

Internal control and accounting processes of the salt production companies in the Salinas canton

Control interno y procesos contables de las Empresas Productoras de Sal del cantón Salinas

Balbuca Tomalá Evelyn Gabriela*
Pazmiño Enríquez José Ernesto*

ABSTRACT

Internal control is a measurement tool that allows optimizing the use of resources and making the right decisions based on reliable information on accounting management, through various strategic actions to reduce risks in the organization and strengthen business sustainability. The purpose of this article is to determine how internal control affects the accounting processes of salt production companies in the Salinas canton, through the analysis of each of the components of internal control; in this sense to achieve the planned objective, a qualitative research was conducted, in which a documentary and descriptive analysis was used, applying the techniques of surveys to employees and senior management team to salt production companies in the Salinas canton, where several parameters were determined for better analysis. The results obtained show that in the analyzed companies there is a deficient internal control due to the lack of knowledge of the importance of its application, in

* Licenciada en Administración de empresas graduada en la Universidad Estatal Península de Santa Elena, Maestrante en Contabilidad y Auditoría en la Universidad Estatal Península de Santa Elena, actualmente es jefa de Talento Humano de Famovisal, Empresa Mar y Sal. ORCID 0000-0002-8758-8438

* PHD en Educación, Magíster en Administración de Empresas, Economista y Contador Público Autorizado, especialista en las ramas de Auditoría, analista de riesgos y diseños de controles internos; Docente de pregrado y Posgrado; Tutor de Tesis de Maestrías y Pregrado; Escritor de artículos científicos. ORCID 0000-0002-3052-2139

JOURNAL OF BUSINESS
and entrepreneurial
studies

ISSN: 2576-0971



Atribución/Reconocimiento-NoComercial- CompartirIgual 4.0 Licencia Pública Internacional — CC

BY-NC-SA 4.0

<https://creativecommons.org/licenses/by-nc-sa/4.0/legalcode.es>

Journal of Business and entrepreneurial
October - December Vol. 7 - 4 - 2023
<http://journalbusinesses.com/index.php/revista>
e-ISSN: 2576-0971
journalbusinessentrepreneurial@gmail.com
Receipt: 09 November 2022
Approval: 11 March 2023
Page 73-116

addition to the fact that being family companies, decision making is based on experience or personal criteria, and not on a process of analysis in relation to the accounting information.

Keywords: internal control, business management, accounting management, business sustainability, decision making.

RESUMEN

El control interno es instrumento de medición que permite optimizar el uso de recursos, y realizar la toma de decisiones correctas, basada en información confiable sobre la gestión contable, mediante distintas acciones estratégicas para disminuir los riesgos existentes en la organización y fortalecer la perdurabilidad empresarial. La finalidad de este artículo es determinar de qué manera incide el control interno en los procesos contables de las empresas productoras de sal del cantón Salinas, a través del análisis de cada uno de los componentes del control interno; en este sentido para alcanzar el objetivo planeado se realizó una investigación de tipo cualitativa, en la que se empleó un análisis documental y descriptivo, aplicando las técnicas de encuestas dirigidas a los colaboradores y al equipo de la alta gerencia a la empresas de producción de sal del cantón Salinas, en donde se determinaron varios parámetros para un mejor análisis. Los resultados alcanzados evidencian que en las empresas analizadas existe un deficiente control interno por el desconocimiento de la importancia de su aplicación, además que al ser empresas familiares la toma de decisiones se basa en la experiencia o criterios personales, y no en un proceso de análisis en relación a la información contable.

Palabras clave: control interno, gestión empresarial, gestión contable, perdurabilidad empresarial, toma de decisiones.

INTRODUCTION

Modernization, globalization of the economy and competition in the organizational environment have contributed to generate the need to design, approve and implement various internal control procedures in order to strengthen organizational performance, this being one of the main purposes of business management. According to Beltran & Murcia, (2016) the only way to face the new business environment is with a vision towards the future, where organizations demonstrate responsiveness and adaptability to change, which is why it is essential that companies are competitive, where they demonstrate flexibility in production and speed to market.

In modern administrative management it is necessary to properly understand the importance of an internal control system, considered as a key factor, through the efficient and effective use of resources, in order to reduce business risks and economic losses due to various causes such as: deviations and waste, fraud, among others. (Calle, Nárvaez, & Erazo, 2020).. It is considered that all companies should have an adequate internal control, because it strengthens the administrative and accounting management. (Calle, Nárvaez, & Erazo, 2020)..

In today's economy there is an accelerated growth, due to globalization, committing businesses to implement technological and computer systems and procedures for the registration and treatment of their commercial operations, demanding a greater control in the activities executed by the companies. In the business sector, companies are characterized by executing internal procedures aimed at satisfying the needs of their customers and meeting market demand; however, due to the number of departments involved, it is difficult to carry out an adequate control, causing economic losses.

Globally, internal control focuses on internal procedures that must be aligned with the strategic planning of business management; these activities must contribute to safeguarding assets and generating reliable information for correct decision making and, in turn, adopting new actions for the policies determined. Therefore, it is important for companies to have an adequate internal control system that allows them to have reasonable financial information, organizations are usually structural, in which there are segregations of functions in the execution of various activities in terms of accounting record operations; therefore, to achieve the effectiveness of each one, an internal control should be immersed.

