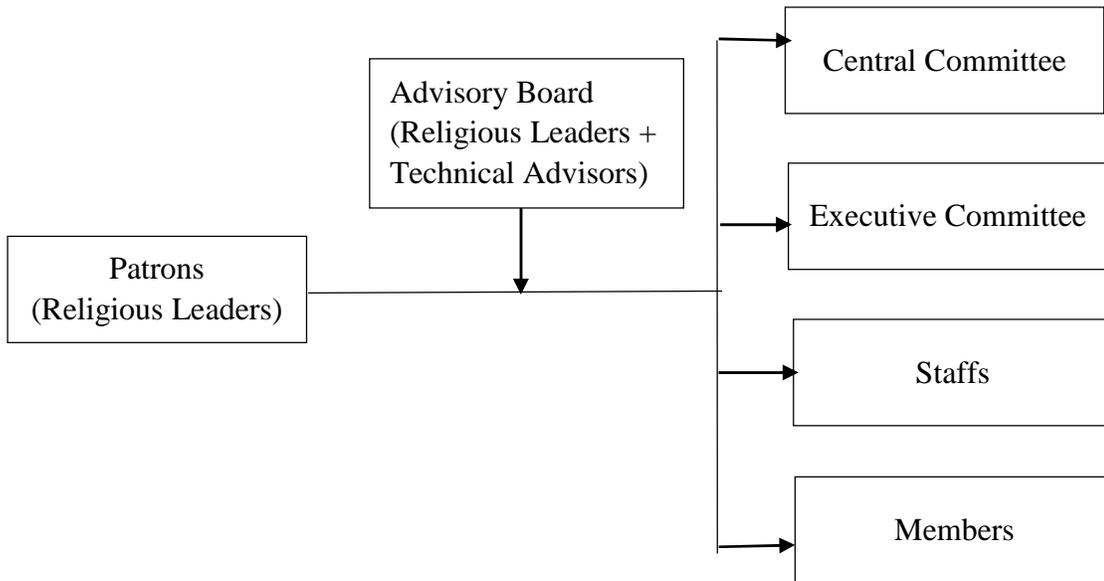
The main objective of the event is to raise the voices of people living with HIV against stigma and discrimination with support of religious leaders and to establish engagement with new Parliament. Specific Objectives are followings.

- 1) To strengthen the better engagement between the interfaith leaders and people living with HIV. The event will be the stepping stone to bring interfaith leaders and communities together and involve in wider advocacy activities to eliminate stigma and discrimination at all levels. Religious leaders play key role in sustaining the process of advocacy and raise constant voices against stigma and discrimination.
- 2) HIV awareness raising to the Parliamentarians and officials. By celebrating Candlelight Memorial, selected Parliamentarians and officials from relevant ministries will improve awareness, understand the difficulties of people living with HIV and key affected populations and will support in creating more enabling environment.
- 3) To give moral support to people living with HIV. People living with HIV will get an opportunity to listen to the encouraging words from religious leaders. It will also bring mutual understanding between them and religious leaders.
- 4) To gain public attention about HIV through media. Media will also help improving awareness on HIV and its related issues. They will be helpful in disseminating key messages from the event to the general public through various channels.
- 5) To get better engagement and networking with donor agencies
This celebration will create better atmosphere, will have chances to meet and share experiences with the donor agencies.
- 6) To get the practical experience of arranging advocacy campaign MINA will be recognized more of its activities, could build up its capacity along with the volunteers and its staff members.

3.2 Organization Structure of Myanmar Interfaith Network on AIDS

Every organization has always organogram. MINA also has the organization structure that is shown in Figure (3.1).

Figure 3. 1 Organization Structure of Myanmar Interfaith Network on AIDS



Source: MINA Myanmar (2019)

Figure (3.1) is the organization structure of MINA. Five Patrons who are the religious leaders support the activities of MINA. There are five religious leaders and three technical advisors in the advisory board. In the central committee, two person from each State and Regions (Yangon, Mandalay, Shan State, Mon State, Bago (East and West), Ayeyarwaddy, Sagaing, and Kachin) participate in the activities of MINA. There are ten members participate in executive committee. Seven project staffs work in Community Feedback Mechanism Project of MINA. Other remaining 47 members participate as volunteers in the activities of MINA.

3.3 Activities of Myanmar Interfaith Network on AIDS

From 2010 onward, MINA regularly celebrates Candlelight Memorial with its own funding, contributed by its member organizations, individual and religious groups. Realizing the growing support of four religious groups, MINA has initiated celebration of religious festivals as interfaith celebrations with participation of members of all religions.

These celebrations bring religious leaders closer to people living with HIV, and eliminate stigma and discrimination to some extent.

