

# Development and Evaluation of a Proposed Financial and Accounting Control System for a Not-For-Profit Accountable Entity Administered By Blind Individuals

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**Abstract:** This describes the development and evaluation of an Internal Management Control System for a not-for-profit organization administered by blind persons, particularly, computer schools of visually impaired persons. The study proposes a Manual for the Operational and Fund Activities, applies it to ATRIEV, an organization administered by the blind for training the blind in basic computer education. This study then tested the completeness of the purposed internal management control system and recommend further developments.

**Keywords:** Internal Management Control, Not-for-Profit Organization. Visually Impaired Person, ATRIEV.

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## 1. INTRODUCTION

### 1.1 Background:

The growth of economy is measured based on Gross Domestic Product (GDP) and Gross National Product (GNP). However, the indicator of a nation's progress is the market index of stock exchanges where financial performances and financial conditions of different business industries are measured. Normally, market values of stocks that are publicly listed in the Philippine Stock Exchange (PSE) indicate how well the country's businesses are doing in their respective business operations.

The contributions of business industries are vital to government, and to the people that live within. Enterprises provide earnings to people that are employed and tax revenues for government to defray necessary expenses to maintain peace, implement laws and regulations and to gain progress and unity.

There are two types of organization that help the government. On the one hand, the profit-oriented organizations contribute much to the financial aspect as it provides employment and pay the required taxes. They also have social responsibilities aside from what was stated earlier to the national community as defined by their visions and missions. Donations for charitable operations to some accredited charitable institutions, environment preservations and many other activities will give the country's inhabitants beneficial results. On the other hand, the non-for-profit organizations have many contribution also in helping people. They are special organizations that carry out special functions. These groups of people are organized to reach other people that are neglected by concerned authorities, because their the help cannot be extended by government agencies the people who lack the capacity to live normal life like normal people do.

The operational activities of non-profit organizations vary in many ways depending on their purpose of existence as indicated in their articles of organization originated by members of the board submitted to SEC.

The need to properly manage these organizations to do well in its operations is a requirement to realize objectives. The tasks in delivering services to its constituents or members are important for them to stay as concerned entities. These

units in the institutions should be provided funds to subsidize their finances during the early operating activities until such time that they are capable to conduct their own programs having enough revenue derived from it.

Management styles are regarded to be the brain of any organizational operations. The success of an organization is normally credited to owners or the one who is in charge. Strategic management requires that planning and controlling are the major keys to obtain the goal, of course financial and human resources are likewise included.

The Respondent Organization (a Non-profit, Non-stock Organization) is different; very special people incorporated it for several purposes. The management style and strategies are far different from any organizations whether for profit or non-profit. These people run the organizational activities like normal management in various sectors do. The difference is they are visually impaired.

It is however, important to take measures in running this organization, though in the early goings of the organization, policies were not defined. In short, there are no written policies and procedures that serve as management internal control. Trust and confidence are the key elements. To protect the integrity of officers and members handling cash and highly liquid assets that are substantial in amount, management internal control is necessary.

### **1.2 Glossary:**

- 1.** The following terms were used in this study with each terminology being defined according to its usage in relation to respondent organization practices:
- 2. Administrator.** It refers to the person in charge for nonprofit organization though sometimes he/she is referred the same as the president of the organization as elected by the members of the board.
- 3. Computer School for Visually-Impaired.** It is an organization committed to educate visually impaired individuals using computer software (JAWS) to translate inscriptions. Visually-impaired individuals with teachers/instructors of the same kind manage this school.
- 4. Internal Management Control.** This refers to the system adopted by organization to safeguard its assets from misuse, theft, and damage. It is a measure to maximize the utilization of its assets and protect the integrity of its employees that have direct responsibility with these particular economic resources.
- 5. Investing Cycle.** It is the phase of acquiring capital or financial assets for the accretion wealth through earning interest, dividend, profit, and non-financial benefit like control over the business operations of another company or having significant influence over other companies using available (idle) cash.
- 6. Financing Cycle.** It is the phase of raising funds to defray operating expenses, payment of current and long – term obligations.
- 7. Non-profit Organization.** It is an entity organized for a specific purpose. It is not established to operate for profit but to promote goodwill for humanitarian considerations.
- 8. Non-stock Organization.** It is an organization that does not issue share of stock.
- 9. Purchase and Disbursement Cycle.** These are phases of acquiring office supplies, computer software held for educational purposes, and other items that will be consumed in the operating activities; payment of suppliers. These may include preparations of requisition of supplies, purchase orders, vouchers and checks.
- 10. Revenue and Receipt Cycle.** These are phases of performing services to VI students, receipts of special fees and grants from other organizations. These may include preparations of billing statements, statement of budget allocations and liquidation of funds received from grants, official receipts and other documents.
- 11. Visually-Impaired.** This refers to the people who are currently studying in the respondent's school to learn how to live like normal people do in the advent of advanced technology. They are trained and are learning to use software specifically designed for their kind in order to update themselves in information technology trends.

### **1.3 Preview:**

The next section, **Section 2**, presents the **Statement of the Research Problem, after which the Significance and Scope of the Study are explained in Section 3. Section 4 then gives the Review of the Literature and Related Studies. This is followed by Section 5 which explains the Methods used in the study. The following section, Section 6, then gives**

**the Results and Discussion, after which the Conclusion is presented in Section 7, while the recommendations are presented in Section 8. The next Section, Section 9, contains the Acknowledgement, while Section 10 lists the References. The final section, Section 11 then gives the Appendices.**

## **2. STATEMENT OF THE PROBLEM**

The problem that this research sought to address was whether the proposed internal management control system developed by the author for not-for profit organizations managed by the blind for clients who are also blind is relatively complete in terms of their attributes and needed coverage, utilizing the following **null hypothesis**:

**Ho:** There are

- A. Complete Financial Activities Manual and Software in Accounting and Finance ( $X_1$ ).
- B. Complete Coverage for the Three RPP Cycles of the Software and Hardware for Encrypting and Translating Information for the Visually Impaired ( $X_2$ ).
- C. Complete Coverage Among the Visually Impaired of the Computer School's Software and Hardware for Encrypting and Translating Information in the Three RPP Cycles ( $X_3$ ),
- D. The completeness of coverage among the visually impaired is more than ninety-three percent (93.33%) complete. More than six percent (6%) provides room for improvement. Customized software for the blinds makes it 100%. ( $X_4$ )

That affect equally the dependent variable "Contribution to the Visually-Impaired's computer school coming from the Internal Management Control (IMC) especially developed for The Former Whose Results are measured in Terms of the Composite Index of Value-added to Management (Y).

## **3. SIGNIFICANCE AND SCOPE OF THE STUDY**

Internal management control (IMC) is important not only to protect tangible and intangible assets of an organization from loss, damage, theft and many other reasons that are detrimental to the entity itself but also to preserve employees or even management's integrity. There are guidelines to start with, during the operations.

Internal management control is vital to effective operation which includes prescribing and enforcing policies. Management's policy statements may include management responsibilities; instructions on how to use tangible assets; training requirements; authorization for access to programs, data and equipment; security, storage requirements and back-up; application development and documentation standards; standards of report format and report distribution controls; personal usage policies; data integrity standards; responsibility for programs, data and error corrections; and appropriate segregation of duties. (Philippine Standards on Auditing and Philippine Auditing Practice Statements, volume 3, 2005)

### **3.1 Scope and Circumstances of the Study:**

The study was conducted for developing internal management control (IMC) that will fit the needs of visually impaired employee computer schools as managed by people of its kind. The IMC covers the revenue and receipt cycle, purchase and disbursement cycle and investing and financing cycle of the respondent firm..

The period covered one week of validation that required actual implementation on May 16, 2013. The researcher supervised the implementation of the IMC in coordination with the organization's top executives.

## **4. REVIEW OF THE LITERATURE AND RELATED STUDIES**

This Section presents the previous international and Philippine studies undertaken on the topic of the study.

