Research Article

The Effect of Internal Control System Towards Sustainable Quality Governance in A State University: Basis for Establishing a Sustainable Quality Governance in State University

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ABSTRACT

This study aimed to determine the relationship between the internal control system and quality governance in a State University, Laguna State Polytechnic University (LSPU). The 110 Administrative Council of LSPU were the respondents, and the survey questionnaire was used to measure the level of implementation of Internal Control System components such as Control environment, Risk Assessment, Control Activities, Information and Communication and Monitoring and the observance of elements of governance such as Transparency, Accountability, Participation and Predictability in LSPU. The findings showed a significant relationship between Internal Control System and quality Governance. Monitoring, Information and Communication components significantly impacted the sustainability of quality governance. The researcher recommended a more comprehensive assessment of the internal control system, with a focus on monitoring and information and communication, which negatively affect governance quality. The study also suggested using interviews or direct observation for data collection.

Keywords: *Control environment, Governance, Information and Technology, Internal control, Internal control system, Monitoring, Risk assessment*

Introduction

Education is crucial for societal development and employment opportunities. State Universities and Colleges play a vital role in providing professional and technical training, instruction, research, extension, and production. However, they face competition and challenges in maintaining a balance between research and teaching while maintaining resource stability. Good university governance is essential for managing these institutions, involving individuals, organizations, and systems involved in decision-making and implementation processes. Internal control in educational organizations helps assess potential development, detect threats and risks, and maintain a fixed level of risk and security. According to Baharin et al. (2021), Internal Control System has

significant impact on the resilience of an organization, specifically in Higher Learning Institutions.

Meanwhile, the Philippines has implemented internal control systems since 1989, but they are often underappreciated and ineffective in higher education institutions. Laguna State Polytechnic University, with four campuses, as the subject of the study, has a procedure manual for internal audit but has not reported its accomplishments to oversight bodies. The manual is not in compliance with COSO Internal Control-Integrated Framework or Internal Controls Standards for the Philippine Public Sector requirements and has not yet undergone a baseline assessment.

Methods
Conceptual Framework
The study conceptualized that Internal Control System as an independent variable affecting quality governance, being the dependent variable. The independent variable are the components of Internal Control System such as Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring. The factors of quality governance as to accountability, participation, predictability and transparency. This concept is clearly shown in the schematic diagram below:
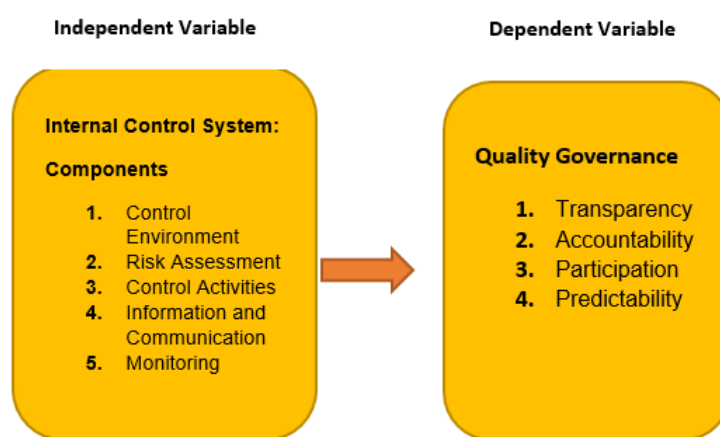

Figure 1: Schematic diagram of effect of Internal Control System towards sustainable Quality Governance in a State University

Statement of the Problem
The study aimed to evaluate the effect of Internal Control System of Laguna State Polytechnic University toward sustainable quality governance. Specifically, the study aimed the following:
1. What is the level of implementation of Internal Control System in the following components?
   1.1 Control Environment
   1.2. Risk assessment
   1.3 Control activities
   1.4 Information and Communication
   1.5 Monitoring
2. To what extend is prescribed level of quality of governance were observed in the Laguna State Polytechnic University in terms of the following:

   2.1 Transparency
   2.2 Accountability
   2.3 Predictability
   2.4 participation
3. Is there a significant relationship between the Internal Control System and quality of governance?
4. Which of the internal control components has significant effect on the quality of governance in the Laguna State Polytechnic University?

