

THE ROLE OF COSO FRAMEWORK IN ACHIEVING STRATEGIC OBJECTIVES IN IRANIAN COMPANIES

*Alireza Ghonji Feshki, Mohammadhamed Khanmohammadi**

Abstract: Now, environmental changes are increased in organizations. Organizations are encountered with many risks and threats. Using an internal control system to encounter with mentioned problems to fulfill the organization goals is necessary. By COSO framework and considering the principles of internal control system in this framework, we can design, implement and evaluate effectiveness of internal control and achieve organization goals namely strategic goals. This study evaluates the collected data via checklist of maturity of internal control of 10 companies as selected by simple random method. According to COSO internal control framework as a part of management processes to achieve strategic goals, the organizations deal with the role of this framework to achieve strategic goals. Based on the analysis of the data and evaluation of some principles of determination, evaluation, monitoring on goals by two independent *t*-test in SPSS software, the maturity level is determined and achieving strategic goals in the companies with strong internal control is compared with the companies with weak internal control system. The results show that the mean maturity is determined and achieving strategic goals in these groups of companies is not equal and high mean of companies with strong internal control shows that the organizations as effective to establish an internal control system, their goals fulfillment is higher than those of the companies without effective internal control.

Keywords: COSO framework, internal control, Organization goals.

1. INTRODUCTION

Strategic management is integrated activities and decisions to develop effective strategies, implementation and their control. Thus, strategic management includes the activities of evaluation, selection of strategies, taking any measurements inside and outside organization to implement these strategies and control of activities (Madrakian, 2013). One of the management tools in using strategies and control of activities is using an effective internal control system. The best framework for design is implementation and evaluation of internal control of COSO framework. According to COSO framework, internal control is the process by organizations to achieve objectives of operation, reporting and compliance. COSO framework

* Department of Accounting, Damavand Branch, Islamic Azad University, Damavand, Iran
Corresponding Author

is based on the principle that organizations should determine the objectives, then the opportunities, threats and risks prevent the objectives can be identified and a suitable internal control system to fulfill goals is implemented (Kasiri, 2014). The establishment of internal control in most countries in the world is based on Sarbanes–Oxley since 2002 and in our country based on instruction of internal control of stock market since Ordibehesht 2013 in which public and counter stock companies are required to establish an effective internal control system to fulfill their objectives (Sabri, 2015). The strategic management issue and determining organization strategies is one of the issues emphasized on management and management accounting in two recent decades in Iran. As two above issues are of great importance in Iranian organizations and companies and they are key success factors in organizations. As top managers of organizations and management accountants apply various methodologies to manage the strategies of organization as determining goal and its evaluation as separately, they are unaware of the association of this issue with internal control system. This study evaluates COSO frameworks and COSO ARM as how mentioned frameworks help the organizations in evaluation of strategic goals and by adapting the resources and processes of organization with mentioned goals can lead to achievement of strategic goals and improvement of organization performance.

2. REVIEW OF LITERATURE

Various studies have been conducted regarding establishment of internal control based on COSO framework and enterprise risk management and strategic management issues and determination of organization strategies in management and management accounting separately. No comprehensive study is conducted regarding the relationship of these two issues and how organizations can establish methodology of COSO internal control framework and achieve strategic goals.

Definition of internal control according to COSO 2013 framework

According to COSO 2013 framework, internal control is the process used to achieve assurance of the following goals by board, management and other staffs:

- Effectiveness and efficiency of operation (operational objectives).
- Reliability of reporting (reporting goals)
- Observing rules (compliance)(Kasiri, 2014).
- Different levels of goals in COSO 2013 framework

The integrated internal control of COSO 2013 determines three classified sets of goals enabling the organization to focus on separate aspects of internal control. The objectives include:

- Operating objectives. Regarding effectiveness and efficiency of company operation as operating and financial goals and protecting assets against misuse.
- Reporting objectives: Regarding financial and non-financial reporting inside and outside organization and include reliability, timeliness, transparency and other conditions raised by law makers, standard and organizational policy makers.
- Compliance: Regarding resorting to rules (internal and external) in organization.