Celebrating Candlelight Memorial with religious leaders, people living with HIV and community leaders will further enhance the momentum to bring down stigma and discrimination. At present MINA is being supported under Global Fund through HIV/AIDS Alliance Myanmar. With this support, MINA could extend formation of its branches in four States and Regions.

MINA's activities are widely recognized regionally, becoming a leading member of Asian Interfaith Network on AIDS based in Bangkok, and has been given a space with a separate article on MINA in UNAIDS website.

MINA receive the funding from private donors and Alliance Myanmar. The private donors included business person and everyone who want to donate to MINA. Alliance Myanmar is one of the international organizations that support networks to implement HIV prevention and promotion activities. The detail activities of MINA are the following.

- a) Advocacy Workshop
- b) Celebrating Interfaith Festival
- c) HIV Awareness Raising Workshop
- d) International AIDS Candle Light Memorial Event
- e) Interfaith Forum
- f) Donation to Flood Victim
- g) Nutrition Support to PLHIV and OVC
- h) Anti-Discrimination Activities
- i) Network Strengthening Activities
- j) Attending National and International Conference

a) Advocacy Workshop

MINA always conduct advocacy workshop at least four time a year to religious leader in order to improve participation of religious leaders in humanitarian response and social activities of MINA.

b) Celebrating Interfaith Festival

MINA always celebrate interfaith festival such as Thadingyut Festival, Eid Festival, Christmas Festival and Depawady Festival every year. MINA invite all of stakeholders and beneficiaries to participate in these festivals. By celebrating interfaith festival, the collaboration and coordination of different religious group is improved.

c) HIV Awareness Raising Workshop

HIV and AIDS has had a devastating impact on the social and economic status of the population. The National AIDS Council recognizes that the HIV and AIDS pandemic has robbed the Country of its most valued members of our population-its educated manpower, both young and old. Therefore, HIV awareness raising workshop is one of the activities of MINA. MINA usually conduct HIV awareness raising workshop quarterly during one year period.

d) International AIDS Candlelight Memorial Event

The International AIDS Candlelight Memorial, coordinated by the Global Network of People living with HIV is one of the world's oldest and largest grassroots mobilization campaigns for HIV awareness in the world. Started in 1983, the International AIDS Candlelight Memorial takes place every third Sunday in May and is led by a coalition of some 1,200 community organizations in 115 countries. MINA also conduct Candle Light Memorial Event for PLHIV every year.

e) Interfaith Forum

Interfaith Forum reflects a remarkable partnership, crossing continents, cultures, disciplines, ideologies, and religious traditions. MINA held Interfaith Forum every year in order to increase collaboration and coordination among different religious leaders.

f) Donation to Flood Victim

Climate change, associated extreme weather and demographic shifts means that record numbers of people are exposed to floods, heat waves and other hazards. Severe weather, including thunderstorms, heavy rain and strong winds has affected to people in Myanmar every year that occurred different location. MINA always participate in the humanitarian response activities during the disaster occurred. As of 19 June 2018,

Ayeyawaddy, Magway, Bago, Sagaing regions and Kachin, Kayah, Kayin, Mon, Rakhine and Shan states/regions have been affected by flooding. MINA donated rice, oil and bean to people who stayed in flooding region.

g) Nutrition Support to PLHIV and OVC

The HIV/AIDS epidemic has had a devastating impact on health, nutrition, food security and overall socioeconomic development in countries that have been greatly affected by the disease. In people with HIV, good nutrition supports overall health and helps maintain the immune system. Good nutrition also helps people with HIV maintain a healthy weight and absorb HIV medicines. Now, MINA network has expanded to 9 States and Regions. Thus, MINA provide nutrition support to PLHIV in the targeted area. Furthermore, MINA donated food to HIV-OVC in the targeted area of MINA.

h) Anti-Discrimination Activities

Myanmar has pledged to implement policies to fight discriminations in HIV prevention as it aims to end AIDS as a public health threat by 2030. Most of the PLHIV are suffering stigma and discriminating in their environment. MINA conduct the anti-discrimination activities in the targeted area in order to promote the psychological safety for PLHIV.

i) Network Strengthening Activities

MINA is participated as a representative organization of various network activities which include Myanmar Health Sector Coordination Committee, HIV Technical Strategic Group, HIC Community Network Consortium and Human Rights & Gender group.

j) Attending National and International Conference

MINA attend the national conference and international conference and MINA present their activities in the conference. Furthermore, MINA performed the activities of Community Feedback Mechanism projects by funding from Alliance, Global Fund. The Community Feedback Mechanism (CFM) delivered a mechanism that enables the beneficiaries and community members to provide feedback and seek responses in relation to activities of project addressing HIV in humanitarian emergencies in Myanmar.