### **4.1 International Studies:**

Mismanagement of public funds is a common phenomenon in developing countries (ElNafabi 2011). According to Kabiru (2009), embezzlement and mismanagement of public funds is the biggest obstacle to achieving the millennium development goals in developing countries. Heald & McLeod (2002) define public money as all money received by a public body from whatever source. Webber (2004) indicated that managing public funds should focus on public expectations. The public is concerned about the purpose for what money is allocated, the way it is spent and the benefits realized.

According to Miller (2003), poor internal controls lead to asset misappropriations, corruption, organizational fraud and fraudulent financial statements. Yale University Guides (2000) defined internal controls as a process effected by the organization's board members, administration and staff designed to effectively and efficiently achieve operational, financial and compliance objectives. Osmond (2011) indicated that organizations implement internal controls basing on the nature of their business and regularly audit them (internal controls) to ensure their adequacy. He (Osmond, 2011) further related safety of financial transactions and information to an organization's internal controls.

Amudo & Inanga (2009) stated that internal control system is usually responsible for organizations' failure to achieve efficiency and effectiveness, reliability of financial reporting and compliance with relevant laws and regulations.

Jay (2007) defined competent management as an approach to managing people for full utilization of available resources for the continuous achievement of organizational objectives.

Ojo et al (2007) indicated that training and specific skills-sets are essential for human capacity development.

According to Dayananda et al. (2009), financial management refers to financing, dividend and investment decision to achieve the firm's objective of wealth maximization.

Clark & Urwin (2008) indicated that leadership, in the form of application of skills and expertise, is an essential ingredient in the management of pension fund.

Mulgan (2008) stated that accountability is a social interaction relationship and exchange with complementary rights on the account holder and duties on the accountant. Bovens (2009) indicated that accountability is a connection between an actor and a forum whereby the actor has a duty to explain and to justify his transactions or dealings.

Bovens & Schillemans (2009a), however, indicated that informal or voluntary transparency is not described as accountability. Philp (2009) also urged that accountability should not be seen as a principal-agent relationship because the bilateral connection between two parties where one party has to serve interests of the other party is too simplistic.

Dayananda et al. (2009) further stated that efficient financial management is reflected by the success in achieving the wealth maximization objective through the investment decision.

Musfirah (2010) indicated that gaps in internal controls have been found in several agencies over the management of public funds. Internal control gaps identification are discussed by Musfirah (2010), however, the study is silent on how to close those gaps (internal control). According to Young & Cardoso (2009), effectiveness of internal controls strengthen transparency in the management of public funds. Apart from transparency as stated by Young and Cardoso (2009), effectiveness of internal controls further strengthen accountability, investments in viable projects and helps to meet the wealth maximization objective.

Avon and Somerset Probation Board Annual Report (2009/10) indicated that their organization is focusing on managerial competence, professional and business skills for public protection which leads to good value for public money. Miller (2009) stated that a manager's incompetence and poor internal financial controls are a potential abuse of public funds. The author (Miller (2009)), however, did not define incompetence and still is silent on how to develop managerial competence to check abuse of public funds.

Financial Management Capacity Building Committee (FMCBC) (2009) recommended that managers should be competent so that they get involved in setting internal control measures and further be responsible for operationalizing those internal controls. Government Finance Officers Association (GFOA) (2009) recommended that management's auditing of internal controls is essential to ensure that they (internal controls) fulfill their intended purpose and in case there are gaps, measures should be taken to close those gaps. Methods of closing the gaps, however, are not explained.

There are many unique obstacles and difficulties that need to be overcome with someone who is blind. Oftentimes though, blindness may be complicated by additional disabilities. Blindness combined with deafness, for instance, multiplies the obstacles that need to be overcome. Blindness combined with cerebral palsy presents an entirely new set of challenges. ([www.blind.org.ph/projprog\\_sp\\_ct.html](http://www.blind.org.ph/projprog_sp_ct.html))

Since formal education for students with visual impairments began, developing and promoting literacy has been a major objective. The first hurdle required the development of a formalized written communication system. Individuals had developed their own methods, such as carving notches in sticks, putting pinpricks in paper, tying knots on a rope, or sticking pins in pincushions (Harley, Truan, & Sanford, 1987). The next phase involved the replication of print letters.

These replications came in the form of paper letters strung together to form words, 3-D wooden letters, cardboard letters, and cast iron letters (Harley et al., 1987). Unfortunately, all of these methods were cumbersome and did not facilitate large amounts of reading. Thus, the next major advancement involved embossing print letters on paper, which was first accomplished by hammering 3-D letters into wax tablets (Harley et al., 1987).

This trend resulted in the development of several different large type faces, and subsequently a great deal of debate ensued over which was most effective (Harley et al., 1987). However, it was a blind individual, Louis Braille, who made the point that tactile literacy is different than visual literacy, and hence, more was needed than merely replicating print in order for people who are blind and visually-impaired to become effective and efficient readers.

After the adoption of Braille as the official tactual code, following a prolonged period of experimentation with these different tactual codes, any student with a visual impairment, regardless of degree of residual vision, was taught to read and write using Braille. It was believed that students with visual disorders should avoid using any remaining vision in order to prevent further deterioration of sight. This practice was known as sight saving, and it reigned as best practice until the concept of visual efficiency, or explicitly training students how to use their residual vision emerged (Barraga, 1983; Harley, et al., 1987; Rex, et al., 1994).

Literacy is related to other issues that face the field of visual impairments: caseload size, teacher shortages, and the changing population of students identified with visual impairments, many of whom have disabilities in addition to blindness. Shapiro (1993) also suggested that part of the literacy issue is related to a growing reliance on technology. (<http://nclid.unco.edu/outcomes>)

National Center on Low-Incidence Disabilities identified speech access, the use of hypertext, and the use of word processors as promising for the development of literacy. Some research suggests a link between post-school employment and Braille literacy (Ryles, 1996; Schroeder, 1996), while other research suggests a relationship between hours of specialized instruction in braille and academic subject competence (Ferrell, 1993). Past discussions of the issue often deteriorate into emotional arguments, and more research is needed in order to identify both the factors that contribute to literacy and the source of statistics that seem to suggest the declining use of Braille. (<http://cebsapp01.unco.edu/resources>)

In the education of students with visual disabilities, it is not always possible to meet these strict criteria when conducting research. When strong scientifically-based research does not exist, Valentine and Cooper (2004) suggested that researchers produce syntheses of research summarizing the evidence pertaining to the effectiveness of educational interventions and approaches. The What Works Clearinghouse was established in 2002 by the US

Department of Education to identify and disseminate the effectiveness of various educational interventions, primarily by conducting meta-analyses of the literature. The low prevalence of blindness and visual impairment makes it unlikely that the Clearinghouse will examine the body of literature in visual disabilities, and in fact, none of the topics currently under study involve students who are blind or visually-impaired. (<http://www.whatworks.ed.gov/topics>).

Evaluate strengths and detect training deficits with a comprehensive assessment of Windows, Word, Internet, PowerPoint, Access and Excel skills. For the CCVIP Check-Up, a student will perform a series of tasks at the computer. These tests yield a detailed summary of strengths and weaknesses. With this information, we can help students identify further training needs or make recommendations for college or job placement services. CCVIP offers a fee for service initiative to test the degree to which web sites are usable by blind and visually-impaired computer users. The service is offered to businesses and nonprofits and offers feedback on ease of use and what must be done to make the designated pages and the site accessible as a whole.

Screen reading and screen magnification programs allow a blind or low vision computer user to interact with standard programs in the Windows Operating System. Often though, the screen readers/ magnifiers need special knowledge or instructions, to make the application both accessible and useable.

Scripting turns an otherwise inaccessible application into something equally as accessible to a blind user as to someone with full sight by providing custom data entry messages to keep the blind person in sync with the application's data entry requirements or giving feedback about changes on the screen which the user must have to operate the application properly and accurately. ([http://www.baruch.cuny.edu/ccvip/services\\_products.htm](http://www.baruch.cuny.edu/ccvip/services_products.htm))

Many applications in the Microsoft suite would be inaccessible, were it not for scripts written by screen reader developers. For applications that are less universal, scripts need to be customized developed by a third party programmer. This custom

development is now available through CCVIP. They will work with you or your employer to ensure that you get the maximum accessibility that's possible from your software. They offer scripting for JAWS® screen reading software, its companion screen magnification program, MAGic®, or the screen reader program Window-Eyes®. (judith.gerber@baruch.cuny.edu)

CCVIP has created an environment where people can come and experience the various types of assistive technologies that are available to people with vision impairments. The Demo Center takes individual appointments to look at what devices or software would best meet your needs. They offer guidance and support if you are not sure what services or products would be most helpful to you. ([http://www.baruch.cuny.edu/ccvip/services\\_products.htm](http://www.baruch.cuny.edu/ccvip/services_products.htm)).