These goals are discrete but as related. A definite goal can be one, two or three classifications of goals and it needs responsibility by different people. This three classification of objectives can determine the expectations on internal control (Kasiri, 2014). The relationship between the goals in COSO framework 2013 is as follows:

View 1-The relationship between COSO 2013 framework goals



The relationship between goals and components of COSO 2013 internal control

There is a direct association between operating, reporting and compliance goals and internal control components including control environment, risk assessment, control activities, information and communication, monitoring internal control at total level, the processes in COSO 2013 cube are shown as follows.

Figure 2- COSO cube (The relationship between components, objectives and internal control levels)



2.1 The components of internal control system

According to COSO 2013 framework, internal control system is based on five components as follows:

Control environment

Control environment is a set of standards, processes and instructions as a basis to perform internal control in the organization. Board and top management establish public atmosphere in the organization regarding the importance of internal control including standards. Control environment has universal effect on internal control system. The control environment is as followings:

- Monitoring and establishing ethical values
- Delegating power and responsibility
- The process of employment and training and qualification of people
- Motivation and reward to fulfill responsiveness against performance

Risk assessment

The organization is encountered with many internal and external risks. Risk is the probability of occurrence of an event preventing to achieve organization goals.

Risk assessment includes dynamic and continuous process of identification and assessment of achieving goals.

1. To assess risk, organization goals including (operating, reporting and compliance) are determined at various levels of organization.
2. Risk is analyzed with the lack of achieving mentioned goals of identification, evaluation.
3. Control activities are used to reduce each of mentioned risks.

Control activities

Control activities are the measurements helping via establishing policies and procedures to management to be sure of reduction of risks in achieving organization goals. Control activities are implemented in all various levels of organization. Control activities as delegating power, approving, investigation, adaptation and investigation of performance of organization and by nature:

- Preventive, **detecting**
 - **Manual or automatic**
1. **Information and communication:** The information is of great importance for organization units to do control responsibilities to achieve organization goals. Top management and other information managers and their quality are provided from internal and external resources and are used to support other activities of internal control of bank. Communication is a continuous process as providing, sharing and achieving information.
 2. **Internal communication:** A tool to publish information in organization, transfer from top down top management, from staffs to top management from bottom to up and the staffs can receive the message of top management for serious performance of control functions.
 3. **External communication is of two types:**
 - (a) *First type:* This communication can provide connection with external information.
 - (b) *Second type:* Providing information for external organizational people in responding their requests and expectations.

Monitoring

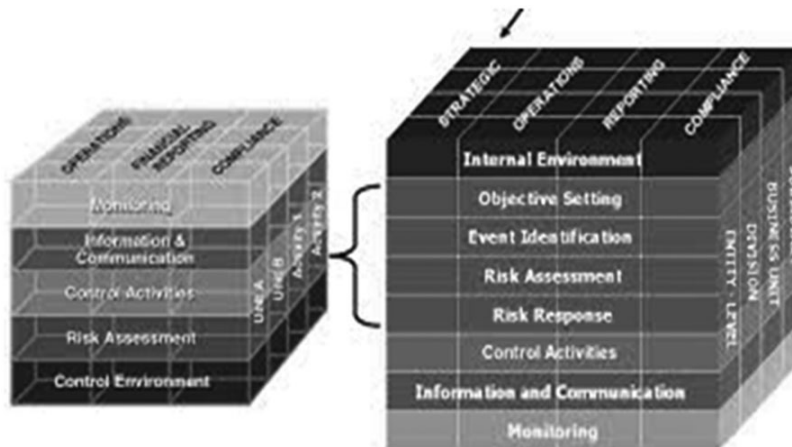
Continuous evaluation and separate evaluation of a combination of them, assurance of the fact that each of five components of internal control including the controls effective on principles of each of components can be provided.