3.4 Internal Control Practices of Myanmar Interfaith Network on AIDS

MINA has policy to maintain an effective system of internal control to provide management with reasonable assurance that assets are safeguarded and transactions are authorized, valid, complete and accurate. The elements of internal control that MINA developed include:

- a) **Segregation of duties:** with the goal of providing a system of checks and balances to prevent errors or dishonest behavior, no person has control over a transaction from beginning to end: execution, recording, authorizing and reconciling a transaction. When unable to sufficiently segregate duties, increased review and oversight from the coordinator is expected. Segregation of duties is defined as the appropriate division of tasks and responsibilities such that no one person controls a process from beginning to end, and that transactions are reviewed independently at various points during the process. It is a “check and balance” approach designed to easily identify errors, discrepancies or fraud. Individuals assigned to the various tasks in a process should be independent of each other both in function and relationship.
- b) **Signature requirements/approval authority:** with the goal of preventing unauthorized transactions and establishing accountability and liability, MINA requires every transaction to be approved by designated personnel in accordance with the Approval Authority matrix as approved at the time of signing.
- c) **Source Documentation:** MINA requires all transactions to be clearly and thoroughly documented and supported with appropriate information and readily available for reviews.
- d) **Physical controls:** with the purpose of verifying the existence of assets reported on the country office’s books and records, MINA requires regular physical verifications such as inventory counts and cash counts.
- e) **Dual controls:** MINA implements double-checks and reviews to ensure that transactions or external source documents are substantially correct, for example, bank transactions are made only upon the authorization of two parties.

- f) Fixed responsibility for resources: access to resources, for example to safe keys and passcode, are restricted to specific individuals and access is properly documented, to establish accountability and prevent loss.
- g) Monitoring and independent checks: to ensure that policies and procedures are followed, MINA requires crosschecks and management spot checks, for example, spot check of some vendors, regular and on-spot reviews of transactions, surprise cash count and other as appropriate.
- h) Verifications: internally generated reports and documents are reconciled to independent/external sources of information as much as possible, for example, through regular reconciliations of bank journals with statements obtained from the bank.
- i) Manuals: MINA maintains clear policies and procedures to provide a clear understanding of functions and authorities as well as accountabilities.
- j) Access control: access to financial system files and records are restricted to prevent intentional or unintentional changes or loss of data.

CHAPTER IV
ANALYSIS ON THE EFFECT OF INTERNAL CONTROL
PRACTICES ON FINANCIAL PERFORMANCE OF MYANMAR
INTERFAITH NETWORK ON AIDS

This chapter analyses the effect of internal control practices of MINA on their financial performance. There are five sections included in this chapter which are research design, demographic characteristics of respondents, reliability test, analysis on internal control practices and financial performance and analysis on the relationship between internal control practices and financial performance.

4.1 Research Design

This study focuses on the internal control system effect on financial performance of humanitarian organizations. This study is a case study on Myanmar Interfaith Network on AIDS which performed humanitarian response and intervention that support addressing HIV in humanitarian emergencies in Myanmar. According to the nature of MINA, 95 members participate in the activities of MINA. This study represented the sample of 47.6 percent of the target population with simple random sampling method. 45 staffs/members (13 respondents from Yangon Region and remaining 32 respondents from Mandalay, Shan State, Mon State, Bago (East and West), Ayeyarwaddy, Sagaing, and Kachin) of MINA responded the structured questionnaires.

This study contains five key independent variables: control environment, risk assessment, control activities, information and communication, monitoring. The dependent variable is financial performance of MINA. The questionnaires survey consists of seven parts. The first part includes the questions on the characteristics of the respondents. From second to six sections include the questions for internal control system and the remaining part of the questionnaire design to access the financial performance. Five-point Likert Scale is applied in this study. Scale is provide as 5 (strongly agree), 4 (agree), 3 (neither agree nor disagree), 2 (disagree) and 1 (strongly disagree).

4.2 Demographic Characteristics of the Respondents

The distribution of demographic characteristics of respondents are shown with the frequency distribution table with percentage.

(a) Number of Respondent by Gender

Gender can be categorized into two group, male and female in this study. Table 4.1 presents the gender of respondents.

Table 4.1 Number of Respondents by Gender

Gender	Number of respondents	Percentage
Male	10	33.3
Female	35	66.7
Total	45	100

Source: Survey data (2019)

According to above Table (4.1), the sample contains 10 (33.3 percent) males and 35 (66.7 percent) females. Thus, it can be noted that female respondents are higher than male respondents.

(b) Number of Respondent by Age Group

In this study, age is divided into five groups which are below 20 years, 20-30 years, 31-40 years, 41-50 years and above 50 years. Table (4.2) correspondingly shows the frequency distribution of age in year.