There are work stations in the Academic Computing Center (ACC) reserved for use for students with disabilities. They are equipped with the latest version of JAWS and Kurzweil 1000. There is also a flatbed scanner available for use if students need to scan materials for JAWS or Kurzweil 1000 to read aloud. Other software is installed as needed. The programs and equipment for students with disabilities can also be installed on designated computers in the University Computing Center (UCC) upon request.

The blind and visually-impaired students use a variety of software to assist them in the completion of their assignments. JAWS is a very common software for blind students - it literally reads the content of the computer screen aloud by using optical character recognition (OCR) and synthesized speech output. JAWS is increasingly compatible with more programs and websites, especially as more web-designers take a more accessible approach to building their web-based content. JAWS can also be configured to work with a refreshable Braille display, which is essentially a Braille keyboard that can display the information on screen for the student to read in Braille format.

Kurzweil 1000 is also widely used by blind and visually-impaired students for its invaluable scanning capabilities. A student can get access to printed materials by scanning them via Kurzweil 1000 which uses OCR to determine the content and then display it on the screen. Kurzweil 1000 also has speech output like JAWS, and thus can read on screen content to the user.

Zoomtext is another useful program for individuals who have low or limited vision. As the name of the product suggests, Zoomtext increased the size of on screen content up to 24X magnification. Combined with the use of a large monitor, Zoomtext can be an invaluable tool for students with visual impairments.

All PCs and Macs come equipped with basic accessibility features in the operating systems which usually consist of a basic magnifying program and sometimes a screen reading program. This built-in accessibility ensures a certain baseline level of access even if more specialized software is not available for use.

Most blind and visually-impaired students have their own strategies for learning, but professors can help in many ways. If a student is working with a reader to get course materials scanned into a speech-output or text-enlargement equipped computer, it is extremely helpful if the professor provides a reading list and course packet several weeks before the semester begins. Similarly, if there are going to be any classroom hand-outs or last minute additions to the coursework, a student who relies on readers will need some time to prepare. For situations such as tests, field trips, and study abroad, the student and professor may need to make special arrangements and these should be discussed with the SDS office on a case-to-case basis.

Courses with an extremely visual component, such as film studies or art history, are not immediately out of the question for a student with a visual impairment, as there are many ways to appreciate the visual arts and to learn about their history. In fact, a blind or visually-impaired student may open up our perspective on subjects such as art appreciation, film-making, etc. SDS can also reach out to other universities for additional techniques on working with this student population and visually oriented classes.

Additionally, instructors who have blind or visually-impaired students in their classes are encouraged to consult with SDS regarding implementation of accommodations whenever there is uncertainty about an accommodation, or other more general questions. Students can also be very helpful in determining how best to make something accessible because frequently, they have a high level of knowledge about their condition. Accommodations typically work best when SDS, students, and faculty work together to ensure access to all academic materials. (<http://www.newschool.edu/student-services/student-disability-services/subpage.aspx?id=32668>)

Blindness and visual impairments directly affect over 12 million people in the United States and many college students with disabilities have one of these types of disabilities. Visual impairments may be present from birth or the result of an illness or accident, however, not all visually-impaired people are considered blind. There are varying degrees of blindness, and very few legally blind individuals completely lack all sight. (The New School 66 West 12th Street, New York, NY 10011 Copyright © 2012 The New School Privacy Policy)

It is important to consider that even though an individual may use a white cane, they still may have some vision. Some people may have sensitivity to light or the ability to make out large shapes and objects, but unable to read a book or see writing on a blackboard. A lack of peripheral vision and extreme near- or far-sightedness are also considered visual impairments and may require accommodation in an educational setting.

The field of mainstream web design has incorporated usability testing as its mainstay; research methodologies have been tested and metrics developed in large part due to the effort of Jakob Nielsen. According to his research, Nielsen has found that generally five users is a sufficient sample size to determine 80% of the site level usability ([www.useit.com/alertbox/20000319.html](http://www.useit.com/alertbox/20000319.html)). There are however some exceptions to this "rule," and the researches would add to his preexisting list some additional considerations based on his research among individuals with visual impairments: in particular, testing with people with low vision, older persons, and beginning users, since so little is known about computer use among these overlapping populations.

Previous usability and user's experience research has, almost without exception, been conducted with an able-bodied population, or at least with people for whom the use of assistive technologies was not noticeable. Some of the work of the Nielsen Norman group has begun to look at people with disabilities, and these findings are discussed below. The only other research to date conducted with people who are blind or visually-impaired was a pilot study in this work. (<http://www.csun.edu/cod/conf2000/proceedings/Barnicle.html>)

Barnicle identified a number of pertinent questions, such as: How must the testing techniques be adapted to accommodate the needs of participants; Would the study yield useful (i.e., generalizable) data; and How will the researcher know if the obstacles encountered were due to the mainstream software application, the assistive technology or the unique characteristics of an individual user? The researcher hopes to identify and answer some of those questions in this paper as well.

The research on which this paper is based consists of three rounds of web usability and user experience testing. Two of these were conducted for the purpose of revising the American Foundation for the Blind's web site ([www.afb.org](http://www.afb.org)) and one round of testing on the Center for Medicare and Medicaid Services' (CMS, formerly HCFA) web site ([www.medicare.gov](http://www.medicare.gov)). People in the usability field tend to refer to objective, quantitative tests as "usability studies": they gather objective metrics, such as the time a task requires, the error rate, which keystrokes were used for navigation, etc. Expanding the concept of usability a bit more broadly is often referred to as "user's experience" data: these studies include measuring users' subjective satisfaction, why they would visit one site as opposed to others, and for our purposes, how people with visual impairments conceptualize the web. Generally speaking, gathering "user's experience" data is more ethnographic in its approach; the researcher's emphasis was to understand how users approach and use a site, what they like and do not like qualitatively about it, and mainly, whether they perceive it as "accessible."

The findings presented below come from tests, all of which included individuals who accessed the screen using screen reading and screen magnification technologies. Testing AFB's web site involved 27 and 29 individual interviews in different rounds; CMS testing included seven at home, individual interviews, and eight focus groups involving 43 participants. A total of 106 people have participated in the testing. Greater detail about the selection process, justification for sampling, and obstacles to recruitment are available upon request (Gerber and Kirchner 2001).

In many schools, computers are used in the first grade. Is that the time when the teacher sends the visually handicapped child back to the resource room for special help or a chance to work on other assignments? It takes more time, to show a visually handicapped person how to use a computer. And besides, they cannot see the screen.

Meet that challenge! Send the children right back at eighth grade level. Explain that exposure to computers is very important. Suggest learning up with sighted children who will read what it says on the screen. That is one reason for mainstreaming-to provide opportunities for blind and sighted children to work together.

School budgets are being cut back. How about recruiting volunteers to help work with students on computers? The members of NBA and CTE VH believe strongly in volunteerism, and they know it works. A volunteer who knew nothing

about computers or Braille, that did understand kids, was a tremendous help to a Braille youngster. And how about Norman Blessum (author of the Braille program for the IBM PC) and Ken Smith who retired from their professions, but are working full-time now, helping produce materials in Braille?

To meet any of these challenges, you don't have to be a computer programmer or back-room hobbyist, you just have to have one--or know somebody who knows one. Encourage people to try. You never know who will come through. A man who thought Braille must have 26 characters to represent each letter of the alphabet, made a terrific breakthrough. That was Jack Hoefer, who wrote the program for transcribing Braille on a Commodore computer.

The automatic translation programs are taking care of a lot of the recreational reading needs. That scares some volunteer transcribers, but it doesn't scare me a bit. We want all the materials in Braille we can possibly get. Furthermore, we can't keep up with requests for textbooks, math, music and other technical materials.