- Continuous evaluation
- Case or separate evaluation

3. INTRODUCTION OF ENTERPRISE RISK MANAGEMENT FRAMEWORK (COSO ERM)

Treadway commission organization published COSO ERM framework in 20047 for integrated risk management of organizations and the changes compared to COSO framework was adding strategic goals and other three components. The following Figure shows the changes of this framework (Enterprise risk management framework, 2009).

Figure 3: COSO ERM cube compared to COSO cube 2013



The goals in enterprise risk management framework (COSO ERM)

This framework emphasizes on strategic goals and states that achieving management goals chooses mission behavior or vision of an economic unit, strategies are selected and consistent goals in enterprise are determined. This risk management framework by achieving the goals of an economic unit is linked and these goals are in the following four items:

- Strategic: High, consistent ideals, supporting its mission
- Operating: Effective and efficient use of resources
- Reporting: Reporting reliance
- Compliance: Observing rules

This classification allows that the distinction between all things expected of each objective level is clarified. Another item, resources protection as used by

some economic units is described. As goals are relevant with reports reliance and observing rules in company control, it is expected that risk management is a reasonable assurance of achieving these goals. Achieving strategic goals and operating goals are based on external events (external company) not in economic unit control. The risk management can give assurance regarding these goals as management, board in their supervisory role in an appropriate time framework can be aware of the movement of economic unit to achieve goals (The enterprise risk management framework, 2009).

Determining goals in COSO framework

The design and implementation of an internal control system based on COSO framework as goals of business units are not determined for organization, can not be possible. Determining sub-goals is some sections of strategic planning process with rules, regulations and standards as individual management decisions.

Creating goals as a part of internal control includes the followings:

- Determine definite goals, measured or accessed, relative or limited to time.
- Appropriate evaluation of main goals and minor goals of internal control based on facts, rules, procedures, regulations and standards.
- The relevant main and minor goals in the entire business unit

Determining the organization goals as one of the principles of COSO due to its consistency in following the organization strategic path can help strategic management of organization. Based on this framework, management determines goals as a part of internal control and they are classified in all levels of organization in operating, reporting and compliance classes and these goals are dedicate to strategic priorities of organization. By having goals in these classes based on COSO framework and transparence of these goals with rules, procedures and standards can improve organization performance and help the strategy making processes. Thus, it can be said COSO framework plays important role in organization strategic goals (Enterprise risk management framework, 2009).

Determine goal in strategic management

The success of an organization depends upon the establishment of a stable and long strategy including policies, procedures and approaches. The first important point in this process is determining goal or goals. Goals are the main element of planning and plans are designed to achieve it and are executed then. All functions of managers of organization including planning, decision making, organizing and control are used to achieve the objectives. Thus, goals are the basis of planning and main point of all duties of managers. Also, the organizational goals direct the

activities, attempts and organization movement and they are guided truly. The goals exactly define where the organization goes, what is achieved. Also, goals enable the managers' design the plans to turn mission to reality.

We can say, the goal is a good situation as achieved by organization. Here, the main role of top management is determining great goals and organization strategies and creating appropriate condition to execute these strategies to achieve the goals. To evaluate effectiveness of organization, we should identify the required goals of organization, then its performance is evaluated as effectiveness of organization is the degree the organization achieves the goals. Thus, all organizations should determine how much they should act in accordance to their goals and how much success is achieved.

To achieve a stable and long strategy, at first we should determine the goal of organization for a long-term period. Then, based on each goal, a special strategy is regulated and in case of executing definite operation in various sectors, it is possible to achieve the relevant mission of organization.

- Determining the goals as a part of management process includes as:
- Determine strategic goals and selection of strategy of mission or vision of company.
- Determine goals at entity and development of risk threshold of suitable regulations at different conditions.
- Adapting goals with strategy and general risk
- Determine main and minor goals for business unit and its sub-sets for the conditions (Madrakian, 2013).