Table 4.2 Number of Respondents by Age Group

Age (in year)	Number of respondents	Percentage
20-30 years	7	15.6
31-40 years	24	53.3
41-50 years	10	22.2
Above 50 years	4	8.9
Total	45	100

Source: Survey data (2019)

Depending on above Table (4.2), 35 respondents in the 31 to 40 age group represents 53.3 percent which is the largest group among other age group. 10 respondents were 41-50 years representing 22.2 percent and 7 respondents were 20-30 years

demonstrating 15.6 percent. The age of the category of above 50 years is only 4 respondents. Therefore, depending on data, it can conclude that the age of the majority respondents are between 31 to 40 years.

(c) Number of Respondents by Educational Status

The educational status of the respondents is categorized into three group which are Graduate, Post-graduate/Master, and PhD.

Table 4.3 Number of Respondents by Educational Status

Educational Status	Number of respondents	Percentage
Graduate	35	77.7
Post-graduate/Master	10	22.2
Total	45	100

Source: Survey data (2019)

Table (4.3) shows 35 respondents are Graduate which is the largest portion of the respondents at 77.7 percent. 10 respondents representing 22.2 percent possess Post-graduate/Master level.

(d) Number of Respondents by Position

The president, coordinator, project officer, project assistant, treasure, members were requested to support this study.

Table 4.4 Number of Respondents by Position

Position	Number of respondents	Percentage
President	1	2.2
Coordinator	1	2.2
Project Officer	1	2.2
Project Assistant	1	2.2
Treasurer	1	2.2
Member	40	88.2
Total	45	100

Source: Survey data (2019)

From Table (4.4), 88.2 percent of respondents are member of MINA and other remaining respondents are president, coordinator, project officer, project assistant and treasurer.

(e) Number of Respondents by Working Experiences

Table 4.5 presents the working experiences of respondents by categorizing into four groups.

Table 4.5 Number of Respondents by Working Experiences

Working Experiences	Number of respondents	Percentage
Below 1 Year	2	4.4
1 - 3 Year	16	35.6
4 - 6 Year	19	42.2
Above 6 Year	8	17.8
Total	45	100

Source: Survey data (2019)

With working to the experience in current organization, Table (4.5) shows that the largest segment, 19 respondents at 42.2 percent, have worked for 4-6 years. The second largest segment, 16 respondents at 35.6 percent, have worked for 1-3 years and 8 respondents at 17.8 have worked above 6 years respectively. Only two respondent at 4.4 percent has worked for below one year.

4.3 Reliability Test

The Likert scale’s invention is attributed to Rensis Likert (1931), who described this technique for the assessment of attitudes. When using Likert-type scales it is imperative to calculate and report Cronbach’s alpha coefficient for internal consistency reliability for any scales. Cronbach’s alpha does not provide reliability estimates for single items. Cronbach’s alpha reliability coefficient normally ranges between 0 and 1. However, there is actually no lower limit to the coefficient. The closer Cronbach’s alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. George and Mallery (2003) offer the following rules of thumb:

- a) “Alpha 0.9 = Excellent
- b) $0.9 > \text{Alpha } 0.8 = \text{Good}$
- c) $0.8 > \text{Alpha } 0.7 = \text{Acceptable}$
- d) $0.7 > \text{Alpha } 0.6 = \text{Questionable}$
- e) $0.6 > \text{Alpha } 0.5 = \text{Poor, and}$
- f) $\text{Alpha} < 0.5 = \text{Unacceptable}”$.

While increasing the value of alpha is partially dependent upon the number of items in the scale, it should be noted that this has diminishing returns. It should also be noted that an alpha of 0.8 is probably a reasonable goal. It should also be noted that while a high value for Cronbach’s alpha indicates good internal consistency of the items in the scale, it does not mean that the scale is unidimensional.

As shown in the Table 4.6, the results of reliability analysis for this study indicated that the Cronbach’s alpha value of overall six components are greater than 0.7. It showed that all variables under each component can explain the relationship within the variable adequacy best.

Table 4.6 Cronbach’s Alpha Reliability Test

Description	Number of items in the scale (variables)	Scale reliability coefficient (Cronbach’s alpha)
Control Environment	6	0.8508
Risk Assessment	5	0.7585
Control Activities	5	0.7044
Information and Communication	5	0.7864
Monitoring	6	0.7970
Financial Performance	7	0.7293

Source: Survey data (2019)

4.4 Analysis on Internal Control Practices and Financial Performance

In this study, the respondents were requested to examine the extent of internal control practices in terms of control environment, risk assessment, control activities, information and communication, and monitoring. The data collected were summarized into strongly disagree, disagree, neutral, agree, and strongly agree based on a five-point Likert scale. Thus, each factor has been described in term of the mean value and the standard deviation of each statement. It can be assumed that humanitarian organization (MINA) will strongly practice control factors within their organization if the mean values indicate above 3 while the organization will weakly practice the factors if the mean value indicate less than 3.

(1) Control Environment

This variable was to investigate the extent of the existence of internal control environment within the organization. The following Table (4.7) describe the mean value and standard deviation for each statement concerning control environment.