According to López & Cañizares, (2018) in the business world there have been countless facts of corruption that have sounded alarms about the level of scope of crimes such as tax and financial fraud, which has made internal controls essential for organizations, thus

regulating the presentation of financial statements with the aim of safeguarding assets, thus minimizing the commission of fraud and generating confidence in the users of the organization; the purpose of this study is the literature review for the understanding of the definitions of internal controls in its application. The implementation of internal control and financial management are related in a very direct way, because the former contributes to the efficiency and effectiveness of operations in the financial management system. (Calle, Nárvaez, & Erazo, 2020)..

Internal controls are processes directed to the company's business operations, with the purpose of providing reasonable security to the organization's objectives, these procedures allow to work efficiently and that the financial reports are made based on the company's internal rules and policies. To understand the importance of the application of internal controls it is necessary to understand that the objective of the same is: to protect all the resources of the organization, to avoid possible losses, crimes such as fraud and deviations of funds that could affect the fulfillment of the business objectives.

According to Vega & Nives, (2016) with the absence of internal controls in the organization there is a high probability that actions that may harm the company are generated, and that it is not prepared to respond to them, in which crimes such as fraud and misappropriation of assets can be evidenced; which leads to non-compliance with legal regulations, and that liabilities are generated for the institution, thus affecting the reputation and trust of the organization before its users. In some companies there is a myth that internal controls should not be applied because of the size of the company, or because they are family businesses; however, these are not factors that should be evaluated in order to implement IC, because it strengthens decision making and resource optimization, achieving adequate financial and administrative management that will improve the organization's productivity levels.

According to Buyatti & Ramón, (2001) internal control is an indispensable tool in the operational, administrative and financial activities of an organization; it allows to reduce the risk in the activities that are executed at all levels of command carried out by the personnel, through the correct decision making to achieve the business objectives. Therefore, a proper implementation will strengthen the planning and execution processes of internal procedures.

On the other hand, according to Vergara, Guamán, & Mogollón, (2021) internal control establishes methods and procedures that allow safeguarding assets and keeping accounting records correctly, in addition to developing activities based on the strategic

direction of the organization, through compliance with the laws and regulations applicable to the principles of effectiveness and efficiency in operations.

According to Fonseca, (2011) the objectives of internal control should be related to the mission and vision of the organization, in order to achieve efficiency in its operations, through timely financial information, through compliance with the policies and regulations governing the institution; they should be oriented in actions and measures for a correct accounting record, allowing the reliability of the information under policies determined by the company. On the other hand, according to Leiva, (2015) considers that the objectives of internal control are focused on: establishing procedures and actions to safeguard the assets and property of the institution; as well as providing correct financial and accounting information, which contributes to the determination of policies and standards that help achieve business goals and objectives.

Herrera, (2015), determines that internal control is an organizational plan created and adopted under the particularities of each company, which includes processes, and techniques for operational and accounting areas; with the objective that the administrative area has: an update of the financial situation, verify compliance with goals, supervise the functions by areas, seek productive efficiency and effectiveness of its functions within the company.

While Argandoña, (2012) indicates that the internal control process evidences the planning and organization of the companies, where the record of the actions and procedures executed in each area will allow a constant evaluation of the operational effectiveness; the objective of the administrative control is to comply with the company's goals and the correct use of internal policies.

According to Langrod, (2010) as a result of the administrative control through the company's information systems, the internal accounting control instrument is generated, with the following purposes:

- Transactions must be recorded in the respective accounting period.
- The accounting records must be made with the actual values in the relevant accounts.
- All assets recorded and accounted for must have physical existence.
- Operations must be based on general and specific authorizations.

Internal accounting control allows the company to have timely access to financial information, which must be transparent, comprehensible and assessable according to

the standards of any control institution , in order to achieve the principles of efficiency and effectiveness, and thus make better decision making.

According to Controller General of the State (2018), an internal control system is composed of actions, plans, policies, policies, standards, records, procedures and methodology executed by managers over the areas of the company and its personnel, including the environment and attitudes of the authorities with the purpose of minimizing all possibilities of risk in public institutions. The application of internal control systems allows the following benefits:

- Minimize possible acts of corruption.
- Achieve the goals and objectives set.
- Strengthen the development of the organization.
- Comply with the principles of transparency, effectiveness and efficiency.
- Execute actions applying the regulatory framework.
- To protect the state's assets and resources, promoting their best use.
- To have correct and reliable information for decision making.
- Strengthen the entrepreneurial culture.

Comply with the principle of transparency of information based on the mission and business objectives that allow the correct use of the determined resources.

According to López & Cañizares, (2018) the correct application of an internal control will depend on two phases: planning, and constitution: The first must respond to the commitment of the institution's top management authorities, while the constitution depends on a committee that responsibly conducts the conduction of the system.

It also includes the actions carried out to diagnose the situation of internal control determined by the institution, compared to the system proposed by the Comptroller General's Office, in order to create a plan to comply with the regulations, guaranteeing the correct functioning of the institution.

According to Chacón, (2022) The COSO I Integrated Framework is based on five components, which are: control environment, risk assessment, control activities, information and monitoring, which through their joint application will contribute to internal control compliance.

The board of directors and senior management will give a high level of positioning to internal control in the organization and provide standards, behaviors and expectations about the control environment at each level of the company, these standards will be applied to the processes and structures, which serve as the basis for the success of internal control. The control environment guides the management of the organization through the establishment of regulations, policies, in each of the activities of the company.

Therefore, there is an influence on the organization's employees for there to be adequate control; in companies the control environment is reflected by the behavior and execution of the responsibilities assigned to its collaborators; therefore, internal control and the other components will serve as instruments for risk assessment and to obtain relevant information during the process of executing the organization's activities.