Hypothesis
The components of Internal Control System have no significant relationship to the quality of governance in Laguna State Polytechnic University in terms of transparency, Accountability, Participation and Predictability.

Scope and Limitations

The Study did not include the subcomponents of recommended checklist from Internal Control Standards for Philippine Public Sector 2017, hence specific gaps or weaknesses of Internal Control System were not determined.

The constraint of the study pertains to the utilization and examination of data that rely on the respondents' subjective perception.

The Study focused on Administrative Council and staff of the four campuses of Laguna State Polytechnic University for School Year 2023 to 2024.

The study focused on one independent variable, and one dependent variable. The Independent variable of the research is the evaluation of internal control system considering its five components such as Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring. And lastly the dependent variable is the quality of governance in LSPU as to accountability, participation, predictability and transparency. The Study focused only to this variable as they help to establish the internal control system of the LSPU towards quality governance, hence other unrelated variable or factors were therefore not included.

Research Design

This study used a descriptive method to analyze the relationship between Internal Control System components and governance quality at Laguna State Polytechnic University, focusing on transparency, accountability, participation, and predictability, using quantitative data.

Respondent of the Study

The study involved Administrative council members and staff from four campuses of Laguna State Polytechnic University, providing valuable insights into the university's internal control system implementation and operational operations, ensuring valid and reliable measurements.

Research Instruments

The main instrument used in this study is questionnaire. The questions were conceptualized based on the suggested Agency-level control checklist in the Financial Audit Manual (FAM) culled from the Internal Control Standards for Philippine Public Sector 2017 for questionnaires for the level of implementation of Internal Control System in Laguna State Polytechnic University(LSPU).

The questionnaire instrument included the five components as follows:
1. Control Environment. It is five-item questionnaire that assess the respondents view on the Management's kind of governance which includes its philosophy, attitude, competence, ethical values and morale.
2. Risk Assessments- The three items questionnaire validates the respondents view of the process of identifying and analyzing relevant risks to the achievement of the LSPU objectives and determining the appropriate response.
3. Control Activities- A three item questionnaire that evaluates the respondent view on how LSPU's policies and procedures were established to address risk and to achieve LSPU's objectives. The procedure that LSPU puts in place to treat risk.
4. Information and Communication- This three-item questionnaire gauges the respondents view on how effective is the process and system of LSPU that identify, capture and report operational, financial and compliance related information in a form and timeframe that enable people to carry out their responsibilities.
5. Monitoring- It is a two-item questionnaire that assess respondent view on how LSPU implements process that assess the quality of the internal control system's performance over time.

The questionnaire to validate observance of quality governance in LSPU was adopted from the study conducted by Buezon, M. A, Garzon, M. J, and Ramirez, R. in 2022 entitled "the effectiveness of internal audit in promoting good governance in the public sector of San Roque".

The researcher used the Cronbach's Alpha approach to measure the consistency, reliability of a set of survey items. 15 respondents were given the set of questionnaires during the pilot testing.

Statistical Treatment

The LSPU Administrative Council's questionnaire responses were analyzed using descriptive statistics like weighted mean, standard deviation, and rank, as per the study's data requirements.

To know if there is significant relationship between Internal Control System to the Governance it was measured using Chi-square and Non-probability. The Chi-square checked whether the two variables are likely to be related or not. A multiple linear regression model is used to determine which components of internal control system affect the quality of governance factors. The goal of the measure is to analyze how internal control relate to the quality governance based from the information given by 110 respondents.

Result and Discussion

Level of Implementation of Internal Control System in Laguna State Polytechnic University

Table 1. Level of Implementation of Internal Control System in the Laguna State Polytechnic University

