



## The role of internal control in achieving organizational goals

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### Abstract

*Internal control is an integrated system of policies and procedures designed to protect the organization's resources, ensure the accuracy of financial and administrative information, increase the efficiency of operations, and ensure that the organization is operating in accordance with approved laws, instructions, and plans. Accordingly, does internal control contribute tangibly to achieving the organization's strategic objectives (operational, financial, and regulatory), Protecting assets and reducing waste through an integrated system for risk management, not just accounting procedures, as well as raising the reliability of financial and accounting reports that decision-makers rely on and submitting proposals to senior management. It is used to diagnose the level of internal control within its units. Therefore, it is considered a system governing daily organizational behavior and defining responsibilities within the organization. It contributes to reducing risks within the organization by activating continuous monitoring to ensure sustainable oversight, investing in training to protect the organization and its employees, and improving the flow of information in a safe and rapid manner to senior management.*

**Keywords:** Internal control, financial and administrative information, efficiency.

## 1. Introduction

Modern organizations, whether for-profit, service-oriented, or governmental, seek to achieve their goals efficiently and effectively in an environment characterized by risks, administrative corruption, and rapid technological change. Internal control is an integrated system of policies and procedures designed to protect the organization's resources, ensure the accuracy of financial and administrative information, and increase the efficiency of operations and ensuring that the organization is operating in accordance with approved laws, instructions, and plans. Therefore, it is a proactive administrative method that helps management direct organizational behavior toward achieving goals, rather than deviating from them, by creating organizational discipline that links these goals with individual behavior, the method of using resources, and the method of decision-making.

## 2. Research Methodology

### 2.1 Research Problem

Despite the importance of internal control, many organizations, especially small and medium-sized organizations, still treat control as a formal procedure or an accounting requirement for the purpose of "convincing the external auditor" rather than as a strategic management tool to achieve objectives. Accordingly, does internal control contribute tangibly to achieving the organization's strategic objectives (operational, financial, and regulatory), protecting assets, and reducing waste.

### 2.2 Importance of the Research

#### 2.2.1 Economic/Financial Importance

Any failure in internal control can lead to direct financial losses. Therefore, internal control is not an administrative cost, but rather a means of reducing the costs of failure.

### 2.2.2 Administrative/Operational Importance

Good internal control increases operational efficiency and supports continuous improvement.

### 2.2.3 Governance and Legislative Importance

The board of directors and senior management are responsible for building a control environment that ensures transparency, fairness, and proper disclosure. This relationship between internal control and corporate governance is a fundamental criterion for assessing management maturity.

## 2.3 Research Objectives

1. Internal control is considered an integrated system for risk management, not just accounting procedures.
2. Analyze the relationship between the strength of the internal control system and the achievement of the organization's operational, financial, and regulatory objectives.
3. Enhance the reliability of financial and accounting reports relied upon by decision-makers.
4. Submit proposals to senior management to use to diagnose the level of internal control within its units.

## 2.4 Research Hypotheses

1. There is a positive relationship between the internal control system and the achievement of operational objectives (efficiency, waste reduction, quality improvement).
2. There is a positive relationship between the strength of internal control and the accuracy and reliability of financial and administrative reports submitted to senior management.
3. Effective internal control enhances compliance with laws, regulations, and professional standards, thereby reducing risks.
4. Weak internal control is linked to increased opportunities for fraud, manipulation, or abuse of power within the organization.

## 3. The Theoretical Framework

### 3.1 Definition of Internal Control

It is an integrated set of policies, procedures, activities, and monitoring tools developed by management to:

1. Protect assets from loss or misuse.
2. Ensure the accuracy of data and reports.
3. Enhance the efficiency and effectiveness of operations.
4. Ensure compliance with laws, regulations, and approved plans.

### 3.2 Elements of Internal Control

#### 3.2.1 Control Environment

This is the organization's internal culture, including ethics, integrity, clarity of authority, governance structure, relative independence of the board of directors, and level of accountability.

#### 3.2.2 Risk Assessment

Identifying risks that may hinder the organization from achieving its objectives and analyzing the likelihood of their occurrence.

#### 3.2.3 Control Activities

These are actual policies and procedures that include authorization, approvals, segregation of duties, documentation, financial authority limits, and system access controls.

#### 3.2.4 Information and Communication

Providing the right information to the right people at the right time.

#### 3.2.5 Monitoring Activities

Continuous or periodic monitoring to ensure that internal control is actually working, not just a paper trail.

## 4. The Role of Internal Control in Achieving Organizational Objectives

### 4.1 Achieving operational objectives (efficiency and effectiveness)

Internal control imposes clarity on roles and responsibilities, which increases operational efficiency and allows resources to be used to serve the organization's true purpose, rather than being diverted to unnecessary activities.

## 4.2 Protect assets and reduce fraud

Without internal controls, it's easy to manipulate cash, inventory, contracts, or even business hours. Therefore, documenting every transaction with official attachments reduces the gaps that corruption or fraud can exploit.

## 4.3 Improving the quality of information and decisions

Internal control imposes quality standards on accounting, financial, and operational data before it reaches senior management. The more reliable the reports, the more realistic and less arbitrary management decisions become. This is reflected in the achievement of profitability and service objectives.

## 4.4 Building Trust with External Parties

An effective internal control system sends a positive signal to external auditors, funders, regulatory bodies, and partners, enhancing the organization's image as a disciplined entity.

## 5. Practical Aspect

1. The stronger the control environment, the less likely there is fraud or abuse of authority.
2. Organizations that implement segregation of duties, prior approvals, and subsequent review tend to achieve their operational objectives more efficiently.
3. Continuous monitoring, not paper-based oversight, is what distinguishes effective oversight from formal oversight.
4. There is a relationship between the strength of information and communication systems and the quality of administrative decisions. The accuracy, speed, and transparency of information are mediators that link internal control to the achievement of the actual goal.
5. Weak internal control opens the door to reputational risks.

Any major fraud incident can destroy the confidence of suppliers, financiers, and regulatory bodies in an organization, threatening its survival even if it is financially strong.

## 6. Conclusions

1. Internal control is a system that governs daily organizational behavior.
2. Define responsibilities within the organization.
3. Reduce risks within the organization.
4. Improve the quality of information.
5. Enhance compliance with laws and regulations.

## 7. Recommendations

1. Link internal control to strategy, not just accounting.
2. Strengthen the "control environment" from top to bottom.
3. Segregation of sensitive tasks is the most powerful means of preventing fraud.
4. Improve the secure and rapid flow of information to senior management.
5. Activate continuous monitoring to ensure control sustainability.
6. Invest in training to protect the organization and its employees.

## 8. References

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## CITATION

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