Risk assessment identifies the risks of an organization, through a dynamic process that evaluates the fulfillment of organizational objectives, establishing tolerance limits for risks so that they do not significantly affect the development of business activities. The objective of the risk assessment is to limit the risk in the organization, the implementation of this component allows that the activities and information system are not vulnerable to possible risks, by identifying weaknesses at all levels of the organization, the reports resulting from the risk assessment will detect in time the risks, errors and frauds that threaten the achievement of the objectives of the organization.

Control activities are based on the actions determined by means of procedures that make it possible to meet the objectives, thus reducing risks; they are made up of specific policies and procedures and will be the mechanisms for meeting objectives, preventing and mitigating risks. Control activities are actions defined by the companies that execute administrative processes; they must contribute to the procedures and policies through control elements and activities that contribute to the achievement of the objectives and the mitigation of risks that affect them.

The monitoring and communication component is carried out during the course of administrative and supervisory activities and its objective is to ensure compliance with the obligations to be performed by the personnel. The objective is to provide security to the internal controls that the company executes without this monitoring process leaving aside the other components, the monitoring is focused on the evaluation, supervision, registration and inspection of each of the activities that are executed at each level of the organization.

Supervision or also called monitoring and supervision should be applied to the entire internal control process, which will ensure the quality and success of the same, in this component is performed in order that the internal control system is flexible and adaptable to the circumstances and the main objective is to know if the other components of COSO are performing adequately and contributing to the structure, for this should be considered as follows:

- Monitoring activities should be carried out during the ordinary course of the company's operations.
- Conduct separate evaluations
- Conditions should be reported
- Role assumed by each member of the entity at the different levels of control

It is important to establish mechanisms that help detect any weaknesses that are affecting the internal control system in order to make the right decisions, since both systems and mechanisms eventually fail or are unsuccessful due to different changing circumstances.

For Langrod, (2010) internal control is an audit process carried out by the managers and employees of a company, with the purpose of ensuring that the actions taken contribute to the fulfillment of the objectives; through the correct and timely execution of the policies, principles and techniques that the management has established to achieve the criteria of efficiency and effectiveness within its operations; it pursues the operational, informative and process compliance objectives.

Financial information is a tool that allows sustainable decision making based on the available resources of the institutions, as well as on labor, tax and legal activities. For this reason, bank reconciliation must be reliable, so that economic agents can make sound decisions, (Otzen & Manterola, 2017).. Adequate procedures must be generated so that operational records are made in a timely manner, because financial matters are of administrative interest, hence the importance of complying with business rules and procedures.

According to Serrano, Señalín, Vega, & Herrera, (2017) accounting management is a model that contemplates the information channels and the correct relationship between costs - benefits, which must achieve the purposes of compatibility with other financial records, control and flexibility; it allows to keep track of business transactions, it is used as support in decision making in different areas, which should also help to develop accounting management. On the other hand, for Buyatti & Ramón, (2001) accounting management refers to the execution of a set of actions that allow the application of the

rules and policies of an organization, for decision making oriented to the fulfillment of stated objectives.

According to Catágora, (2013) accounting management is the technique by which the operations carried out are recorded, classified and summarized, as well as the economic, natural and other identifiable and quantifiable events that affect the entity, thus helping to make correct decisions. The purpose of accounting management is to obtain information on the company's assets and its results; they provide data of great interest to managers, employees, and also to external users such as shareholders, management, banks and suppliers. Therefore, accounting is a discipline based on the elaboration, coordination and structuring in books and records of the operations that modify the structure of such assets.

Alvarado, (2012) indicates that accounting is a business tool that allows identifying, measuring, classifying, recording, interpreting, analyzing, evaluating and reporting the history of the operations of an economic entity, in a clear, complete and reliable manner, representing all monetary transactions of a company, with the objective of assisting the economic decisions of the company. Consequently, accounting management is considered a fundamental part of any company, since it is responsible for recording and classifying all actions that represent income or expenses in the form of financial summaries that provide relevant information to the company's managers, who, with a good communication channel, will know how to make the right decisions for business development.

According to Estupiñán, (2006) accounting allows to have an absolute knowledge and control of the company to make decisions with precision, facilitating the elaboration of financial assumptions. On the other hand, Mendoza, (2022) indicates that it is a science that requires clear and precise order of activities, resources, expenses, money, it is vital to manage in the best possible way the economic activities of a company, regardless of its size or type of activity. For Murillo, Narvaéz, & Erazo, (2019) all accounting process of an organization comprises the recording of transactions derived from the economic facts applied in an accounting period; from each period the financial statements are obtained as a summary of the movements made according to the economic facts, where the financial, real information of the company is identified.

According to Reyes, (2012) accounting records are transactions that generate a change in the assets, liabilities or equity of the company that are related to the financial issue, they are represented quantitatively in money; that is, they are the registration of transactions in the books. Therefore, it refers to the real actions, transformed as physical records, listed in a journal, whose purpose is to prepare financial information of the

company, on which the managers will rely to perform functions and make decisions; they must have the following data: date, the accounts involved, the amount and a description.

According to Larsen, (2004) Accounting standards are determined to standardize the preparation of financial statements, which can be used by different types of users of an organization. The objectives are: to determine special treatments for specific operations, to facilitate the access of users to financial statements, to generalize accounting knowledge.

On the other hand, accounting principles establish models and formats with which financial and operational records must be prepared, as well as determine the form of presentation and purposes of financial analysis within the accounting management. Under these parameters, the Generally Accepted Accounting Principles (GAAP) have been established, which are the framework of specific and general regulations used to measure the equity and its elements that comprise it, these GAAP allow that the same accounting record may have a different treatment depending on the type of business and its purpose.