Component	Indicators	M	SD	Verbal Interpretation
Control Environment	1.Management demonstrates personal and professional integrity and ethical values.	3.75	0.46	High Level of Implementation
	2.Management sets the "tone at the top	3.67	0.49	High Level of Implementation
	3.Management establishes an appropriate government organizational structure.	3.78	0.44	High Level of Implementation
	4. Management exhibits commitment to competence.	3.75	0.48	High Level of Implementation
	5.Management establish es human resource policies and practices.	3.60	0.61	High Level of Implementation
Risk Assessment	6.Management identifies and defines objectives and risk tolerance in specific and measurable terms	3.58	0.56	High Level of Implementation
	7.Management identifies, evaluates, and assesses agency's risks.	3.64	0.54	High Level of Implementation
	8.Management determines appropriate response to the identified, evaluated, and assessed agency's risks.	3.56	0.71	High Level of Implementation
Control Activities	9. Management designs control activities which are appropriate, consistently functioning according to plan throughout the period, cost-effective, comprehensive, reasonable, and directly related to the control objectives.	3.61	0.59	High Level of Implementation
	10.Management develops control activities which include a range of diverse policies and procedures.	3.58	0.64	High Level of Implementation
	11.Management develops effective information technology control activities.	3.49	0.70	High Level of Implementation
Information and Communication	12. Management develops and maintains reliable and relevant financial and non-financial information	3.52	0.62	High Level of Implementation
	13.Management communicates information throughout the agency.	3.63	0.62	High Level of Implementation
	14.Management communicates information with external parties	3.46	0.67	High Level of Implementation
Monitoring Activities	15.Management establishes and operates activities to monitor the internal control system, and evaluates the results.	3.48	0.75	High Level of Implementation
	16.Management takes appropriate actions on the findings and recommendations of audit and other reviews.	3.63	0.68	High Level of Implementation

Table 1 showed the level of implementation of Internal control system of Laguna State Polytechnic University as to control environment, risk assessment, control activities, information and communication, and monitoring. As to control environment, the university received a high level of implementation in all of the indicators such as demonstration of personal and professional integrity and ethical values, setting tone at the top, establishing an appropriate government organizational structure, exhibiting commitment to competence, and establishment of human resource policies and practices. The tone at the top is recognized as one of the foundations of internal control system (Chen, et al. (2023)). Thus, in order for the process to be followed clearly by everyone in the organization, there should be a strong tone at the top. The result of the study is in conformity with what Almashhadani et al. (2022) concluded

that the efficiency of the management and the internal control system can help uplift the profitability of an organization. The result indicates that the university provides high regard with the role of the control environment in the fulfillment of its mandates.

As to risk assessment, respondents evaluated the university with a high level of implementation on all indicators of risk assessment. Respondents strongly agreed that the university identifies and defines objectives and risk tolerance in specific and measurable terms. This manifests that the university has a strong mechanism in identifying and considering the risks in the setting of targets and implementation of programs, projects, and activities. This is also proven by the high level of assessment of the respondents on the appropriateness of LSPU's response to the identified, evaluated, and assessed risks. An effective model of internal control considers risks in both internal and external environments (Chaykovskaya, et al. (2020)).

It was revealed also in the Table 1 that all indicators of control activities are rated by the respondents as high level of implementation. This means that in terms of designing control activities, which are appropriate, consistently functioning according to plan throughout the period, cost-effective, comprehensive, reasonable, and directly related to the control objectives; development of control activities which include a range of diverse policies and procedures; and development of effective information technology control activities are highly visible in the university.

As to information and communication, LSPU, based on the respondents, has implemented with high level the development and maintaining of reliable and relevant financial and non-financial information, communication flow within and outside the system/organization. One of the critical elements in internal control, namely information, and communication; Good information systems help companies carry out the processing, storage, and management of corporate data (Yusuf and Kanji (2020)). Companies need an adequate information system infrastructure to carry out internal control.

Finally, based on the responses of the participants, there is a presence of monitoring scheme for the internal control system, and evaluating results and the monitoring scheme is being implemented at a high level. The university also prioritizes recommendations of audit and other reviews as part of the internal process to prevent or mitigate other external audits. In general, the Laguna State Polytechnic University implements a strong internal quality control system as part of its mechanism to ensure check and balance in the planning, implementation, assessment, and evaluation of the programs, projects, and activities on what is expected to what is observed. Result conforms to the findings of Sujana et al. (2020) that the internal control system is positively affecting the quality of financial reports.