This is the big challenge for transcribers--to learn the advanced technical codes. We now have the computer code, and we need people to learn it and use it. It can be used by people who do not know Nemeth code. Did all you transcribers hear me? You do not need to know the Nemeth code before you learn to do computer code. There is your challenge. Attend workshops and learn to be one of the people who transcribe computer books.

Another challenge is to get programs written for teaching Braille to transcribers or to the blind, such as programs to teach transcribers the advanced codes or to teach slow learners to read Braille. Projects like this could go to computer teachers looking for class projects or serve as ideas for a master's thesis. The results would be of extreme value to the handicapped.

There is no question that computer technology has opened fantastic possibilities to the visually impaired community and to those who help prepare their reading materials. Braille is vital if a child is to take full advantage of computers, and the researcher believes many more children could be learning Braille than are now being taught this language that provides true literacy.

Let us work with classroom teachers to help our kids have the same chance as sighted kids to learn about, to use, and to have fun with computers. Be aware of and meet the challenges of attitude, of money, or of special needs to adapt computers for use with speech or Braille output.

Last, but far from least, we must meet the challenge of learning advanced codes and preparing materials in Braille that will help students and adults as they advance in the use of technology, with its effect on their potential employment. (*Krolick, Bettye*, Future Reflections Winter 1989, Vol. 8 No. 1)

Guinevere Eden, director of the Center for the Study of Learning at Georgetown University Medical Center stated that "until now, there was still this uncertainty where some people were saying, 'I know it's controversial but I still believe that vision is contributing to these kids' reading problem.' We now have a finding that really speaks to an understanding that visual system function should not have a role in diagnosis or treatment." (<http://www.thenews.com.pk/Todays-News>)

Short-term schedules give details that show what each job, piece of equipment, person and every other resource should be doing at any time. Nonetheless, there is a difference between designing plans and having them actually happen. During the implementation there may be unforeseen events that prevent the plans actually happening. The goal of a control system is to monitor actual performance and allow adjustments when things do not happen as planned. (Browne, J., 2008).

A control system consists of two parts as follows: the first part measures the progress of jobs and gives feedback to managers. The second part happens when circumstances change or when there is a disruption and adjustments are made. (Sink. D.S., 2008)

At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective (e.g., how to ensure the organization's payments to third parties and for valid services rendered.) Internal control activities are designed to provide reasonable assurance that particular objectives are achieved or related progress are understood.

Control itself exists to keep performance or a state of affairs within what is expected, allowed, or accepted. Control built within a process is internal in nature. It takes place with a combination of interrelated components - such as the social environment affecting the behavior of employees, information necessary in control, and policies and procedures. Internal control structure is a plan determining how internal control consists of these elements.



The Chief Executive Officer of the organization has overall responsibility for designing and implementing effective internal control. More than any other individual, the chief executive sets the "tone at the top" that affects integrity and ethics and other factors of a positive control environment. In a large company, the chief executive fulfills this duty by providing leadership and direction to senior managers and reviewing the way they are controlling the business. Senior managers, in turn, assign responsibility for establishment of more specific internal control policies and procedures to personnel responsible for the unit's functions.

In a smaller entity, the influence of the chief executive, often an owner-manager, is usually more direct. In any event, a manager is effectively a chief executive of his or her sphere of responsibility. Of particular significance are financial officers and their staffs, whose control activities cut across, as well as up and down, the operating and other units of an enterprise. (Kenneth Merchant, Wim Van der Stede, *Management Control Systems: Performance Measurement, Evaluation and Incentives*, 3rd Edition, Financial Times, Prentice Hall).

Internal control systems need to be monitored--a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring occurs in the course of preparations. It includes regular management and supervisory activities, and other actions personnel take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the board.

There is synergy and linkage among these components, forming an integrated system that reacts dynamically to changing conditions. The internal control system is intertwined with the entity's operating activities and exists for fundamental business reasons. Internal control is most effective when controls are built into the entity's infrastructure and are a part of the essence of the enterprise. "Built in" controls support quality and empowerment initiatives, avoid unnecessary costs and enable quick response to changing conditions.

There is a direct relationship between the three categories of objectives, which are what an entity strives to achieve, and components, which represent what is needed to achieve the objectives. All components are relevant to each objectives category. When looking at any one category--the effectiveness and efficiency of operations, for instance--all five components must be present and functioning effectively to conclude that internal control over operations is effective.

The internal control definition--with its underlying fundamental concepts of a process, effected by people, providing reasonable assurance--together with the categorization of objectives and the components and criteria for effectiveness, and the associated discussions, constitute this internal control framework.

Internal control can help an entity achieve its performance and profitability targets, and prevent loss of resources. It can help ensure reliable financial reporting. And it can help ensure that the enterprise complies with laws and regulations, avoiding damage to its reputation and other consequences. In sum, it can help an entity get to where it wants to go, and avoid pitfalls and surprises along the way. (Cascarino, Richard E. *Corporate Fraud and Internal Control: A Framework for Prevention*, 2013, John Wiley & Sons, Inc., Hoboken, New Jersey)

#### **4.2 Philippine Studies:**

The Philippines' Standards on Auditing and Philippine Auditing Practice Statements, volume 3, 2010) discusses the Philippine Standards on Auditing and Philippine Auditing Practice Statements.

In a database environment, where many individuals may use programs to input and modify data, a clear and definite assignment of responsibility is required from the database administrator for the accuracy and integrity of each item of data. A single data owner should be assigned responsibility for defining access and security rules, such as who use the data and what functions they can perform. Assigning specific responsibility for data ownership helps to ensure the integrity of the database. (Philippine Standards on Auditing and Philippine Auditing Practice Statements, volume 3, 2010)

Adaptive Technology for Rehabilitation, Integration and Empowerment of the Visually Impaired (ATRIEV) boasts of being the only school for the blind in the Philippines that specializes in providing access to computers and information technology for the visually-impaired in order for them to rise above their physical handicap.

Since its inception in 1994, ATRIEV has taught over 500 blind and low-vision individuals on how to use computers, thus producing several firsts for blind Filipinos.

The first blind medical transcriptionist, the first blind contact center recruitment center specialist, the first blind software analyst and the first blind Search Engine Optimization (SEO) manager, all took their computer training program at ATRIEV.

With these history-making efforts, ATRIEV has opened new possibilities for the blind that were unimaginable in the past. Through adaptive technology and hard work, the Filipino blind can now rise above their disability and face a brighter future.

The technology includes a screen reader software that provides a vocal response to every stroke and click that the students make. This allows them to gain confidence in doing word processing, making e-mails and even surfing the Web, all beneficial for them when looking for employment and in the conduct of their everyday lives.

With its innovative programs in training the blind and because of its pioneering spirit, ATRIEV has received both institutional and individual awards from the public and private sectors.

“First and foremost, we are human beings and our visual impairment should not be a hindrance in gaining access to technology,” according to Carol Catacutan, ATRIEV founder and operations head.

Totally blind herself, Catacutan does most of the duties for ATRIEV in order to keep it going. She performs overall administrative functions, from overseeing the whole staff to meeting with organization partners and benefactors and the board of trustees.

“There are some things in life that are truly worth doing. And one of the most worthy is to help others, particularly those who are disadvantaged,” according to Peter Wallace, chairman of ATRIEV’s board of trustees from 2002 to 2009. (<http://www.philstar.com/science-and-technology/2013/04/04/>)

The second national survey of blindness was conducted from April 1994 to June 1995. It covered 76 provinces and 17 municipalities in Metro Manila represented by a total of 155 barangays or villages. A total of 19,449 persons consisting of 46% males and 54% females were examined.

The survey showed that the prevalence of bilateral blindness in Filipinos is 0.70% meaning 478,968 out of 68.4 million Filipinos are blind by WHO definition of inability to count fingers at 3 meters. This represents only a decrease by 35% from the 642,000 estimated blind during the first national survey in 1987 when the prevalence rate was 1.07% in a population of 60 million. Cataract (77% of blind), glaucoma and uncorrected aphakia were the most common causes of blindness found during this second national survey.