According to Mantilla, (2008) Management accounting allows the collection of the necessary information for internal decision making in business management, it is used by the company's managers as a tool to know the results of the different areas, both inventory control, planning and control. It is in constant changes and updates that go hand in hand with organizational development, because it responds to the needs of the business environment in order to provide information that benefits the achievement of the objectives.

As the organization becomes larger, its operational complexity increases; therefore, it is essential to use management accounting, since operational control is indispensable in each of the phases of the administrative process. However, the updating of management accounting systems has not been in line with current business needs, since the creation of these systems was directed to scenarios outside the current one, in which the following limitations are evident: short-term operational orientation, excessive level of data aggregation, hierarchical company structures, cost control and solutions to simple problems. (López & Cañizares, 2018)..

According to Langrod, (2010) for accounting information systems it is necessary to have information and communication technologies (ICT's), because these mechanical and updated tools allow the entry of accounting information more accurately, without bias and eliminates the possibility of error. These systems ensure the integrity of the information and allow decision making based on the financial records.

One of the advantages offered by accounting information systems is the comparability because it allows the analysis of past and present data with the company's data and even with those of other companies. On the other hand, it facilitates data entry and accessibility of data digitally, whether on websites, phone applications, as well as in public and private databases with real-time analysis.

According to Poch, (2000) decision making is the action of preferring one thing, option, or benefit among others. For this reason, the information obtained from accounting management is important because it helps managers to make decisions about the company. On the other hand, Pungitore, (2010) indicates that the decision making process is a continuous process, in which strategic actions influence organizational performance and have an impact on business sustainability. The assertive decision must be chosen considering the current reality in which the company's problem develops, so that it can provide specific solutions that minimize the critical factors identified.

When companies are small or medium-sized, decision making becomes more complex, because the analysis is based on the criteria of managers, without evaluating financial and accounting information, due to the fact that, being a microenterprise, the company does not have an adequate accounting management, which allows it to solve its problems (Mendoza Zamora , García Ponce , Delgado Chávez, & Barrero Cedeño, 2018).

According to Vergara, Guamán, & Mogollón, (2021) there are six phases for correct decision making;

- 1.- To carry out a diagnosis that allows to know the situation of the company.
- 2.- Identify the causes of the situation or problem determined.
- 3.- Make projections in relation to expected costs and benefits.
- 4.- Choose the most viable option based on the alternatives determined.
- 5.- Execute the chosen option.
- 6.- Evaluate the results of the decision.

Strategic decision making is essential for the development of an organization, it allows optimizing the use of resources and minimizing the shortcomings that may arise as part of the administrative process. According to Mantilla, (2008) the types of decisions can

be: strategic, where their goals are long term, administrative which are short term, current decisions that are executed immediately, structured decisions that are applied in some specific phase; and unstructured decisions that are applied without knowing their possible results.

MATERIALS AND METHODS

This research was developed in the Salinas canton, with the purpose of evaluating internal control and its impact on the accounting management of salt production companies; therefore, it is considered necessary to establish an internal control model that allows the efficient and effective use of resources, in order to reduce business risks and economic losses for various reasons, and thus strengthen business sustainability.

To develop the research, the descriptive approach was used to learn about the subject of study through the theoretical disaggregation of the variables of study, in addition to conducting a situational analysis of the internal control used by the production companies of the Salinas canton, in order to identify the critical factors, and thus raise the proposal.

The study also used analytical research to identify the critical factors in the accounting management of salt production companies in the Salinas canton; therefore, an analysis of the results obtained in the information gathering was carried out in order to determine the internal control model that will allow reducing business risks. On the other hand, a correlational research was used, through the use of surveys to determine the level of management of the five components of COSO in a general way and its impact on the accounting management of salt production companies in Salinas county, analyzing the following dimensions: control environment, risk assessment, control activities, information and communication, and supervision.

To obtain the results of this study, the inductive method was used in order to learn about the object of study, to design internal control actions to strengthen accounting management, through direct observation and interviews with managers of salt producing companies in the Salinas canton.

On the other hand, the deductive method was used to identify the critical factors associated with accounting management in order to design an internal control model to reduce business risks. Surveys were made to the personnel involved in the processes and to the managers of the salt producing companies of the Salinas canton that are directly involved in the internal control and financial management systems. This

instrument was designed with 4 identification questions and 11 research questions related to the internal control components, as a diagnostic tool.

The present study considered a population of 6 salt producing companies in the Salinas canton, with a total of 152 workers; therefore, it was considered necessary to carry out a population census, and not a sample, in order to identify the critical factors associated with internal control and its impact on accounting management with the purpose of designing a management model to reduce business risks and economic losses.

The following is a breakdown of the number of employees of the companies analyzed in the study:

Table I Salt producing companies in the canton of Salinas

Company	Trademark	Number of employees
Grupo Molina (Famovisal, Famosal y Hermosal)	Sea and Salt	48
Ecuasal	Cris Salt	75
Salfipil S.A	Sal Blanc	12
Judge S.A.	Pacific Salt	17
Total employees		152