Table 2. Internal Control System Implementation in the Laguna State Polytechnic University

Internal control	M	SD	Verbal Interpretation
Control environment	3.71	0.42	High Level of Implementation
Risk assessment	3.59	0.54	High Level of Implementation
Control activities	3.56	0.58	High Level of Implementation
Information and communication	3.54	0.54	High Level of Implementation
Monitoring activities	3.55	0.61	High Level of Implementation

Table 2 showed the internal control system implementation in the Laguna State Polytechnic University. It can be seen from the table that all specific component under the internal control system of the LSPU are highly implemented based on the responses of the respondents. This means that LSPU has a sound internal control system that is dynamic and the implementation is being perceived by the Administrative Council. This result implies that LSPU has a strong mechanism, guidelines, and policies for accounting, and auditing the implemented programs, projects, and activities. The sustainability assurance and internal control have a positive and significant implications for auditing practices (Alabdullah (2023)). Thus, it is necessary for an organization to have a strong internal control system (Turetken et al. (2020), internal control deficiencies need be monitored and should be addressed by the management or take any action to make internal control efficient. Similarly, Umar, Apriani, and Purba (2021) mentioned that due to poor internal control system, a negative opportunity is created. This negative opportunity is used by perpetrators to commit corruptions.

Level of Quality of Governance
Table 3. Level of quality of Governance

Elements of Governance	Indicators	M	SD	Verbal Interpretation
Accountability	1. LSPU employees are held accountable for their misbehaviors at workplace	3.36	0.59	Highly Observed
	2. The clientele's needs are well-met by the LSPU.	3.41	0.53	Highly Observed
	3. The performance of senior Officials is measure according to predetermined standards.	3.42	0.63	Highly Observed
	4The developed policies of LSPU are effectively created and put into action	3.35	0.53	Highly Observed
Participation	1. LSPU determines the needs and interest of the employees and students.	3.39	0.54	Highly Observed
	2. There is a shared governance which is the collaborative decision-making process that involves sharing authority, responsibility and accountability of faculty, staff, administrators and students.	3.35	0.57	Highly Observed
	3 When making policy or memorandum, the interest of the populace is considered.	3.40	0.53	Highly Observed
	4 The formulation and implementation of LSPU projects are based on University's needs.	3.45	0.57	Highly Observed
	5 LSPU and its external providers work together	3.45	0.52	Highly Observed
Predictability	1 There are adequate institutional and legal procedures in place.	3.38	0.62	Highly Observed
	2 All community members are treated fairly by the policies that have been put in place.	3.32	0.65	Highly Observed
	3. The execution of memorandum and Board of Regents resolutions is done in accordance with due process.	3.42	0.65	Highly Observed
	4. The Application and execution of public policy are consistent.	3.32	0.73	Highly Observed
Transparency	1 LSPU disseminates information especially to individuals who will be impacted by decisions, memorandum or policies.	3.41	0.65	Highly Observed
	2. Rules, memorandum and Board resolutions of LSPU are transparent and easy to understand by the general public.	3.38	0.61	Highly Observed
	3. LSPU presents and posts information in a way that is easily understood and widely distributed.	3.41	0.64	Highly Observed
	4 LSPU informs the public about their projects, programs, memorandum and resolutions through all available channels, including websites and social media sites.	3.40	0.67	Highly Observed

Table 3 showed the level of quality of governance in the Laguna State Polytechnic University. Results show that in terms of accountability, it is highly observed in the university, every employee is accountable for their behaviors in the workplace. It is also highly observed that the crafted policies in the university are effectively created and put into action. Highly observed also is the standard measurement for evaluating the performance of senior officials which is reflected in the strategic performance management system (SPMS) of the university. Because of these observations, respondents provided positive responses on the responsiveness of the university in meeting the needs of the clients. The idea of public service accountability makes sure that all government opera-

tions are transparently reported on and handled. (Adil, 2022). In addition, the accountability mechanism in the organization contributes to and influences the performance of the organization (Han, 2020).

When it comes to the participation construct, respondents evaluated that all indicators are highly observed in the university. This implies that LSPU considers a participative approach in making policy, memorandum, and focuses on the interest of the populace not just individuals. Based on the responses of the respondents, collaboration in the university is also highly visible. There is also a high implementation of need-based projects. In general, participation is being given importance in LSPU in terms of fulfilling its mandate. Stakeholders who have an interest in a policy, plan, or program can participate directly or indirectly in the decision-making process as part of public engagement in governance (Quick & Bryson, 2022).