The relationship between goals of strategic management with management cycle

One of the methods of continuous improvement of processes in achieving management to strategic goals is Deming cycle. Continuous improvement of a process or toll is productivity improvement as creating a fixed and consistent growth and improvement in all parts of a process or processes. Continuous improvement guarantees stability of process and its improvement in future. If the goal is organization growth and development, recognizing all processes and measurement analysis development is necessary in each of stages. Some continuous improvement tools include analysis of corrective measures, preventive activities, internal audit and customer satisfaction. ISO managerial systems as quality management system apply this tool to be sure the general goal of organization is achieved. Later, we explain this cycle and the relationship between COSO framework to achieve strategic goals.

3.1 Deming cycle in strategic management

This four-stage methodology is a process in which seven quality techniques are used. This process starts with planning stage in which previous condition is analyzed, the data is collected and some plans are regulated for improvement. The execution stage includes some of test or initial ways: A part of a manufacturing process or service or a small group of customers or client. This test period is evaluated during the study as critical and other problems or opportunities are investigated. In the final stage, the organization is assuring the quality improvement is executed as a standard and continuous method before cycle start (next planning). Thus, it is emphasized on continuous improvement with close cycle.

Most of management systems apply Deming continuous improvement PDCA cycle. After determining policy by (Plan,DO,Check,Act), the pre-defined goals are achieved.

PDCA of Deming can be used in all processes:

1. Plan: Determine required goals to present results based on requirements of customer and organization policies.
2. Implementation and do stage: Doing the processes.
3. Evaluation and check stage: Monitoring processes and product based on policies, goals and requirements or request of product and reporting the results
4. Act stage: Making measurements for continuous improvement of process performance.

The important point in the cycle is that the existing condition is the main topic of planning. After planning for transition from present condition of measurements, to achieve predicted goals can be started and by investigation of execution method, the weaknesses and strengths are revealed. Finally act is done to improve activities and this cycle is continued. In Deming cycle, the existing condition is not satisfactory and we should improve the condition (Alfons,2010).

The relationship between internal control systems of COSO framework with strategic management cycle

Using an internal control system is a repetitive process including improvement of strategy instead of introducing an extra and new system. The integration of management and internal control system by management process of internal control system includes four stages for selection and development of internal controls to reduce risk based on risk assessment process to establish an effective internal control system. The mentioned stages are based on four stages

of management cycle as (design and planning, do, check and act) as expressed as followings:

1. Design and planning: Creating policy, organization goals and procedures of internal control system consistent with risk management and performance improvement to achieve results based on policies and macro goals of an organization according to corporate strategy. This stage includes establishing policies and plans of internal control as the top management is responsible for it.
2. The implementation and establishment stage: This stage includes implementation and policies, control, process and executive methods of internal control management system based on integrated internal control framework of COSO 2013 and relevant guidance and its implementation is dedicated to top management , executive managers.
3. Monitoring and check: The evaluation of performance of process is based on policies, goals and practical experiences of internal control management and report of results to management to review performance of processes. To continue trust and assurance, internal control system is checked.
4. Act stage: Doing corrective acts to eliminate weaknesses in internal control system based on the results of internal control system evaluation to fulfill the goals of company and to achieve continuous improvement of internal control system and following the reforms, process authorities are used (Alfons,2010).

The relationship between establishing internal control system with strategic goals of companies

Based on the above explanations, strategic goals and other goals of organization are a part of COSO framework and based on this issue, the companies can use the above framework as an instruction to determine strategic goals, and relevant evaluation. There is a significant association between establishing an internal control system and achieving strategic goals of companies and without an internal control system, the companies can not achieve their strategic goals appropriately.

Based on the relationship between strategic goals and COSO framework as an international framework in internal control, establishing, implementation and its doing can be a model in achieving goals. To evaluate the relationship between these issues, we investigated 10 companies in which by establishing an internal control system and evaluation of maturity of a company, the fulfillment of strategic goals is investigated.