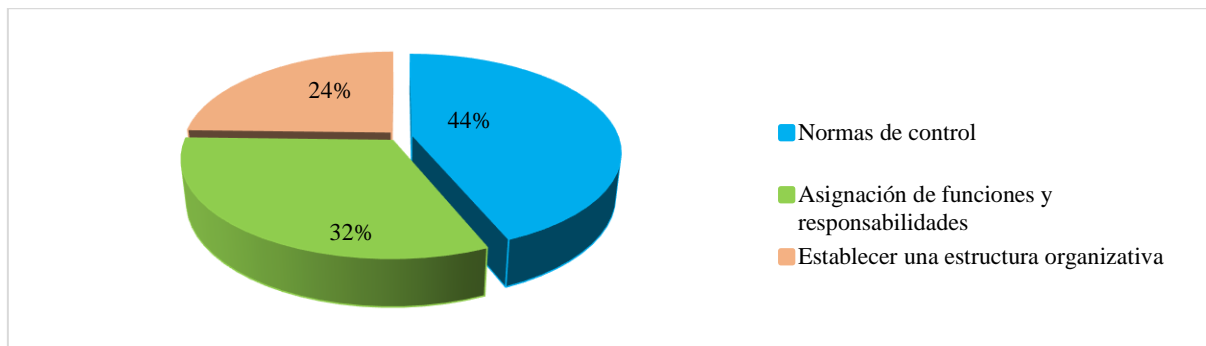
The study was non-experimental, this design "is performed without deliberate manipulation of variables and in which only the phenomena are observed in their natural environment and then analyzed" (Hernández et al., 2010, p. 149), the two study variables were analyzed; on the one hand, i) the sensory aspect of the packaging design of the chocolates through its factors (material, shape, color, and elements), and on the other hand, ii) the organoleptic quality of the chocolates was determined through the sensory quality index and the level of satisfaction of tastes and preferences.

RESULTS

Internal control, being an organizational plan where the appropriate procedures are designed according to the business line, has the purpose of safeguarding the organization's assets and monitoring the accuracy of accounting operations, thus contributing to efficiency and effectiveness, which in turn contributes to the company's productivity.

In the research conducted, it was determined that the critical business factors that strengthen the internal control environment are: control standards, assignment of functions, and organizational structure; due to the fact that the measurement criteria of the different departmental areas contribute to the reduction of business risks and prevent economic losses. Therefore, the need to establish actions to improve the operation and functionality of the organization.

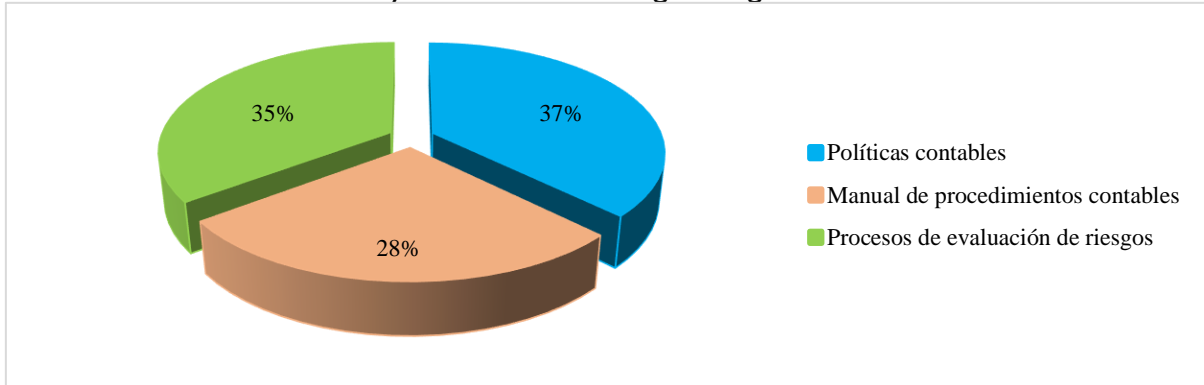
Illustration 1 Internal control environment factors



In the surveys conducted, it was determined that 52% of the personnel involved in accounting management and internal control processes of the salt producing companies in the Salinas canton use control standards within the activities, processes and actions they implement, while 27% consider the correct assignment of functions as a key factor for organizational performance; finally, 21% of the companies consider that the organizational structure is the key element for developing a control system that allows strengthening the company's sustainability.

It is necessary to implement internal control activities, because it allows the prevention of errors and irregularities that may arise in the company, becoming an important tool, because its application positively affects organizational development, as well as reducing business risks. According to the surveys conducted, it was determined that 37% of the personnel involved in accounting management and internal control processes of the salt producing companies in the Salinas canton consider it important to establish accounting policies as a fundamental element to strengthen control activities, while 35% consider it indispensable to determine risk evaluation processes that allow improving organizational performance, and 28% state that it is indispensable to have accounting procedures manuals in order to achieve the efficient use of business resources.