As to the predictability construct, respondents highly observed that LSPU has adequate institutional and legal procedures in place, all community members are treated fairly, there is due process in the execution of board memoranda, and consistency in the execution of the policies affecting the public. In general, there is consistency in the implementation of

guidelines, rules, regulations, in the university which reflects to the employees and is perceived by the clients.

The last element of governance is the transparency. Based on the responses, all indicators of transparency are highly visible in the LSPU as observed by the respondents. This means that the university has intensified its transparency seal where all public documents can be accessed by the public. These public documents include the programs, projects, activities, resolutions, financial performance, physical performance, etc. This reflects compliance of the university in different policies of the national government in promoting high extent of transparency in all public transactions.

Transparency is an important element of governance in which the public is being informed by an organization about its programs, projects, and activities, to show that spending is efficient. As part of the digitization initiatives, all PPAs in the government should be posted online for wider range of dissemination. Creating digital transparency fosters challenges to government (Matheus, Janssen, and Janowski, 2021). However, it is one way of informing the public that every public spending in an organization is well-done and under the existing accounting and auditing rules and guidelines.

Table 4: Quality Governance in LSPU as rated by the respondents

Quality Governance	M	SD	Verbal Interpretation
Accountability	3.38	0.50	Highly Observed
Participation	3.41	0.47	Highly Observed
Predictability	3.36	0.61	Highly Observed
Transparency	3.40	0.59	Highly Observed

The quality governance in LSPU as observed by the respondents revealed in a high level. This signifies that the four elements of governance (accountability, participation, predictability, and transparency) are highly visible in the operation of LSPU. Based on the mean scores which are all closely related to each other, there is a consistency on how each

element of governance is being implemented in the university. This implies that the university gives focus on all elements of governance or gives equal prioritization and not only focuses on one element while neglecting the others. This further shows the commitment of the university in promoting quality services with high level of ethical standard.

Test of the significant relationship between the level of implementation of the internal control system and the quality of governance

Table 5. Test of the significant relationship between the level of implementation of the internal control system and the quality of governance

Internal Control	Quality Governance			
	Accountability	Participation	Predictability	Transparency
Control environment	.576**	.536**	.430**	.380**
Risk assessment	.558**	.496**	.425**	.388**
Control activities	.480**	.524**	.441**	.390**
Information and communication	.567**	.542**	.447**	.464**
Monitoring	.477**	0.432**	.390**	.333**
Note. * p < .05, ** p < .01				

Table 5 showed the relationships between the level of implementation of the internal control system on the quality of governance manifested in the Laguna State Polytechnic University.

Based on the corresponding correlation values, all constructs of internal control positively relate to the constructs of quality governance. It can be observed that the Control Environment has r value of .576 at p<.01 level of significance to the quality of governance, which is the Accountability, being the highest. The 58 % of the relationship between Control environment and Accountability explains that the Management established an appropriate government organizational structure. The latter is one of the highest determinant factors in the control environment which has Mean of 3.375 while in terms of the accountability, the performance of Senior Official is measure according to the predetermined standards, having a mean of 3.42 which is the highest among variables of Accountability.

In Information and communication, the significant relationship is accounted by 56.7 % in the Accountability variable of quality governance, being the highest, this is attributable to communication of information throughout the agency having a mean of 3.63.

This result insinuates that as the extent of implementation of the internal control system gets high, the quality of governance in the university increases significantly. In addition, the specific significant values reveal that each component of the internal control system significantly relates to each component of quality governance. This implies that the control environment, risk assessment, control activities, information and communication, and monitoring, contributes to the high extent of observability in the quality governance as measured by accountability, participation, predictability, and transparency. Therefore, the null hypothesis stating the absence of significant relationship between the level of implementation of the internal control system and the quality of governance in the university has been rejected.