Table 4.7 Control Environment

Sr.No	Control Environment	Mean	SD
1	The moral qualities like respectability , interest, trustworthiness that have been exhibited by all staff in different level	4.0	0.87
2	The moral ideals such as honesty and uprightness presently verified by all staff.	3.7	0.95
3	The organization has human resource policy and procedures which are clearly described for all staff.	4.0	0.80
4	The organization has an accounting and financial management system.	4.2	0.81
5	The presence obviously the structure of organization which visibly demotes responsibility and duty to all staff.	3.8	0.92
6	Every staff/members are allocated suitable level of authority and responsibility to achieve the objectives of the organization.	3.8	0.91
Average		3.9	0.66

Source: Survey data (2019)

Table (4.7) presents that the situation of the practices of control environment in MINA. Depending on the result of above findings, the moral qualities like respectability , interest, trustworthiness that have been exhibited by all staff in different level and the organization has human resource policy and procedures which are clearly described for all staff have same mean value (mean value = 4.0). The mean value of the organization has an accounting and financial management system is 4.2. Furthermore, the presence obviously the structure of organization which visibly demotes responsibility and duty to all staff and every staff/members are allocated suitable level of authority and responsibility to achieve the objectives of the organization have also same mean value (mean value = 3.8). The mean value of the moral ideals such as honesty and uprightness presently verified by all staff is 3.7. According to the results presented in above, it can be seen obviously that MINA is performing within the internal control environment as the overall mean value for control environment is 3.9.

(2) Risk Assessment

There are five factors to examine the risk assessment of internal control practices in MINA. Table (4.8) is shown the value of mean and standard deviation for each factors regarding risk assessment.

Table 4.8 Risk Assessment

Sr.No	Risk Assessment	Mean	SD
1	Management identifies risks that affect achievement of the objectives of the organization.	4.0	0.87
2	The most critical risk is ranked by executive team	3.7	0.79
3	The member in the organization effectively talk risks to the staffs and the stakeholders	3.6	0.94
4	Risk Management committee is established in the organization	3.7	0.95
5	Management has focused to decrease the critical risks that may lead to loss of organization.	3.7	0.78
Average		3.7	0.62

Source: Survey data (2019)

The findings showed that MINA identifies risks that affect achievement of the objectives of the organization (mean value=4.0), the most critical risk is ranked by executive team (mean value=3.7), and the member in the organization effectively talk risks to the staffs and the stakeholders (mean value=3.6). Also, Risk Management committee is established in the organization (mean value=3.7), and management has focused to decrease the critical risks that may lead to loss of organization (mean value=3.7). The overall mean value is 3.7. Therefore, it can be determined that MINA has risk assessment mechanism in their internal control practices.

(3) Control Activities

In the variable of control activities, five factors are included. These are shown in Table (4.9) by calculating mean value and standard deviation.

Table 4.9 Control Activities

Sr.No	Control Activities	Mean	SD
1	Our organization has clear segregation of roles and responsibilities.	3.8	0.74
2	Every staff can independently review the work of others.	4.0	0.87
3	Staffs receive accounting and financial management training in the organization	3.7	0.95
4	Staffs are needed to take approval from authorized person for all expenditure before effecting payment.	4.2	0.74
5	The organization has accurate compliance to procurement policy and procedure when purchasing is done.	3.9	0.67
Average		3.9	0.54

Source: Survey data (2019)

According to Table (4.9), the findings revealed that most MINA has clear segregation of roles and responsibilities is 3.8 mean value. Every staff can independently review the work of others (mean value=4.0), staffs receive accounting and financial management training in the organization (mean value=3.7), Staffs are needed to take

approval from authorized person for all expenditure before effecting payment (mean value=4.2), and the organization has accurate compliance to procurement policy and procedure when purchasing is done (mean value=3.9). The overall mean value of control activities is 3.9. From the above finding, it can be said that MINA provided attention and performed control activities of internal control system.

(4) Information and Communication

Table (4.10) described the flow information and communication in the organization. Five statements are included to identify the respondents' perception on information and communication.

Table 4.10 Information and Communication

Sr.No	Information and Communication	Mean	SD
1	The information and communication system of organization is very well developed.	3.9	0.79
2	The organization has an information system capable of taking data from appropriate internal and external sources and converting that data into quality information	3.8	0.67
3	Policies and procedure regarding communication and information have been developed in the organization.	4.0	0.64
4	The information of projects and financial report that are communicated to all stakeholders.	4.0	0.87
5	The organization has suggestion box to acquire the confidential information.	3.7	0.95
Average		3.9	0.58

Source: Survey data (2019)

Table (4.10) describes the situation of information and communication system of MINA by presenting the mean value and standard deviation. The findings indicated that the information and communication system of MINA is very well developed (mean value=3.9), the organization has an information system capable of taking data from appropriate internal and external sources and converting that data into quality information

(mean value=3.8). Furthermore, this study is designated that policies and procedure regarding communication and information have been developed in the organization and the information of projects and financial report that are communicated to all stakeholders have same mean value (mean value=4.0). The mean value of the organization has suggestion box to acquire the confidential information is 3.7. According to this result, the overall mean of information and communication in MINA is 3.9 which is greater than 3 and thus, it can say that the information and communication system of MINA is well functioning.