4. THE STUDY METHOD

The study is empirical and is applied in terms of goal. The main purpose is testing the relationship between internal control system of companies based on COSO framework by achieving their strategic goals. We investigated maturity level of internal control system of 10 sample companies based on ranking COSO framework. This ranking is performed via evaluation of checklist of internal control system and evaluation of risk of sample companies. The checklists are based on evaluation of financial statements, board reports, predicted budget, all instructions and current procedures of company and analysis of risk matrix and control of different processes in all compliance, operating and reporting fields. According to COSO 2013 framework, internal control system has 17 principles as shown in the following Table based on principles. By ranking each of principles, we can define the rank of relevant component. The given score is based on Likert scale 1-5 of weak to strong of each principle and each component of internal control system.

Finally, by evaluation of all components, internal control system level is determined as:

By evaluation of 5 components and 17 principles, we can say:

Internal control system of mentioned companies is compared together and the relationship between quality and effectiveness of internal control system in companies to achieve strategic goals can be investigated (As shown in Table 1).

As shown in Table 1, by scoring 17 principles, we can give our opinion about internal control system.

By investigation of some principles of determination, evaluation and monitoring on goals, namely strategic goals, we can compare at three mentioned levels of strategic goals of internal control system:

Principles 6, 7, 9 as risk assessment of “determine strategic goals” include determining goals of company (principle 6), risk assessment (principle 7) and important changes of companies (principle 9) and by investigation of above principles, we can compare determination of strategic goals of companies.

Principles 3, 5 as control environment component of “evaluation of achieving strategic goals” including the establishment of a suitable structure to fulfill the goals (principle 3), establishing performance evaluation indices of goals fulfilling (principle 5) and by investigation of these two principles, we can compare the achieving method to strategic goals of companies with each other.

Table 1.
Scoring and determining effectiveness of internal control system principles

Score to each of 10 companies (score 1-5)												
Internal control below average (level 2)						Internal control above average (level 1)						
Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Component (1) control environment
j	i	h	g	f	e	d	c	b	a			
2	2	4	3	2	2	3	2	3	4			Principle 1
3	2	3	2	1	1	3	3	4	3			Principle 2
3	2	2	3	2	1	3	3	4	3			Principle 3
3	2	2	3	2	2	2	4	5	3			Principle 4
3	1	3	1	1	1	2	3	3	2			Principle 5
Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Component 2, risk assessment
k	ha	fa	d	c	b	h	j	d	c			
2	1	3	2	2	1	2	2	4	2			Principle 6
1	1	2	1	1	1	3	2	3	2			Principle 7
1	1	1	1	1	1	2	1	2	1			Principle 8
1	1	2	1	2	1	3	2	3	3			Principle 9
Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Company	Component 3, control activities
k	ha	fa	d	c	b	h	j	d	c			
2	2	3	3	2	2	2	3	4	4			Principle 10

Table 1 contd...

3	1	2	2	1	1	3	2	3	2	3	3	Principle 11
3	2	3	3	1	2	2	3	4	3	4	4	Principle 12
<i>Company k</i>	<i>Company ha</i>	<i>Company fa</i>	<i>Company d</i>	<i>Company c</i>	<i>Company b</i>	<i>Company h</i>	<i>Company j</i>	<i>Company d</i>	<i>Company c</i>	<i>Component 4, information and communication</i>		
2	1	2	4	2	2	3	3	3	4	3	4	Principle 13
2	2	2	3	2	3	2	3	4	3	3	3	Principle 14
2	2	1	3	1	2	3	2	2	3	2	3	Principle 15
<i>Company k</i>	<i>Company ha</i>	<i>Company fa</i>	<i>Company d</i>	<i>Company c</i>	<i>Company b</i>	<i>Company h</i>	<i>Company j</i>	<i>Company d</i>	<i>Company c</i>	<i>Component 5, monitoring activities</i>		
3	2	3	2	1	2	2	3	3	2	3	2	Principle 16
2	1	2	1	2	1	3	2	3	3	3	3	Principle 17
2.24	1.53	2.35	2.23	1.76	1.53	2.52	2.53	3.35	2.88	2.88	2.88	Internal control system rank
2.14	1.28	2.14	1.57	1.57	1.14	2.9	2.43	3.28	2.43	2.43	2.43	Strategic goals rank
1.3	1	2.33	1.33	2.5	1	2.7	2	3.33	2.33	2.33	2.33	Goals determination rank
3	1.5	2.5	2	1.5	1	3	3	3.5	2.5	2.5	2.5	Goals achieving rank
2.5	1.5	2.5	1.5	1.5	1.5	3	2.5	3	2.5	2.5	2.5	Monitoring rank of goals achieving