The result of the study conforms to the findings presented in the study of Li and colleagues (2020) that internal control exerts a moderation effect on management. Also, the control activities, and information and communication components provide significant positive relationship on the profitability of financial institutions (Koutouis and Malisiovas ,2023). On the contrary, the present findings did not conform to what Sumaryati and Machmuddah (2020) concluded that the internal control system does not affect the quality of financial statements.

The present findings and the results of the previous studies revealed the implication that when an organization has a sound internal control system, the accountability, decision-making process, transparency, and predictability in providing services to the clients are become more tangible and perceivable in the organization. Thus, in order for an organization to effectively and efficiently reflects quality governance in the provision of clients' needs, it needs to focus on checking its own control system in

terms of how sound is its implementation and how open is the internal control for the vast changing process in the government.

Test of Significant Effect of Internal Control Component on the Quality of governance

Since the Internal Control System is significantly correlated to the quality of governance, this study also aimed to identify which internal control component affects the quality of governance.

Using the Regression Analysis, it was observed that Participation was not significantly affected by Internal Control Components. Accountability, Predictability and Transparency were significantly affected by Internal Control Components as shown on Table 6 to 8.

Table 6. Regression Analysis on Quality Governance- Accountability significantly affected by Internal Control Components

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std.Error	Beta		
(Constant)	2.879	.417		6.909	.000
Control Environment	-.580	.316	-.487	-1.835	.069
Risk Assessment	-.138	.201	-.149	-.687	.494
Information and Communication	-.303	.212	-.327	-1.426	.157
Monitoring	-.533	.196	-.657	-2.717	.008
Overall Internal Control System	1.704	.684	1.598	2.490	.014

R=.331   r-squared=.110   Adjusted R-squared=.067   F (5,104) =2.558

In the regression analysis results to the square value(r=.331) measures the strength of the linear relationship between the internal control components (Independent Variable (IV) or predictor variables e.g. monitoring, and overall internal control and the quality control. The result of r=.331 indicates a weak linear relationship.

The r-squared or the coefficient of determination, represents the proportion of variance in the response variable explained by the predictors. In the table the R-squared =.110. This means that 11 % of the variance in accountability of quality governance can be explained by the Internal Control System Components.

On the other hand, the adjusted R-squared=.067 accounts for the number of predictors. In the table 6.7 % of the variance Accountability of quality governance is explained by monitoring and overall Internal Quality Control System.

The B-coefficients for each predictor/ IV Variable means that, the B=-.553 for monitoring means that for every internal control of monitoring implemented, the quality governance in terms of accountability is expected to decrease by 0.533 points holding other variables constant.

In contrast, the coefficient for the overall internal control which is 1.704 indicating that each Internal Control System components implemented contributes to a 1.704 increase in quality governance in terms of accountability. Regression results are statistically significant at p<.05 suggesting the variables significantly affect the response.

As a result, the accountability has a negative moderate relationship with monitoring. The

cause might be the tighter monitoring give rise to implicit incentives linked to excessive use of decision rights, hence affecting the efficiency and effectiveness of quality governance. Nevertheless, the full implementation of internal control system has positive relationship to accountability as one of element of quality of governance.

It can be noted that the regression analysis on quality governance, specifically the Participation has no significant predictor.

Meanwhile, the table below showed the regression analysis on quality governance, specifically the Predictability affecting the Internal Control System Components.

Table 7. Regression Analysis on Quality Governance- Predictability significantly affected by Internal Control Components

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std.Error	Beta		
(Constant)	2.422	.510		4.746	.000
Control Environment	-.278	.387	-.192	-.719	.474
Risk Assessment	-.214	.246	-.190	-870	.386
Information and Communication	-.523	.260	-.465	-2.013	.047
Monitoring	-.527	.240	-.535	-2.195	.030
Overall Internal Control System	1.800	.838	1.388	2.148	.034

r-squared=.097   Adjusted R-squared=.054   F (5,104) =2.2355 p=.056[b]

The r-squared or the coefficient of determination, represents the proportion of variance in the response variable explained by the predictors. In the table the R-squared =.097. This means that 9.7 % of the variance in predictability of quality governance can be explained by the Internal Control System Components.

On the other hand, the adjusted R-squared=.054 accounts for the number of predictors. In the table 5.4 % of the variance Predictability of quality governance is explained by Information and Communication, Monitoring and overall Internal Quality Control System.