Bilateral blindness is a serious problem in the country, but the other visual disability problems are no less important. Bilateral low vision, with a prevalence rate of 1.95%, affects more than 1.3 million Filipinos. This is mostly due to cataract. In less than 5 years, these people will likely become blind, further increasing the present 400,000 cataract backlog. Monocular blindness affects 1.09% of the population (700,000 Filipinos). Cataract is the most common cause. In addition, eye diseases traceable to industrialization are significantly causing a lot of monocular blindness. Within eight years from the first survey, the Prevention of Blindness Program of the Department of Health was launched, the biggest component of which is the cataract backlog eradication program. A Cataract Backlog Project (Oplan Sagip Mata) has been on-going for the past two years. The goal of a national prevalence rate of 0.5% or less by year 2000 seems attainable in spite of the huge cataract backlog if efforts towards its eradication are strengthened.

The following recommendations are being made: efficient and effective coordination of eye care services through a national prevention of blindness committee; a good referral network; empowerment of local governments to deal with the cataract backlog in their own areas; incorporation of eye care education in school curricula; intensive information campaign against blindness and on eye health; and a national registry of the blind as an evaluation tool. ([http://www.blind.org.ph/blind\\_phil.html](http://www.blind.org.ph/blind_phil.html))

Section 5 of R.A. 7277 provides equal opportunity for employment that also include visually-impaired individuals and other people who have physical defects. No disabled persons shall be denied access to opportunities for suitable employment. A qualified disabled employee shall be subjected to the same terms and conditions of employment and the same compensation, privileges, benefits, fringe benefits, incentives or allowances as a qualified able-bodied person. Five percent (5%) of all casual, emergency and contractual positions in the Department of Social Welfare and Development; Health; Education, Culture and Sports; and other government agencies, offices or corporations engaged in social development shall be reserved for disabled persons.

According to Section 6 of R.A. 7277 if suitable employment for disabled persons cannot be found through open employment as provided in the immediately preceding Section, the State shall endeavor to provide it by means of sheltered employment. In the placement of disabled persons in sheltered employment, it shall accord due regard to the individual qualities, vocational goals and inclinations to ensure a good working atmosphere and efficient production.

Section 7 of R.A. 7277 states that "Subject to the provision of the Labor Code as amended, disabled persons shall be eligible as apprentices or learners; Provided, That their handicap is not much as to effectively impede the performance of job operations in the particular occupation for which they are hired; Provided, further, that after the lapse of the period of apprenticeship if found satisfactory in the job performance, they shall be eligible for employment."

To encourage the active participation of the private sector in promoting the welfare of disabled persons and to ensure gainful employment for qualified disabled persons, adequate incentives shall be provided to private entities which employ disabled persons. Private entities that employ disabled persons who meet the required skills or qualifications, either as regular employee, apprentice or learner, shall be entitled to an additional deduction, from their gross income, equivalent to twenty-five percent (25%) of the total amount paid as salaries and wages to disabled persons: Provided, however, that such entities present proof as certified by the Department of Labor and Employment that the disabled persons are under their employ. Provided, further, That the disabled employee is accredited with the Department of Labor and Employment and the Department of Health as to his disability, skills and qualifications. Private entities that improve or modify their physical facilities in order to provide reasonable accommodation for disabled persons shall also be entitled to an additional deduction from their net taxable income, equivalent to fifty percent (50%) of the direct costs of the improvements or modifications. This section, however, does not apply to improvements or modifications of facilities required under Batas Pambansa Bilang 344. (R.A. 7277, sec. 8)

Consistent with the principle of equal opportunity for disabled workers and workers in general, the State shall take appropriate vocational rehabilitation measures that shall serve to develop the skills and potential of disabled persons and enable them to compete favorably for available productive and remunerative employment opportunities in the labor market. The State shall also take measures to ensure the provisions of vocational rehabilitation and livelihood services for disabled persons in the rural areas. In addition, it shall promote cooperation and coordination between the government and non-government organization and other private entities engaged in vocational rehabilitation activities. (R.A. 7277, sec 9)

The Department of Social Welfare and Development shall design and implement training programs that will provide disabled persons with vocational skills to enable them to engage in livelihood activities or obtain gainful employment. The Department of Labor and Employment shall likewise design and conduct training programs geared towards providing disabled persons with skills for livelihood.

The Department of Social Welfare and Development shall implement measures providing and evaluating vocational guidance and counseling to enable disabled persons to secure, retain and advance in employment. It shall ensure the availability of training counselors and other suitability qualified staff responsible for the vocational guidance and counseling of disabled persons.

The Department of Labor and Employment in coordination with the Department of Social Welfare and Development (DSWD) and National Council for the Welfare of Disabled Persons (NCWDP), shall promulgate the rules and regulations necessary to implement the provision under this Chapter. (R.A. 7277, section 11)

Section 12 of R.A. 7277, provides an Access to Quality Education for all its citizens with equal opportunity. The State shall ensure that persons are provided with adequate access to quality education and ample opportunities to develop their skills. It shall take appropriate steps to make such education accessible to all disabled persons. It shall be unlawful for any learning institutions to deny a disabled person admission to any course it offers by reason of handicap or disability. The State shall take into consideration the special requirements of disabled persons in the formulation of education policies and program. It shall encourage learning institutions to take into account the special needs of disabled persons with respect to the use of school facilities, class schedules, physical education requirements and other pertinent consideration. The State shall also promote the provision by learning institutions of auxiliary services that will facilitate the learning process for disabled persons.

Assistance to Disabled Students The State shall provide financial assistance to economically marginalized but deserving disabled students pursuing post secondary or tertiary education. Such assistance may be in the form of scholarship grants, student loan programs, subsidies, and other incentives to qualified disabled students in both public and private schools. At

least five percent (5%) of the allocation for the Private Education Student Financial Assistance Program created by virtue of R.A. 6725 shall be set aside for disabled students pursuing vocational or technical and degree courses (R.A. 7277, Section 13).

The management of GASTPE is contracted to the Fund for Assistance to Private Education (FAPE), a perpetual trust fund created by an agreement between the Philippine government and the US government under Executive Order No. 156 s.1968 to provide assistance to private education in the country. FAPE is chaired by the DepEd Secretary. (EO 156 s. 1968)

DepEd said that starting school year 2012 to 2013, the subsidy for first year students who will enroll in private secondary high schools outside the National Capital Region (NCR) under the government's Education Service Contracting (ESC) program has been increased from P5,500 to P6,500 per annum and every year thereafter. ESC grantees in other year levels in non-NCR regions will still receive P5,500.

The ESC is a major program of the Government Assistance to Students and Teachers in Private Education (GASTPE) which provides financial assistance to students for the payment of their tuition fees in private high schools because they cannot be accommodated anymore in public schools due to excess in enrolled students. It is geared towards reducing the class size to manageable levels in high schools, especially those experiencing shortage of classrooms and teachers.

Education Secretary Br. Armin A. Luistro FSC said GASTPE benefits both public and private schools while making education accessible to as many learners as possible. "To decongest public schools and make learning more conducive, we offer ESC to private schools as a way also to help increase their enrollment. We likewise offer subsidy to teachers of private high schools who participate in the program." (<http://www.pia.gov.ph/news/index.php.article>)

Section 14 of 7277 provides that the State shall establish, maintain and support a complete, adequate and integrated system of special education for the visually-impaired, hearing-impaired, mentally retarded persons and other types of exceptional children in all regions of the country. Towards this end, the Department of Education, Culture and Sports shall establish special education classes in public schools in cities, or municipalities. It shall also establish, where viable, Braille and Record Libraries in provinces, cities or municipalities. The National Government shall allocate funds necessary for the effective implementation of the special education program nationwide. Local government units may likewise appropriate counterpart funds to supplement national funds.

The State provides disabled persons with training in civics, vocational efficiency, sports and physical fitness, and other skills. The Department of Education, Culture and Sports shall establish in at least one government-owned vocational and technical school in every province a special vocational and technical training program for disabled persons. It shall develop and implement sports and physical fitness program specifically designed for disabled persons taking into consideration the nature of their handicap.