Principles 16, 17 of monitoring “monitoring the fulfillment of strategic goals” of a company includes separate evaluation (principle 16) and report of weaknesses of fulfilling goals to board (principle 17) and by comparison of these two principles in companies, the monitoring on fulfilling strategic goals and weaknesses of fulfilling mentioned goals to board of companies can be compared.

Table 2.
The relationship between various levels of goals with COSO2013 framework

<i>Relationship with strategic goals</i>	<i>Title</i>	<i>Principle</i>	<i>Component</i>
Determine strategic goals	Determine company goals	6	Risk assessment
	Risk assessment	7	
	Important changes of company	9	
Achieving strategic goals	Establishing organizational structure, power and responsibility	3	Control environment
	Obligation for responding	5	
Supervising fulfillment of strategic goals	Continuous and separate evaluation	16	Monitoring activities
	Informing shortcomings	17	

By computation of the mean of ranking of principles of internal control system, maturity of internal control system of each of companies is determined. By computation of the mean of principle ranks of three fields are determined, evaluation and monitoring of goals and rank of each company in these three fields are determined. Then, by their comparison with maturity level of internal control system, we investigated maturity of internal control with the rank of each of goals. Finally, by computation of the mean 7, principle of achieving goals of maturity level of strategic goals were determined. By evaluation of the relationship between maturity level of internal control system with maturity level of strategic goals, we investigated whether there was a significant association between establishing internal control system in companies and achieving them to strategic goals.

4.1 Study hypotheses

Main hypothesis

- The mean maturity level of “determine strategic goals” in companies with strong internal control system is equal with companies with weak internal control system.

Sub-hypothesis:

1. The mean maturity level of “determine strategic goals” in companies with strong internal control system is equal with companies with weak internal control system.
2. The mean maturity level of “achieve strategic goals” in companies with strong internal control system is equal with companies with weak internal control system.
3. The mean maturity level of “checking strategic goals” in companies with strong internal control system is equal with companies with weak internal control system.

4.2 Study sample and population

The study population of present study is public and non-public companies with the following criteria:

1. It is similar in terms of activity type and preferred equal.
2. Their internal control system is evaluated during 2014.
3. The evaluation is based on COSO framework and maturity level of internal control of companies.
4. The financial statements and board reports to assembly and predicted budget are investigated.

The study sample is 10 companies as selected by simple random method among mentioned study population. The ranking information of these companies during internal control system assessment and evaluation of checklists can be achieved.

5. DATA ANALYSIS

For data analysis, two independent t-test in SPSS software is used. As shown in the Table, based on ranking on Likert scale 1-5 from weak to strong and score 5.2 as average internal control system, 4 companies are at level 1(above average internal control system) and 6 companies at level 2(below average internal control system). By two independent samples t-test, the maturity mean of these two levels of companies in strategic goals is achieving strategic goals, monitoring fulfillment of strategic goals and finally in achieving strategic goals, it is tested in terms of equality to investigate whether the mean maturity level of achieving strategic goals in companies with strong internal control system is equal with the companies with weakness in design and evaluation of internal control system or not.

Sub-hypothesis 1: The test of mean of maturity level “determine strategic goals” in companies with strong internal control system with the companies with weak internal control system.

$$\begin{cases} H_0 : \mu_1 = \mu_2 \\ H_1 : \mu_1 \neq \mu_2 \end{cases}$$

H0 states that there is no difference between the means of two populations and H1 is regarding the difference between the means of two populations (Table 3).