The B-coefficients for each predictor/ IV Variable means that, the B=-.523 for Information and Communication means that for every internal control of Information and Communication implemented, the quality governance in terms of Predictability is expected to decrease by 0.523 points holding other variables constant.

Meanwhile, the B-coefficients for each predictor/ IV Variable means that, the B=-.527 for Monitoring means that for every internal control of monitoring implemented, the quality governance in terms of Predictability is expected to decrease by 0.527 points holding other variables constant.

In contrast, the coefficient for the overall internal control which is 1.800 indicating that each Internal Control System components implemented contributes to a 1.800 increase in quality governance in terms of Predictability. Regression results are statistically significant at p<.05 suggesting the variables significantly affect the response.

As a result, the Predictability has a negative moderate relationship with Information and Communication, and Monitoring. Probably the reason might be although the Reports were submitted and communicated on time, there might be non-compliance of the LSPU to certain

regulations, laws and guidelines. This condition is in reference to Audit Observations communicated by the External Auditor of LSPU that can be viewed in the issued Annual Audit Report for a specific Calendar Year. Likewise, the constant monitoring hindered the actual enforcement of certain laws and regulations. Nevertheless, the full implementation of internal control system has positive relationship to Predictability as one of element of quality of governance.

The table below showed the regression analysis on quality governance, specifically the Transparency affecting the Internal Control System Components.

Table 8. Regression Analysis on Quality Governance- Predictability significantly affected by Internal Control Components

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std.Error	Beta		
(Constant)	2.649	.504		5.257	.000
Control Environment	-.419	.382	-.295	-1.095	.276
Risk Assessment	-.214	.243	-.195	-.883	.379
Information and Communication	-.498	.257	-.451	-1.939	.055
Monitoring	-.454	.237	-.470	-1.912	.059
Overall Internal Control System	1.795	.827	1.414	2.170	.032

R-squared=.081   Adjusted R-squared=.037   F (5,104) =1843   p=.111[b]

The r-squared or the coefficient of determination, represents the proportion of variance in the response variable explained by the predictors. In the table the R-squared =.081. This means that 8.1 % of the variance in Transparency of quality governance can be explained by the Internal Control System Components.

On the other hand, the adjusted R-squared=.037 accounts for the number of predictors. In the table 3.7 % of the variance Transparency of quality governance is explained by overall Internal Quality Control System.

The coefficient for the overall internal control which is 1.795 indicating that each Internal Control System components implemented contributes to a 1.795 increase in quality governance in terms of Transparency. Regression results are statistically significant at p<.05 suggesting the variables significantly affect the response.

As a result, the Transparency has a positive moderate relationship with Overall Internal Control System. This means that it contradicts the study of Ratiko and Setiyawati, 2022 that transparency does not affect the internal control system in government. LSPU might installed a strong internal control system that promote clarity, openness in various activities that take place between different administrative levels within the university and related parties.

Conclusion

Based on the gathered data, there is high level of implementation of Internal Control System and the quality of governance is highly observed.

It can be concluded that Internal Control System is significantly correlated to the quality of governance in LSPU in terms of Transparency, Accountability, Participation and Predictability. The result of the study is in conformity with study of Velasco, J. (2021) which agreed that there is relationship between Internal Control and Good governance of an organization.

In addition, the Monitoring, Information and Communication, part of the component of Internal Control System has significant effect

towards the sustainability of quality governance. As the two components are implemented in LSPU they decrease quality of governance in terms of Accountability and Predictability. The cause might be the tighter monitoring give rise to implicit incentives linked to excessive use of decision rights, hence affecting the efficiency and effectiveness of quality governance. Probably the reason for decrease in quality of governance in terms of predictability might be, although the Reports were submitted and communicated on time, there might be non-compliance of the LSPU to certain regulations, laws and guidelines. This supports the study of F.A. Sanusi and H. Hassan (2015) that Information and Communication plays a key role in internal control system specifically in the state university while the study of D. Kulmie and N. Mohamed (2023) concluded that Monitoring can served as crucial catalyst in the quality of good governance within public institutions.