Section 16 for Non-Formal Education emphasizes that the "State shall develop nonformal education programs intended for the total human development of disabled persons. It shall provide adequate resources for non-formal education programs and projects that cater to the special needs of disabled persons." (R.A. 7277, Section 16)

Section 17 of R.A. 7277 states that if viable and needed, the State Universities or State Colleges in each region or province shall be responsible for (a) the development of material appliances and technical aids for disabled persons; (b) the development of training materials for vocational rehabilitation and special education instructions; and (c) the research on special problems, particularly of the visually-impaired, hearing-impaired, and orthopedically-impaired students, mentally retarded, and multi-handicapped and other, and the elimination of social barriers and discrimination against disabled persons; and (d) inclusion of the Special Education for Disabled (SPED) course in the curriculum. The National Government shall provide these state universities and colleges with the necessary special facilities for visually-impaired, hearing-impaired, speech impaired, and orthopedically-impaired students. It shall likewise allocate the-necessary funds in support of the above.

Section 31 of R.A.7277 provides the Right to Organize. The State recognizes the rights of disabled persons to form organizations or associations that promote their welfare and advance or safeguard their interests. The National Government, through its agencies, instrumentalities and subdivisions, shall assist disabled persons in establishing self-help organizations by providing them with necessary technical and financial assistance. Concerned government agencies and offices shall establish close linkages with organizations of disabled persons in order to respond expeditiously to the needs of disabled persons. National line agencies and local government units shall assist disabled persons in setting up

specific projects that will be managed like business propositions. To ensure the active participation of disabled persons in the social economic development of the country, their organizations shall be encouraged to participate in the planning, organization and management of government programs and projects for disabled persons. Organizations of disabled persons shall participate in the identification and preparation of programs that shall serve to develop employment opportunities for the disabled persons.

No entity, whether public or private, shall discriminate against a qualified disabled person by reason of disability with regard to job application procedures, the hiring, promotion, or discharge of employees, employee compensation, job training, and other terms, conditions, and privileges of employment. (R.A. 7277, Section 32)

According to Eusebio et al., scholars of “Rapid assessment of avoidable blindness in Negros Island and Antique District, Philippines” stated that “in Negros, 2774 of 3649 enumerated subjects were examined (76.0%) and 3177 of 3842 enumerated subjects in Antique (82.7%). The prevalence of blindness (presenting VA<3/60 in better eye) was 2.6% (95% CI=2.0 to 3.2%) in Negros and 3.0% (2.4 to 3.6%) in Antique. The leading cause of blindness was untreated cataract, and was refractive error for visual impairment (VA<6/18 to ≥6/60). Most of the cases of blindness (67% in Negros, 82% in Antique) and visual impairment (94% in Negros, 95% in Antique) were avoidable (ie, operated and unoperated cataract, refractive error and corneal scar). In Negros, 23% of eyes had a poor outcome after cataract surgery, and 13% in Antique.

1. “The prevalence of blindness in two areas in the Philippines was relatively low. Since most cases were avoidable, further reductions are possible.” Concluded by Eusebio et al., scholars of “Rapid assessment of avoidable blindness in Negros Island and Antique District, Philippines” (*Br J Ophthalmol* 2007; 91:1588-1592 doi:10.1136/bjo.2007.119123)
2. The scholars of Visual Impairment from Cataract and Health Related Quality of Life: Results from a Case-Control Study in the Philippines, stated that the WHO/PBD VF20 had good item acceptability and validity. Cases had significantly poorer VRQoL than controls and worsening Visual Acuity (VA) was associated with worsening VRQoL. The general functioning subscale had good internal consistency. The psychosocial sub-scale had a Cronbach’s alpha of 0.61, just below the generally accepted criteria of 0.70. Cases were much more likely than controls to report problems with the Euroqol five descriptive domains (EQ-5D) and had significantly poorer self-rated health. (*Cataract Foundation of the Philippines, Bacolod, the Philippines Correspondence: Sarah Polack, London School of Hygiene & Tropical Medicine, Keppel Street, London WC1E 7HT, UK. June 2010, Vol. 17, No. 3*)
3. The study supports the use of the WHO/PBD VF20 in a Philippine population and highlights the worsening VRQoL associated with cataract vision loss. The poorer generic HRQoL among cases compared to controls indicates an impact of visual impairment on perceived health and well-being, beyond vision-specific experience.

#### **4.3 Synthesis of Related Literature:**

The author believes that each of the literature and studies cited is related to the present study. This study is distinguished from the previous studies by developing an internal management system customized to a computer school for the blind that is managed by the blind.

The internal management system as discussed in the review help the researcher gain the knowledge on the leadership skills one needs in order to plan, coordinate, direct and implement policy procedures among responsible employees in Not-for-profit Accountable Entities for the visually-impaired individuals. One learns how the design, maintenance, and troubleshooting of Internet, intranet, and extranet connections, including local-and-area-wide- networks are made Such specializations build one’s knowledge of developing internal management systems customized for the visually-impaired.

## **5. METHODS**

**This Section** discusses the research design, the instrument used, the research locale, the respondents, the validation of the research instrument, the data gathering procedure, and the statistical treatment of data

### **5.1 Research Design:**

Explained in this Section is the Research Design that conceptualizes the input-process-framework of this study as depicted in **Fig. 1**, **Fig. 2**, and **Fig. 3**. These figures show the input variables that are important to realize the objectives of the study; Likewise, processes are identified in order to generate the independent variables that best explain the value added to the organization of the proposed IMC for the organization managed by visually impaired people. The expected

outcome of this study is to be able identify the prioritized independent variables that best explain the value added of the proposed IMC to the targeted organization for the blind, identifying, in particular, cost efficient and cost effective mechanisms that will protect capital assets while preserving the integrity of the people within the organization.

The inquiries and examination were analyses of Internal Management Control that were developed appropriately for a certain organization (school for visually impaired individuals). It used structured questionnaires and flow charts to document the existing practices of the respondent. These were encrypted and sent to respondent through email.