Table 3.
The data analysis of determine strategic goals

		<i>Group Statistics</i>								
<i>Level</i>		<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>					
Determine	1.000	4	2.5900	.57020	.28510					
	2.000	6	1.5767	.66671	.27218					
		<i>Independent Samples Test</i>								
		<i>Test Equality of Variances</i>				<i>t-test for equality of Means</i>				
		<i>F</i>	<i>Sig.</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>	<i>Mean Difference</i>	<i>Std. Error Difference</i>	<i>95% Confidence Interval of the Difference</i>	
									<i>Lower</i>	<i>Upper</i>
Determine	Equal Variances assumed	.572	.471	2.483	8	.038	1.01333	.40812	.07222	1.95445
	Equal Variances not assumed			2.571	7.315	.036	1.01333	.39417	.08935	1.93732

The required output Table has two tests. The first test is the equality of variance as 0.572 for F statistics and decision criterion 0.471 and variance equality is not rejected. Based on variance data, maturity level of strategic goals in two levels of 1, 2 are equal. The second test of testing comparison of means as with variance equality variance of decision criterion sig(2-tailed) is 0.038 as smaller than 0.05. Thus, H0 is rejected and this test doesn't support the equality of mean of maturity of “determine strategic goals” in companies level 1, 2.

Sub-hypothesis 2: The test of mean of maturity level “achieving strategies goals” in companies with strong internal control system and companies with weak internal control system.

$$\begin{cases} H_0 : \mu_1 = \mu_2 \\ H_1 : \mu_1 \neq \mu_2 \end{cases}$$

H0 states that there is no difference between the means of two populations and H1 is regarding the difference between the means of two populations (Table 4).

Table 4.
The data analysis of achieve strategic goals

<i>Group Statistics</i>										
	<i>Level</i>	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>					
achieve	1.000	4	3.0000	.40825	.20412					
	2.000	6	1.9167	.73598	.30046					
<i>Independent Sample Test</i>										
		<i>Test Equality of Variances</i>		<i>t-test for equality of Means</i>						
		<i>F</i>	<i>Sig.</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>	<i>Mean Difference</i>	<i>Std. Error Difference</i>	<i>95% Confidence Interval of the Difference</i>	
								<i>Lower</i>	<i>Upper</i>	
Achieve	Equal Variances assumed	2.327	.166	2.650	8	.029	1.08333	0.40878	0.1407	2.0260
	Equal Variances not assumed			2.982	7.8	.018	1.08333	0.36324	0.2435	1.9232

The required output Table has two tests. The first test is the equality of variance as 2.327 for F statistics and decision criterion 0.166 and variance equality is not rejected. Based on variance data, maturity level of achieving strategic goals in two levels of 1, 2 are equal. The second test of testing comparison of means as with variance equality variance of decision criterion sig(2-tailed) is 0.029 as smaller than 0.05. Thus, H0 is rejected and this test doesn't support the equality of mean of maturity of “achieve strategic goals” in companies level 1, 2.

Sub-hypothesis 3: The test of mean of maturity level “monitoring strategies goals” in companies with strong internal control system and companies with weak internal control system.

$$\begin{cases} H_0 : \mu_1 = \mu_2 \\ H_1 : \mu_1 \neq \mu_2 \end{cases}$$

H0 states that there is no difference between the means of two populations and H1 is regarding the difference between the means of two populations (Table 5).