Hence the following recommendations are suggested by the researcher:

Top Management. The baseline or comprehensive assessment of internal control system should be conducted prior to any strategic planning, creating a budget and operation roadmap and action plan. The study is only a preliminary assessment of Internal Control System of LSPU which covers the broader and subjective perception of Administrative Council hence a comprehensive assessment of internal control system of each operation of LSPU can be conducted. Specifically, it should focus on Monitoring and Information and Communication which negatively affects the quality of governance in terms of Accountability and Predictability. Separate evaluation starts by understanding the internal control system and whether or not controls have been put in place to achieve the control objectives, and if they remain relevant.

The top management of LSPU must consistently exercise heightened diligence in carrying out the tasks of monitoring, supervision, and evaluation in order to minimize the risk of non-compliance with relevant laws, rules, and regulations.

Internal Auditor. The Internal Auditor may utilize the study to perform a baseline basement of the internal control system, which aims to identify any gaps or deficiencies in control. The extent and frequency of evaluation of internal audit unit should primarily be determined by the findings of the baseline assessment of internal control system. The Internal Auditor need to review existing policies and procedures and recommend or revise if necessary to keep LSPU updated not just with the latest issuances or guidelines from different regulatory bodies, but also with the technology and organization's best practices.

Academe. The researcher suggests incorporating subjects or topics related to government accountability and public financial management into the overall curriculum for preparing individuals to work in the government and to promote public accountability.

Future Researchers. The complications of the respondent's perception diverge from actual situation, specifically resulting to the potential for the respondent to not provide sincere or truthful answers. For the upcoming research, the researcher proposed employing either the interview method or direct observation to gather data from the respondents. This approach will allow for close monitoring of the respondents' answer, ensuring that there is no bias or misinterpretation of the research instrument being used. The future researcher may also consider the clientele or rank and file employee of LSPU to substantially support that that the internal control system has significant effect and significant relationship towards sustainable governance. In addition, future researcher may formulate a LSPU Internal Control System Manual designed to address risks and to provide reasonable assurance that in pursuit of the Agency's missions, the general objectives are being achieved.

In addition to the above, Analysis of the Level of Implementation of Internal Control System disclosed the following:

1. For the Control Environment, the lowest indicator is that Management establishes human resource policies and practices. Human resource policies and practices, including how employees are hired, trained, assessed, paid, and promoted, should be established by management. In addition to providing ethical training, hiring and staffing should demonstrate assurance that the

people hired have the moral character, appropriate training, and experience needed to perform their duties. Transparency in the hiring, performance review, and promotion procedures should be mandated by management. (ICSPPS, (2017)).

2. For the Risk Assessment, the lowest indicator is that Management determines appropriate response to the identified, evaluated and assessed agency's risk. In addition to supervising and monitoring the risk assessment procedure, the head of the agency or governing should take action to address the significant risk identified. Management identifies, analyze, and responds to significant changes that could impact the internal control system. (ICSPPS, (2017)).

3. For control activities, the lowest indicator is that Management develops effective information technology control activities. In order to guarantee that the agency's information system operates properly, management creates suitable general and application controls. Management develops a strategy and sets up a framework that outlines in detail the agency's security and management program, policies, and supporting processes, such as those for the safe disposal and storage of sensitive data. (ICSPPS, (2017)).

4. For Information and Communication, the lowest indicator is the Management communicates information with external parties. Management should provide means of communicating information to external parties, including posting them in conspicuous place. All information should be classified, summarized and disseminated on a regular basis. The Agency should have a feedback and suggestion mechanism for the effectiveness and economy of frontline services. (ICSPPS, (2017)).

5. For Monitoring Activities, the lowest indicator is Management takes appropriate actions on the findings and recommendations of audit and other reviews. Officials should evaluate the findings and recommendations, and decide the appropriate action to take to correct or improve control. Policies/ procedures are in place to assure that corrective action is taken, on a timely basis, when control exceptions occur. All reported potential improprieties are reviewed, investigated and resolved on timely manner. Management is kept informed through periodic reports on the status of audit and reviews resolutions so that it can ensure the quality and timeliness of individual resolution decisions. (ICSPPS, (2017)).

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