

Abstract

This research deals with the impact of internal control on the reliability and effectiveness of the performance of the industrial establishments (Mohandis Factory for paints : 2001-2006).The core of the research problem is that internal control should embrace the various activities of any project and should be integrated into any accounting system. The absence of any type of control renders it difficult for the establishment to protect its assets and to rely on its records and accounting .Internal control system is governed by the degree of complication of book-keeping and the cost of the effort needed to enforce &Implement control .The administration should set suitable system to detect any mistakes & variances or non adherence to procedures.

The research aim's at obtaining reliable accounting data, minimizing the probability of counteracting the directive and regulation of the establishment, encouraging the employees to adhere to the policies set by the administration and setting a frame for preserving the economic resources of the establishment.

The study tests three hypotheses:

- 1- A correlation of statistical control system and the validity of the accounting information in the published financial statements:

2- Relying on an improved internal control system leads to reduction of costs and improved reliability.

3- Reliable internal control improves the quality of information needed for decision making.

To check the validity of these hypotheses the researcher conducted a questionnaire, analyzed the information by the computer and reached at the related findings, to know the correlation existing among the variables average percentage and frequency are used.

The above hypo theses had been validated and certain findings had been reached of which the following are the most important:

1- Both factory and production exhibit an expansion when compared to the previous year which is a proof of an efficient control.

2-the internal control system encourages the employees to adhere to the policies and regulations set by the factory and offers incentive to those who abide by them.

3- continuous training raised the capability and skill of the employees and resulted in increased production and profit and good competitive status.

4- the statistical findings revealed a presence of a highest degree of all the factors of the internal control in all the departments.

The researcher suggested a number of recommendations of which the following are the most important:

- 1- An advanced training in computer and programming should be offered to employees to raise their capabilities.
- 2- Incentives should be offered to employees other than those of production , marketing and selling to encourage them.
- 3- The internal control system should be regularly evaluated to ensure its efficiency.
- 4- Decisions taken should control system for the reverse is detrimental to the desired performance.
- 5- The internal audit should check the performance of the internal control system and write report about its efficiency.
- 6- Factory administration should write reports about the performance of the internal control revealing its weak points.

The contribution of this study has been mentioned together with the difficulties that faced the researcher. Also future researches in line with the study had been suggested.