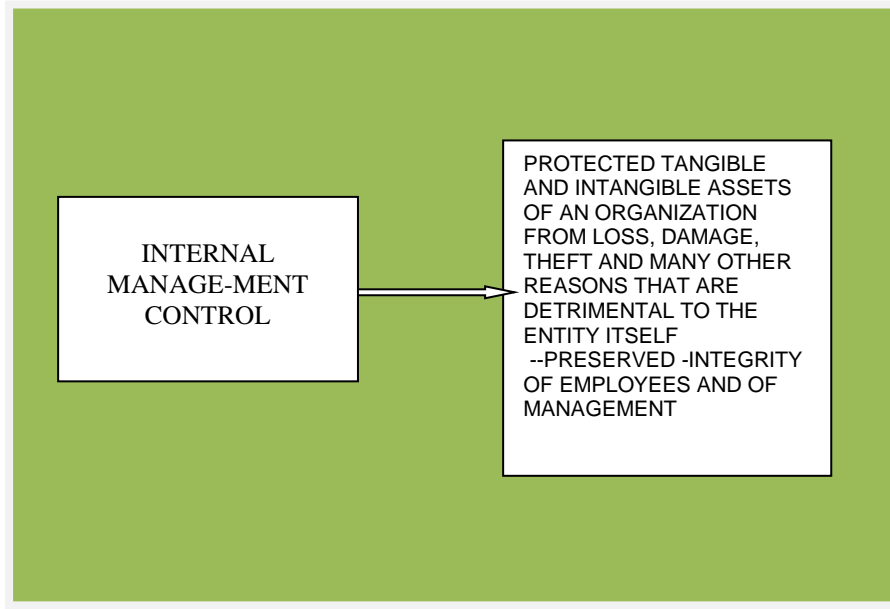


Figure 1: Research Framework

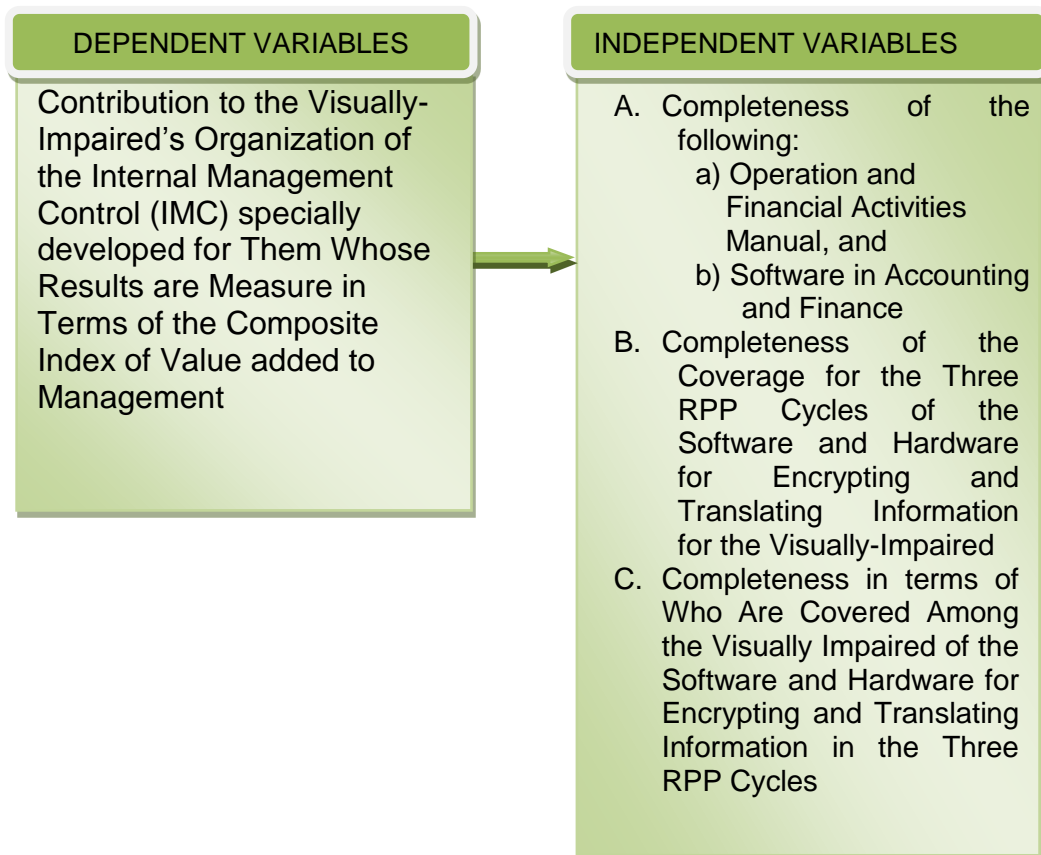


Figure 2: Dependent and Independent Variables

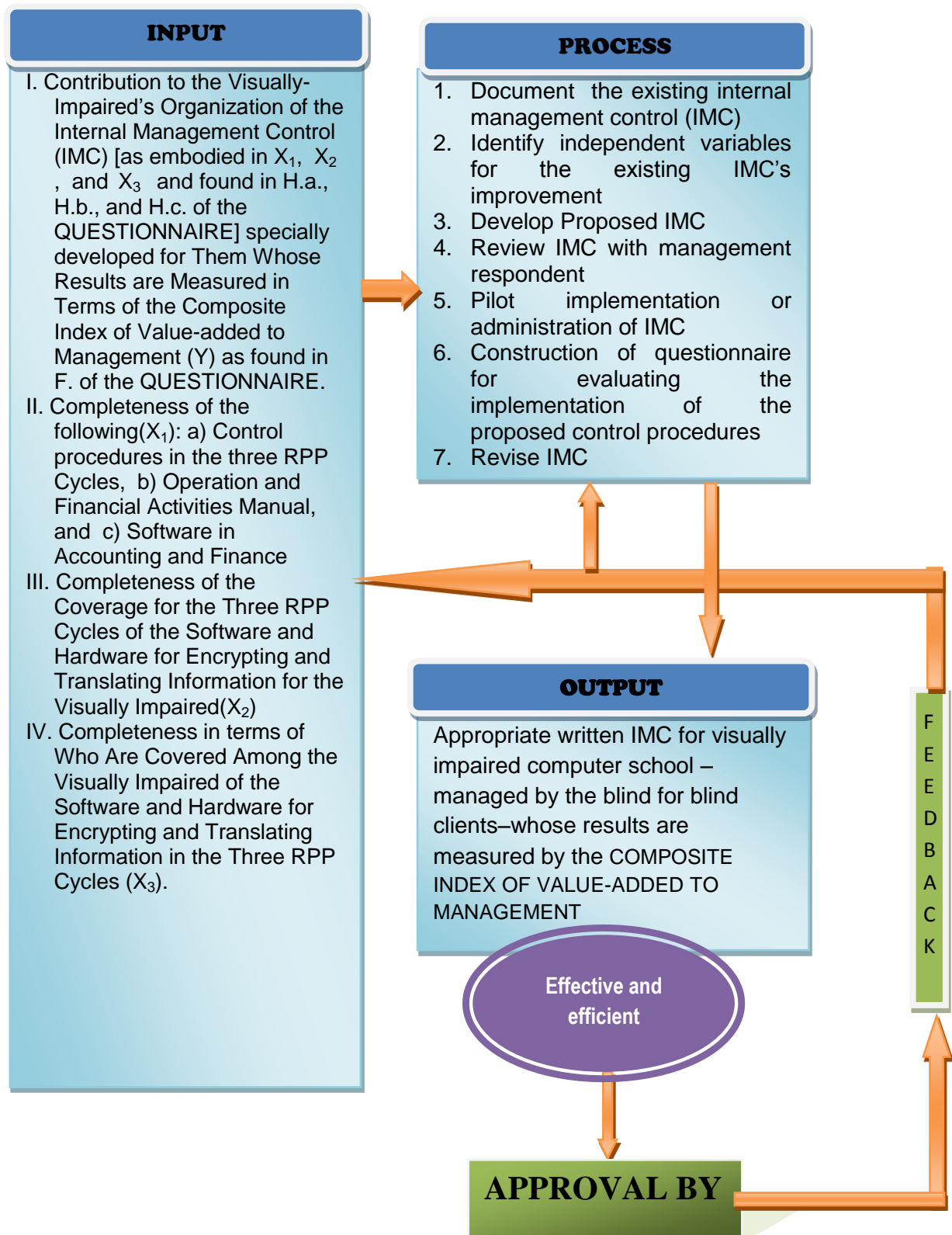


Figure 3: The Research process

The null hypothesis used in this study was the following

**Null Hypothesis:**

**Ho:** There are

- E. Complete Financial Activities Manual and Software in Accounting and Finance ( $X_1$ ).
  - F. Complete Coverage for the Three RPP Cycles of the Software and Hardware for Encrypting and Translating Information for the Visually Impaired ( $X_2$ ).
  - G. Complete Coverage Among the Visually Impaired of the Computer School's Software and Hardware for Encrypting and Translating Information in the Three RPP Cycles ( $X_3$ ),
  - H. The completeness of coverage among the visually impaired is more than ninety-three percent (93.33%) complete. More than six percent (6%) provides room for improvement. Customized software for the blinds makes it 100%. ( $X_4$ )
- That affect equally the dependent variable "Contribution to the Visually-Impaired's computer school coming from the Internal Management Control (IMC) especially developed for The Former Whose Results are measured in Terms of the Composite Index of Value-added to Management (Y).

The researcher obtained a management representation letter from the respondent in order to freely conduct the research procedures within its jurisdictions.

### **5.2 Research Procedure:**

The researcher obtained a management representation letter from the respondent in order to freely conduct the research procedures within its jurisdictions.

There are three phases involved during the research process. These were the following:

**Development of Internal Management Control:** This phase includes the drafting of policies and procedures in handling transactions of different sections like accounting and finance; operational activities; custody of cash and other economic resources vital in rendering services to the students and constituents.

Existing procedural practices and documented policies were taken into consideration. Thus, an evaluation of the existing policies and procedures with the respondent personnel have been made.

**Initial Review of the Internal Management Control:** This phase includes respondent personnel to initially review the appropriateness of IMC before its pilot implementation.

**Pilot Implementation of the Internal Management Control:** The respondent implemented the newly developed Internal Management Control for one month. Administration of this implementation required the cooperation of respondent's higher authorities. The researcher sought the approval of the respondent's president in order to obtain management representation for pilot implementation of the Internal Management Control (IMC).