Illustration 21 Key elements for strengthening control activities

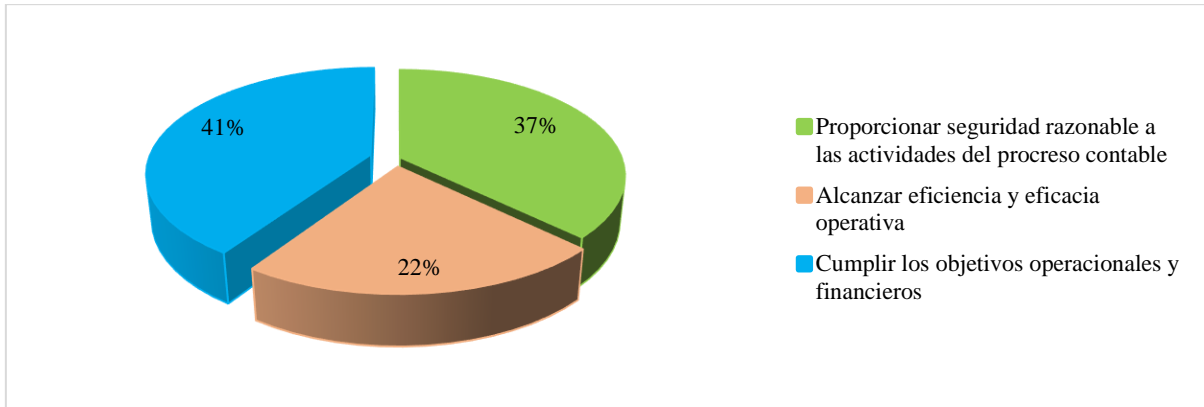


It is important to remember that the internal control system is operated by people who are vulnerable to committing some act of corruption, thus leading to the commission of illicit acts, from managers to the lowest level collaborators in a small organization, because they are directly or indirectly involved in activities related to accounting and control management, Therefore, it is essential to determine adequate accounting policies to meet organizational objectives, as well as procedure manuals to regulate activities, and to establish risk assessment processes to strengthen the critical factors associated with business effectiveness.

The guarantees of implementing an adequate internal control system contribute to the fulfillment of the company's objectives through the correct execution of policies and standards, as well as providing accounting and financial information for decision making in an assertive manner, thus contributing to the proper performance of activities within the framework of legality before the control agencies.

According to the results obtained, it was determined that 41% of the personnel involved in accounting management and internal control processes of the salt producing companies in the Salinas canton consider it important to develop internal accounting control activities to reduce business risks through the fulfillment of operational and financial objectives that allow strengthening business sustainability, While 37% indicate that it is necessary to achieve operational efficiency and effectiveness to continuously improve organizational performance, and 22% indicate that it is essential to provide reasonable security to the activities of the accounting process in order to reduce business risks and economic losses due to processes that do not comply with policies, standards and control activities.

Illustration 3 Importance of internal accounting control activities

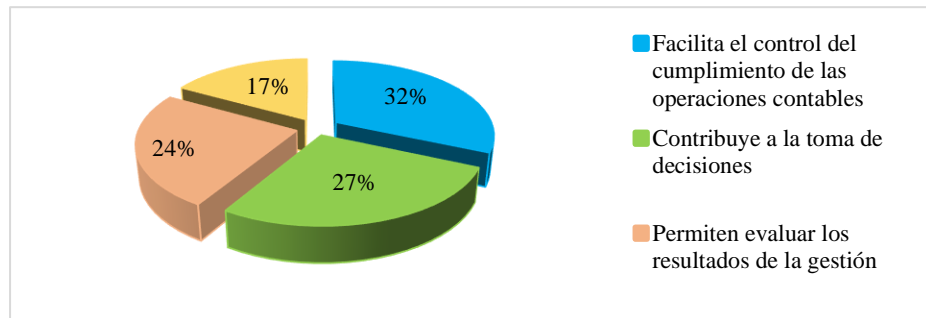


The salt production companies in Salinas canton must have qualified personnel to help meet the objectives of the institution and also be committed to properly implement the internal control system, because the employees must monitor and evaluate compliance with it, because the effectiveness will depend on the commitment of staff, the company's ability to implement, and the establishment of strategic actions aimed at the internal control model designed.

3.4 Control reports as a key tool for strengthening accounting management

The continuous review of accounting transactions is essential to achieve adequate internal control, since it contributes to appropriate decision making, with the objective of protecting assets and providing reliable and timely financial information to the institution's users. In the present study it was determined that 32% of the personnel involved in accounting management and internal control processes of the salt producing companies in the Salinas canton consider that control reports facilitate the compliance of accounting operations, thus allowing to reduce the business risk, On the other hand, 24% state that it allows the evaluation of management results in order to optimize the use of resources. Finally, 17% think that it is not necessary to periodically prepare control reports due to their business structure.

Illustration 4 Control reports



Having an updated control system allows salt production companies in the Salinas canton to control the key departmental areas of the business through adequate decision making, facilitating internal and external audits. On the other hand, it contributes to business competitiveness, mitigating the risks of financial information fraud, contributing positively to the control agencies.

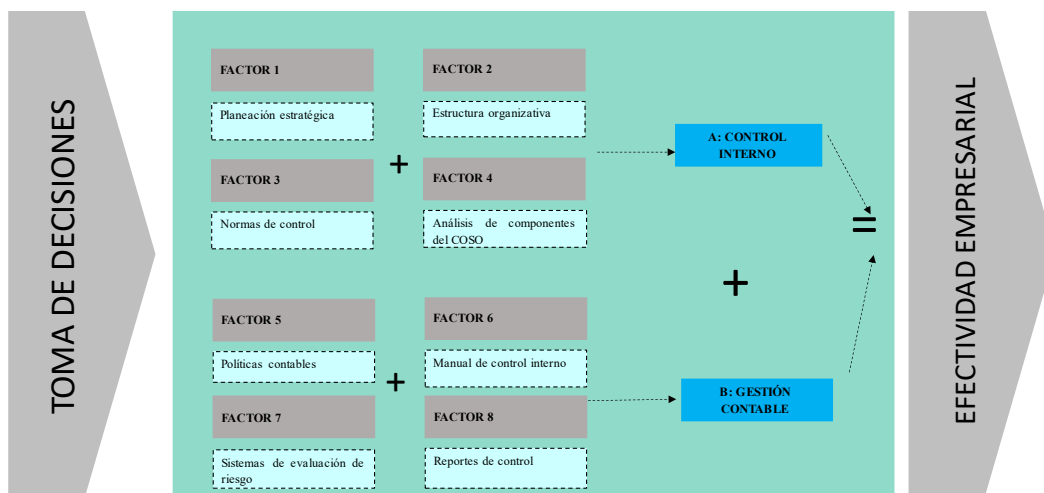
3.5 Internal control management model for salt production companies in the Salinas canton