(5) Monitoring

Table (4.11) shows the result of monitoring practice in MINA by presenting mean value and standard deviation.

Table 4.11 Monitoring

Sr.No	Monitoring	Mean	SD
1	The central committee always evaluate the overall activities of organization to determine the effectiveness of internal control practices.	3.6	0.80
2	The organization always perform the budget review to compare the actual expense and budget expenditure.	4.0	0.82
3	The organization has regular review meeting to examine the effectiveness of internal control and financial record to know the deficiency and irregularities.	3.5	0.89
4	The organization usually take correct actions regarding the recommendation of external auditor.	3.7	0.75
5	The organization conduct internal reviews for internal control practices periodically.	3.9	0.63
6	The organization apply the ongoing monitoring practice and providing feedback on internal control practices.	3.7	0.70
Average		3.7	0.54

Source: Survey data (2019)

The result of above Table (4.11), the findings showed that MINA central committee always evaluate the overall activities of organization to determine the effectiveness of internal control practices (mean=3.6), the organization always perform the budget review to compare the actual expense and budget expenditure (mean value=4.0), the organization has regular review meeting to examine the effectiveness of internal control and financial record to know the deficiency and irregularities (mean value=3.5), the organization conduct internal reviews for internal control practices periodically (mean value=3.9). Furthermore, the organization usually take correct actions regarding the recommendation of external auditor and applying the ongoing monitoring practice and providing feedback on internal control practices have same mean value (mean value=3.7). The result states that the overall mean value of monitoring practice of MINA is 3.7 and thus, it can say that MINA has well-functioning monitoring system.

(6) Summary of Mean Value for the Whole Internal Control Practices

The following Table 4.12 is the summary of mean value for the whole internal control practices in this study.

Table 4.12 Summary of Mean Value for the Whole Internal Control Practices

Sr.No	Financial Performance	Mean
1	Control Environment	3.9
2	Risk Assessment	3.7
3	Control Activities	3.9
4	Information and Communication	3.9
5	Monitoring	3.7
Total Average		3.82

Source: Survey data (2019)

According to the result of Table (4.12), the mean value of three components, control environment, control activities, information and communication are 3.9 which values are greater than the mean values of other two components, risk assessment and monitoring. However, the total average value of control practices is 3.82 that result is higher than the cut-off value of three indicating that MINA has higher internal control practices.

(7) Financial Performance

This section shows the financial performance of MINA which seven components are included.

Table 4.13 Financial Performance

Sr.No	Financial Performance	Mean	SD
1	Budgetary control on the expenditure has led to proper utilization of funds	3.9	0.66
2	The organization's control system ensure the accuracy and reliability of financial records.	3.9	0.65
3	Proper financial reporting in the organization has a significant influence on its financial performance.	4.0	0.69
4	The internal control system has led to proper management of funds in the organization.	3.9	0.84
5	Our organization overcome financial difficulties when implementing activities.	4.1	0.50
6	Internal auditing has led to compliance with rules and regulations in the implementation of organization.	4.0	0.60
7	The internal control system has led to improved accountability in the organization.	4.1	0.71
Average		4.0	0.42

Source: Survey data (2019)

According to Table (4.13), the mean value of our organization's accounting system adequately identifies the receipts and expenditure of grant contracts, the organization's control system ensure the accuracy and budgetary control on the expenditure has led to proper utilization of funds are same (mean value=3.9). And also, the mean value of proper financial reporting in the organization has a significant influence on its financial performance and Internal auditing has led to compliance with rules and regulations in the implementation of organization are same (mean value=4.0). Furthermore, the organization overcome financial difficulties when implementing activities and the internal control system has led to improved accountability in the organization have same mean value (mean

value=4.1). Since the overall mean value of financial performance component is 4.0 that means a positive impact on financial performance was resulted.

4.5 Analysis on the Relationship between Internal Control Practices and Financial Performance

In order to know the relationship between internal control practices and financial performance of MINA, multiple regression analysis was applied in this study which is presented in Table (4.14).