Table 5.
The data analysis of monitoring strategic goals

<i>Group Statistics</i>										
<i>Level</i>		<i>N</i>	<i>Mean</i>		<i>Std. Deviation</i>		<i>Std. Error Mean</i>			
Monitor	1	4	2.75		0.28868		0.14434			
	2	6	1.8333		0.5164		0.21082			
<i>Independent Sample Test</i>										
		<i>Test Equality of Variances</i>				<i>t-test for equality of Means</i>				
		<i>F</i>	<i>Sig.</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>	<i>Mean Difference</i>	<i>Std. Error Difference</i>	<i>95% Confidence Interval of the Difference</i>	
									<i>Lower</i>	<i>Upper</i>
Monitor	Equal Variances assumed	4.9	0.58	3.192	8	.013	0.91667	0.28717	0.2545	1.57888
	Equal Variances not assumed			3.588	7.895	.007	0.91667	0.25550	0.3261	1.50721

The required output Table has two tests. The first test is the equality of variance as 4.900 for F statistics and decision criterion 0.058 and variance equality is not rejected. Based on variance data, maturity level of monitoring achieving strategic goals in two levels of 1, 2 are equal. The second test of testing comparison of means as with variance equality variance of decision criterion sig(2-tailed) is 0.013 as smaller than 0.05. Thus, H0 is rejected and this test doesn't support the equality of mean of maturity of "monitoring achieving strategic goals" in companies level 1, 2.

Sub-hypothesis: The test of mean of maturity level "determine and achieve strategies goals" in companies with strong internal control system and companies with weak internal control system.

$$\begin{cases} H_0 : \mu_1 = \mu_2 \\ H_1 : \mu_1 \neq \mu_2 \end{cases}$$

H0 states that there is no difference between the means of two populations and H1 is regarding the difference between the means of two populations (Table 6).

Table 6.
The data analysis of determine and achieve strategic goals

		Group Statistics						
	Level	N	Mean	Std. Deviation	Std. Error Mean			
Goals	1	4	2.75	0.28868	0.14434			
	2	6	1.8333	0.5164	0.21082			

		Independent Sample Test								
		Test Equality of Variances		t-test for equality of Means						
		F	Sig	t	df (2-tailed)	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper	
Goals	Equal Variances assumed	0.001	0.979	4.152	8	.003	1.12000	0.26976	0.4979	1.74207
	Equal Variances not assumed			4.175	6.702	.005	1.12000	0.26826	0.7991	1.76009

The required output Table has two tests. The first test is the equality of variance as 0.001 for F statistics and decision criterion 0.979 and variance equality is not rejected. Based on variance data, maturity level of monitoring achieving strategic goals in two levels of 1, 2 are equal. The second test of testing comparison of means as with variance equality variance of decision criterion sig(2-tailed) is 0.003 as smaller than 0.05. Thus, H0 is rejected and this test doesn't support the equality of mean of maturity of "determine and achieving strategic goals" in companies level 1, 2.

Sub-hypothesis: The test of mean of maturity level "determine and achieve strategies goals" in companies with strong internal control system and companies with weak internal control system.

6. STUDY FINDINGS

The results show that the mean maturity level and achieving strategic goals of companies with strong internal control system is not equal with the companies with weak internal control system. Based on high mean maturity level in goals determination, achieving goals, monitoring fulfillment of goals and determine and achieving strategic goals for companies with above average internal control system in terms of design and effectiveness, the study findings show the great effect of effective internal control system to determine strategic goals. The results of the study show that there is a significant association between effective internal control framework in companies with the performance and its strategic goal fulfillment. The companies without suitable internal control, based on the lack of a good process in achieving their goals, are encountered with problem and in an effective internal control system, the goals are determine and a good structure is used to fulfill goals and achieving mentioned goals. Most companies without this procedure have problems in fulfilling achieving goals.

7. CONCLUSION

As an internal control system, COSO framework plays an important role to achieve strategic goals of company. COSO framework methodology as a process is based on strategic management cycle as determine, use, evaluate and monitor strategic goals and companies can establish COSO framework and fulfill their goals in a systematic and integrated framework. The companies can establish case strategic management without required effectiveness. The investigation regarding the relationship between internal control system based on COSO framework with strategic goals of 10 companies as sample can show that there is a direct association between fulfilling strategic goals of company and internal control system and by using COSO framework principles, we can be sure of fulfilling strategic goals.

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