The proposed model MSCIS - 2023, is a metamodel that has the name by its acronym identified as: model of sustainable internal control system for salt producing companies in the Salinas canton, developed in the year 2023, aims to strengthen the accounting management, and organizational performance. The determined model is designed in relation to the criteria determined in the research, thus allowing to improve the critical factors that affect the accounting management. The current research proposal is based on the design of internal accounting control, based on eight factors, used as an instrument for the management area, who will verify and evaluate the accounting transactions, with the objective of ensuring in a reliable and transparent manner the achievement of the financial, operational and regulatory goals of the company. The main objective of this proposal is that the salt production companies in the Salinas canton correctly record and validate accounting information, achieving the presentation of real and transparent economic results, for which it is necessary to apply the following topics: strategic planning, organizational structure, control standards, analysis of COSO components, accounting policies, internal control manual, enterprise risk assessment systems, and control reports.

A correct application of the Accounting Management System will allow salt production companies in the Salinas canton to link the actions carried out with the fulfillment of

objectives resulting from unmet needs. The objectives set out, trace the actions and request the necessary information to preserve the business assets, also provide parameters for the presentation of financial information that improves the operation of the company.

Illustration 5 Sustainable Internal Control System Model (MSCIS - 2023)



One of the factors that will guarantee that the internal control system in the salt production companies in the Salinas canton is the self-commitment of the owners and directors of the company, only in this way will credibility be obtained in the management of funds and in the way of recording their operations. The lack of internal control in these companies is detrimental to the accountability system, since there will be financial statements that do not reflect the activities actually carried out.

CONCLUSIONS

Due to the bibliographic review that contextualizes this research, it is known that those companies that have applied internal control systems are less likely to fall into fraud and that many of them have eliminated it; however, it is of vital importance that the salt producing companies of the Salinas canton use a sustainable internal control model that allows them to reduce business risks and economic losses.

With the results obtained, it is determined that the companies dedicated to the production of Sal that have decided to introduce internal controls in their companies

and execute them effectively, achieve a higher financial performance; unlike the companies that have not done so, on the contrary, they reflect an inefficient control system, because they do not establish risk evaluation systems, nor do they correctly determine manuals, procedures and policies that help to constantly improve the company.

The management systems that the companies incorporate must contain a feedback program for all the areas involved. The most important point in this program is ongoing training, since, being a new internal control system, most people are unaware of the regulations and the processes that must be implemented, which can lead to a disorder of uncontrolled activities. Training should be updated on accounting regulations, policies and procedures to broaden the knowledge and skills of employees when applying accounting practices and control levels.

Having a good internal control is essential, since it will provide real accounting records and reliable financial reports, which will enrich the decision making action of the management in front of the company's partners and shareholders, control institutions and others. Therefore, it becomes important for managers to know their internal control system, since it allows the company to reduce possible negative externalities and even create its operations by knowing its particularities.

The internal control, allows to increase the security of the accounting systems of the company, where the administrative, accounting and financial operations that achieve business goals are established; it also identifies anomalies, faults and seeks a viable solution considering the hierarchical levels of the company, methods and accounting systems so that the product delivered by the auditor is truthful. Because an internal control system is adequate for a company, it provides security in the efficiency and effectiveness of operations, in the information, and in the legislative and regulatory compliance of institutional operations, being considered as the best execution of external control.

REFERENCES

- Acara Chamba , L., Córdova Montaya , A., Vega Granda, A., & Sánchez Quezada, I. T. (2021). Evolution in banana exports and impact of economic development, El Oro province 2011-2020, prepandemic, pandemic; applying time series. *Polo del Conocimiento*. doi:10.23857/pc.v6i8.
- Alvarado, J. (2012). *The internal control of a commercial company*. Guatemala. Prentice Hall.
- Argandoña, M. (2012). *Internal Control and Risk Management in Public Management*. Lima. Marketing Consultores S.A.

- Beltrán , C., & Murcia, J. (2016). METHODS FOR HAZARD IDENTIFICATION, ANALYSIS, EVALUATION AND TREATMENT OF RISKS IN COLOMBIA. *Ingeniería, Matemáticas y Ciencias de la información*. doi:10.2107/ricmi.2016.v3.n6.a12.
- Breuer, C. A. (2011). *Politics, State and Public Administration..Caracas, Venezuela* . Editorial Ateneo .
- Buyatti , & Ramón, J. G. (2001). *Internal control in private companies*. Quipukamayoc.
- Calle, G., Narváez, C., & Erazo, J. (2020). Internal control system as a tool for optimizing the financial processes of the company Austroseguridad Cia. Ltda. *Scientific journal Dominio de las ciencias* .
- Calle, G., Narváez, C., & Erazo, J. (2020). Internal control system as a tool for the optimization of the financial processes of the company Austroseguridad Cía. Ltda.
- Carrasco (2011). *Research called Study on the Implementation of Process Based Management in Banco de Estado*. Santiago de Chile .
- Catágora , F. (2013). *Accounting systems and procedures*. Cárcas, Venezuela , Venezuela : Editorial McGraw Hill.
- Chacón , W. (2002). *Internal control as a fundamental accounting and controlling tool for organizations*.
- Charry-Rodríguez, J. (2013). *El control interno y los principios de evaluación de gestión en las entidades del estado*. Bogotá, Colombia : Editorial Asociación colombiana de administradores .
- Chiavenato, I. (2004). *Introduction to the General Theory of Management*. McGraw-Hill/Interamericana, editors.
- Economic and business science (n.d.). Retrieved from <http://dx.doi.org/10.23857/dc.v6i1.1155>
- Estrada , M. (2010). *Internal control system*. Lima, Peru: Editorial Publicidad & Matiz.
- Estupiñán , G. R. (2006). *Internal control and fraud based on transactional cycles: analysis of COSO I and II report* (Second ed. ed.).
- Fonseca , L. O. (2011). *Internal control system*.
- Fulldocs, & Charry, J. A. (2013). *El Control Interno en Diez Módulos en Entidades y Organismos del Estado*. Medellín, Colombia: Editorial Diké.
- Gómez , M. (2010). *Internal control in the procurement areas of public companies in Andalusia*.
- Guerra, M. (2015). *What is Administrative Management, Origin, Evolution, Precursors and Principles*. Quito, Ecuador.
- Guerrero, A. (2008). *The Theory of Public Administration*. Mexico: Editorial Harla Mexico.
- Herrera, R. (2015). *Control Failure in the Public Sector*. Mexico.
- Koontz, H., & Heinz, W. (2009). *Management, a global perspective*. Mexico: McGraw-Hill.
- Langrod, G. (2010). *A treatise on management science*.