Table 4.14 Regression Coefficient for Financial Performance

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Standard Error	Beta		
Constant	1.138	0.326		3.5	0.001
Control Environment	-0.343*	0.143	- 0.548	-2.41	0.021
Risk Assessment	-0.106	0.115	-0.157	-0.92	0.363
Control Activities	0.748***	0.185	0.974	4.05	0.000
Information & Communication	-0.130	0.158	-0.181	-0.82	0.416
Monitoring	0.575***	0.089	0.753	6.45	0.000
R ²					0.686
Adjusted R ²					0.645
F Value					17.02

Dependent Variable: Financial Performance

Level of Significant * = 10 %, ** = 5 %, *** = 1 %

Source: Survey data (2019)

According to the result of multiple regression analysis in above Table (4.14), all of the independent variables delivered to 64.5 percent of the variation in financial performance that was clarified by adjusted R² of 0.645. When considering the significant level, the p-value of control environment variable is 0.021 which is less than 0.05 (5 percent

significant level). And also, the result of p-value in control activities and monitoring are 0.000 which are less than 0.01 (1 percent level of significant). Thus, it indicates that control environment, control activities and monitoring factors have a significant relationship with the financial performance in MINA.

CHAPTER V

CONCLUSION

In this chapter of research, the study is designed with three sections: findings, suggestions, limitation and need for future research.

5.1 Findings

The two main objectives of this study are to identify the internal control system of humanitarian organizations and to analyze the effect of internal control practices on financial performance of humanitarian organizations in Myanmar by case studying on Myanmar Interfaith Network on AIDS. Major findings can be presented by two thematic areas in this study which are reviewing the internal control practices of MINA by descriptive analysis, and accessing the relationship of these internal control practices and financial performance by multiple regression. The sample represents 46 percent of total population and selected 45 staffs and members of Myanmar Interfaith Network on AIDS. The questionnaires design is structure questionnaire and data collection was done by interviewing method that include personal interview and telephone interview.

In the descriptive analysis, the characteristics of respondents such as age, gender, education status, position in the organization and years of experiences are shown by frequency distribution table with percentage. According to result findings, most of the respondents are female. When analyzing age group, the age of most respondents are between 31-40 years, and the greater portion of respondents are graduated. The position of respondents in this organization is member according to the nature of organization. Most of the respondents has 4 to 6 years working experience in this organization.

The section is examined the internal control practices and financial performance of MINA. When reviewing the highest mean value of the studied survey result, regarding control environment, MINA has an accounting and financial management system, and relating to risk assessment, management identifies risks that affect achievement of the objectives of the organization. With respect of their control activities, staffs in this organization are needed to take approval from authorized person for all expenditure before effecting payment. And concerning information and communication section, it can be

found that the organization has developed effective policies and procedures on information and communication and the information of projects and financial report that are communicated to all stakeholders. Concerning monitoring activities, the organization always perform the budget review to compare the actual expense and budget expenditure. According to the result of this study, it can be determined that internal control practices leads to better financial performance especially there are established accounting regulations and procedures in the organization and the internal control practices has led to improved accountability in the organization.

In the multiple regression analysis, the results shows that there is a positive association between internal control practices and performance of Myanmar Interfaith Network on AIDS. The results of the multiple regression analysis result shows that three major factors entitled control environment, control activities and monitoring have a significant relationship on financial performance in MINA.

5.2 Suggestions

According to the findings of this study, central committee of MINA should focus more in communication of the major purposes and all the organization's policies to all particular personnel as staffs require to apprehend how they obligate their determinations and how significant their roles and responsibilities for their organization's achievement. Furthermore, central committee has to forecast and evaluate frequently not only external risks like the effect of new projects and activities, guideline and financial condition changes, however also internal risks like resource scarcity, accessibility of technology sustenance and economic liquidity. Formerly, their targets and strategies should be appraised occasionally and affiliated with the present possible risks.

Moreover, the central committee should reflect to deliver practical training projects to implement the suitable and better action and financial managing system. The central committee should develop a clear policy to deal with circumstances to avoid conflict of interest. And also, central committee should communicate essential information that supports the operation of internal control practices to all relevant personnel timely.

In addition, central committee should review the effectiveness and efficiency of internal control practices in the organization. Actually, strong internal control practices

cannot entirely declined the problematic outcomes of the organization's performance, all of these suggestions should be follow under the appropriate management to receive the excellent performance.

5.3 Limitation and Future Research

The other organizations could be studied regarding the internal control practices and its effects on financial performance because this study only focus on the humanitarian organizations. This study encompasses 45 respondents from only one organization. Thus, the result of this study could not be generalized for all organizations. Therefore, future research study should be conducted by selecting more sample from different organizations by analyzing the relation to cause of internal control failure.

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APPENDIX

Effect of Internal Control on Financial Performance of Myanmar Interfaith Network on AIDS

ID..... Township..... Date.....

Please inform the potential respondent that this questionnaire is for research purpose only and all answers will be confidential.

Note: Basically, these questions will be asked to staffs who served in Myanmar Interfaith Network on AIDS.