- Larsen , J. (2004). *Principles of auditing* . Mexico: Editorial Diana.
- Leiva, D. (2015). *Internal conceptual framework*. Retrieved from <http://www.minam.gob.pe/comite/wpcontent/>
- Leonard , W. (2001). *Evaluation of methods and administrative efficiency* . Mexico: Editorial Diana .
- López , A., & Cañizares, M. (2018). Internal control in the Ecuadorian public sector. Case study: decentralized canonical autonomous governments of Morona Santiago . *Cofin Habana*. Retrieved from <http://scielo.sld.cu/pdf/cofin/v12n2/cofin04218.pdf>
- Mallar, M. (2010). Management by processes: an approach. "Vision of the Future." Retrieved from <https://www.redalyc.org/pdf/3579/357935475004.pdf> Mantilla B., S. A.
- Mancilla , M. (2010). Control in management for reliable financial information. *Accounting and business* . Retrieved from <https://www.redalyc.org/pdf/2816/281621753005.pdf>
- Mantilla, S. A. (2008). *Internal control of new financial instruments* . Bogota, Colombia : Editorial Ecoe .
- Martillo, L. (2008). *Internal control of financial instruments* . Bogota, Colombia : Editorial Ecoe .
- Mejía, G. B. (2006). *Process management for internal control*. Bogotá, Colombia: Editorial Ecoe.
- Mendoza , L. (2022). The internal control system and its impact on the management of construction companies in the city of Pilas, year 2021 . *Multidisciplinary Journal Latin Science*.
- Mendoza Zamora , W., García Ponce , T., Delgado Chávez, M., & Barrero Cedeño, I. (2018). Internal control and its influence on administrative management in the public sector . *Science domain* . Retrieved from <http://dx.doi.org/10.23857/dom.cien.pocaip.2018.vol.4.n.4.206-240>
- Murillo, L., Narvaéz, C., & Erazo, J. (2019). Internal control system with focus on ISO 9001:2015 in Monterrey banana company. *KOINONIA Interdisciplinary Refereed Journal*.
- Otzen, T., & Manterola, C. (2017). Sampling techniques on a population under study. *Int. J. Morphol.* Retrieved from <http://dx.doi.org/10.4067/S0717-95022017000100037>
- Pelayo, M., Joya, R., Velázquez, J., & Lepe, B. (2019). Internal control monitoring in Mexican microenterprises. *Management Challenges* . Retrieved from <http://scielo.sld.cu/pdf/rdir/v13n1/2306-9155-rdir-13-01-1.pdf>
- Poch, R. (2000). *Manual de Control Interno*. Editorial Gestión 2000.
- Pungitore, J. L. (2010). *Administrative systems and internal control*. Barcelona, Spain: Editorial Osmar D.
- Reyes , H. J. (2012). "Política y Administración". Mexico: INAP Praxis Series.

- Rivas , G. (2011). Contemporary models of internal control. Theoretical foundations. *Observatorio Laboral Revista Venezolana*. Retrieved from <https://www.redalyc.org/pdf/2190/219022148007.pdf>
- Rodriguez , M., Piñeiro, C., & Llano, P. (2013). Risk mapping: risk identification and management . *Atlantic Review of Economics*. Retrieved from <https://www.econstor.eu/bitstream/10419/146556/1/776123106.pdf>
- Rodríguez-Peñaherrera, C. (2000). *The administrative reform process in Ecuador*.
- Serrano, P., Señalín, L., Vega, F., & Herrera, J. (2017). Internal control as an indispensable tool for an efficient financial and accounting gestgion in banana companies in Machala canton (Ecuador). *Revista Espacios*. doi:10.4802/espacios.
- Vega , L., & Nives , A. (2016). Procedure for the management of supervision and monitoring of internal control. *Ciencias Holguín* . Retrieved from <https://www.redalyc.org/pdf/1815/181543577007.pdf>
- Vergara, Y., Guamán, R., & Mogollón, P. (2021). Internal control and its impact on Ecuadorian administrative and financial management of truck equipment operations and mechanics (Fedesomec case study, 2020). *Ciencia Latina Revista Científica Multidisciplinar*. doi:10.37811/CL_RCM.V5I5.866.