Part I Socio-Demographic Information

(1) Age of respondent -----

(2) Gender of respondent

Male Female Other

(3) Level of Education

Graduate
Post-Graduate/Master
Ph.D

(4) Position in Current Organization

President Coordinator
Treasurer Project Assistant
Project Officer Member

(5) Working Experience in Current Organization

Below one year 4-6 years
1-3 years above 6 year

Part II Control Environment

Please rank the following statements which best describe your opinion on control environment in your organization (Index: 1=Strongly Disagree, 2=Disagree, 3= neither agree nor disagree, 4=Agree and 5=Strongly Agree)

No	Control Environment	1	2	3	4	5
1	The moral qualities like respectability , interest, trustworthiness that have been exhibited by all staff in different level					
2	The moral ideals such as honesty and uprightness presently verified by all staff.					
3	The organization has human resource policy and procedures which are clearly described for all staff.					
4	The organization has an accounting and financial management system.					
5	The presence obviously the structure of organization which visibly demotes responsibility and duty to all staff.					
6	Every staff/members are allocated suitable level of authority and responsibility to achieve the objectives of the organization.					

Part III Risk Assessment

Please rank the following statements which best describe your opinion on risk assessment in your organization (Index: 1=Strongly Disagree, 2=Disagree, 3= neither agree nor disagree, 4=Agree and 5=Strongly Agree)

No	Risk Assessment	1	2	3	4	5
1	Management identifies risks that affect achievement of the objectives of the organization.					
2	The most critical risk is ranked by executive team					
3	The member in the organization effectively talk risks to the staffs and the stakeholders					
4	Risk Management committee is established in the organization					
5	Management has focused to decrease the critical risks that may lead to loss of organization.					

Part IV Control Activities

Please rank the following statements which best describe your opinion on control activities in your organization (Index: 1=Strongly Disagree, 2=Disagree, 3= neither agree nor disagree, 4=Agree and 5=Strongly Agree)

No	Control Activities	1	2	3	4	5
1	Our organization has clear segregation of roles and responsibilities.					
2	Every staff can independently review the work of others.					
3	Staffs receive accounting and financial management training in the organization					
4	Staffs are needed to take approval from authorized person for all expenditure before effecting payment.					
5	The organization has accurate compliance to procurement policy and procedure when purchasing is done.					

Part V Information and Communication

Please rank the following statements which best describe your opinion on information and communication in your organization (Index: 1=Strongly Disagree, 2=Disagree, 3= neither agree nor disagree, 4=Agree and 5=Strongly Agree)

No	Information and Communication	1	2	3	4	5
1	The information and communication system of organization is very well developed.					
2	The organization has an information system capable of taking data from appropriate internal and external sources and converting that data into quality information					
3	Policies and procedure regarding communication and information have been developed in the organization.					
4	The information of projects and financial report that are communicated to all stakeholders.					
5	The organization has suggestion box to acquire the confidential information.					

Part VI Monitoring

Please rank the following statements which best describe your opinion on Monitoring in your organization (Index: 1=Strongly Disagree, 2=Disagree, 3= neither agree nor disagree, 4=Agree and 5=Strongly Agree)

No	Monitoring	1	2	3	4	5
1	The central committee always evaluate the overall activities of organization to determine the effectiveness of internal control practices.					
2	The organization always perform the budget review to compare the actual expense and budget expenditure.					
3	The organization has regular review meeting to examine the effectiveness of internal control and financial record to know the deficiency and irregularities.					
4	The organization usually take correct actions regarding the recommendation of external auditor.					
5	The organization conduct internal reviews for internal control practices periodically.					

6	The organization apply the ongoing monitoring practice and providing feedback on internal control practices.					
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Part VII Financial Performance

Please rank the following statements which best describe your opinion on financial performance in your organization (Index: 1=Strongly Disagree, 2=Disagree, 3= neither agree nor disagree, 4=Agree and 5=Strongly Agree)

No	Financial Performance	1	2	3	4	5
1	Budgetary control on the expenditure has led to proper utilization of funds					
2	The organization's control system ensure the accuracy and reliability of financial records.					
3	Proper financial reporting in the organization has a significant influence on its financial performance.					
4	The internal control system has led to proper management of funds in the organization.					
5	Our organization overcome financial difficulties when implementing activities.					
6	Internal auditing has led to compliance with rules and regulations in the implementation of organization.					
7	The internal control system has led to improved accountability in the organization.					

Thank you so much for your participation

Table 1 Network Expansion of MINA (2009 to 2019)

Sr.No	Date of Expansion	States and Regions
1	17 th November 2009	Yangon Region
2	16 th August 2013	Mandalay Region
3	12 nd October 2014	Northern Shan State
4	26 th October 2014	Mon State
5	23 rd April 2015	East Bago
6	10 th June 2015	Ayeyarwaddy Region
7	25 th September 2017	Upper Sagaing
8	7 th November 2018	West Bago
9	17 th December 2018	Kachin State

Source: MINA Myanmar (2019)