A memorandum from the president was circulated to the employees regarding the implementation of the Internal Management Control. This sought proper observation of policies and procedures stated in the Internal Management Control by employees and middle management.

**Evaluation of the Internal Management Control:** During the implementation of Internal Management Control, middle and top administrators of the respondent made an evaluation. Comments and suggestions were recorded, an outright implementation however, were not made yet.

The president issued a memorandum regarding the withdrawal of the Internal Management Control implementation. The top and middle administrators including the employees of the respondents conducted final evaluation of the Internal Management Control to determine its effectiveness and appropriateness.

**Final Review and Revision of the Proposed Internal Management Control:** This phase involves the final review of the Internal Management Control with the top administrators of the respondents. Revisions were considered appropriately fit with the system of the organization.

### **5.3 The Instruments Used in the study:**

A newly developed internal management control was used as an instructional aid in the operational activities of the respondent. The following were the different cycles with different policies, procedures and cycle objectives involved in the respondent's operations:

1. Computer – assisted-self interview questionnaires;



- 1.1. Hardware devices, and
- 1.2. Software translator (JAWS).
2. The revenue and receipt cycle;
  - 2.1. Fees and grants from donors, and
  - 2.2. Control and custody of receipts and grants
3. Purchase and Disbursement cycle;
  - 3.1. Acquisition of operating supplies,
  - 3.2. Payment of short-term obligations.
4. Investment cycle;
  - 4.1. Acquisition of equity and debt instruments, and capital assets, and
  - 4.2. Disposal of debt and equity instruments, and capital assets.
5. Financing Cycle;
  - 5.1. Sources of funds,
    - 5.1.1. Contributions from members of the board,
    - 5.1.2. Grants from government and other organizations, and
    - 5.1.3. Creditors' equity.

These operational cycles adopted policies and procedures that were appropriate with the respondents. Cycle objectives have been identified and enumerated in the internal management control including the policies and procedures.

#### 5.4 The Research Locale and the Respondents:

The respondent-institution *Adaptive Training Rehabilitation, Integration and Empowerment of Visually Impaired Individuals (ATRIEV), INC.* is an organization which serves visually-impaired individuals and administered by the visually-impaired dealing with basic computer education. This institution is committed to educate visually-impaired individuals using software specifically developed for them to read the inscriptions. The respondent-institution of this study was purposively identified for the appropriateness of the newly developed Internal Management Control. The elements of the desired sample size of flesh-and-blood respondents were then randomly drawn. The respondent-institution had informal and formal internal policies and procedures, which were hypothesized to be not sufficient to properly administer the operational and financial activities of the organization unless there was proper encryption and translation using computers.

The following were the identified respondents: (a) 2 top executives (both are blinds); b) 3 finance personnel (normal visions); c) 3 blind teachers; d) 2 technicians (normal visions); and e) 26 visually impaired students.

#### 5.5 Desired Sample Size and Data Gathering Procedure:

Computation of the desired sample size was based on the following:

- a) Researcher's desired confidence level of 90% ( or significance level of 0.10),
- b) Desired margin-of-error of 0.02 regarding the probable distance of the estimate of the true population mean (the Y'-value of the dependent variable JOB SATISFACTION) from its true value (Y), and
- c) 0.5272 as the estimate of the population standard deviation (Standard Error) based on the Pilot Sample of 10 respondents' answers.

The computation of the desired sample size resulted in a sample size of thirty five (35) as shown in the following. The desired sample-size determination formula as used follows:

The DESIRED SAMPLE-SIZE is

$$\begin{aligned} \frac{“n”}{m^2} &= \frac{s^2 [z]^2}{0.58^2} = \frac{2.1^2 [z]^2}{0.3364} = \frac{4.4 (1.64)^2}{0.3364} \\ &= \frac{11.8342}{0.3364} \\ n &= 35.178 \end{aligned}$$

$$n = 36$$

Where:

$n$  = desired sample size

$m$  = the desired-margin-of-error which is set at + or - 0.58 of the mean of the extreme values of the Likert's scale of 1 and 5.

$z$ -value = 1.64 at the point with tail probability  $\alpha = 0.10$  (significance level) lying above it and its complementary confidence level of 90% lying below it since the researcher does not want to pre-empt that the population is normally distributed among the range of values of each of the variables.

$s$  = the standard error 2.1 based on the pilot sample.

The Central Limit Theorem (henceforth, CLT) was employed, and thereby invoking the theorem that regardless of the distribution of the population among the range of values of interest, pertaining to the respondent, arranged horizontally in ascending order of the numeric values of the characteristic-of-interest, the mean of the means of the sampling distribution, is equal to the population mean and approximates a normal distribution.

Accordingly, the Researcher-Desired sample size turned out to be

$$\begin{aligned} \text{"n"} &= \frac{s^2 [z]^2}{m^2} = \frac{2.1^2 [z]^2}{0.58^2} = \frac{4.4 (1.64)^2}{0.3364} \\ &= \frac{4.4(2.6896)}{0.3364} = \frac{11.8342}{0.3364} \\ n &= 35.178 \\ n &= 36 \end{aligned}$$

Computer-assisted self-interview questionnaires were encrypted and sent to company respondent through email. The internal management control policies and procedures were also encrypted and sent to the same respondent. Such data will be translated by the Company respondent's software (JAWS SCRIPT) to translate the information.

An example of a possible outcome of the pilot test in implementing the draft IMC in May 2013 may be similar to the initial pilot survey done to test the accuracy and reliability of the questionnaire as follows:

At the end of the implementation of the IMC, the top, middle and employees of the respondent evaluated the IMC. The pilot implementation of the Internal Management Control was made on May16 through May 23, 2013. This schedule was in accordance with the memorandum issued by organization's president.

Table 1: Pilot Respondents

RESPONDENTS	y	y-y	(y-y) <sup>2</sup>	
1 Respondent G	1	1 - 3	- 2 <sup>2</sup>	4
2 Resndent I	1	1 - 3	- 2 <sup>2</sup>	4
3 Respondent V	1	1 - 3	- 2 <sup>2</sup>	4
4 Respondent M	1	1 - 3	- 2 <sup>2</sup>	4
5 Respondent AC	1	1 - 3	- 2 <sup>2</sup>	4
6 Respondent O	5	5 - 3	2 <sup>2</sup>	4
7 Respondent H	5	5 - 3	2 <sup>2</sup>	4
8 Respondent P	5	5 - 3	2 <sup>2</sup>	4
9 Respondent AG	5	5 - 3	2 <sup>2</sup>	4
10 Respondent AE	5	5 - 3	2 <sup>2</sup>	4
	10	30	3	40

### 5.6 Statistical Treatment of Data:

The following statistical tools were used to interpret the results of the study that satisfied the questions of the sub-problems.

1. Likert's Scale. Used to determine the acceptability and effectiveness of the newly developed IMC. The following equivalents are as follows:

4	4.00 – 3.51	Strongly Agree
3	3.50 – 2.51	Agree
2	2.50 – 1.51	Disagree
1	1.50 – 1.00	Strongly Disagree

2. Weighted Mean. Used to determine the average frequency of the employees, top and middle administrators of the respondent in each weighted item. The formula is

$$WM = \frac{(f4 \times 4) + (f3 \times 3) + (f2 \times 2) + (f1 \times 1)}{n}$$

6. Multiple Linear Regressions. A linear regression involving more than one independent variable revealed that among the independent variables is more important than another in influencing the dependent variable, if ever they are revealed to affect the dependent variable.

The significance of Multiple Regression Analysis in a given variable  $y$  and a number of variables  $X_1, \dots, X_p$  that may be related to  $y$ , linear regression analysis can be applied to quantify the strength of the relationship between  $y$  and the  $X_j$ , to assess which  $X_j$  may have no relationship with  $y$  at all, and to identify which subsets of the  $X_j$  contain redundant information about  $y$ . The formula would be:

$$E(Y|X) = \alpha + \beta_1 X_1 + \dots + \beta_p X_p,$$

**Where:**  $\alpha$  is called the intercept; and

$\beta$  are called slopes or coefficients.

In order to hasten statistics and accurate computations and interpretation of data, the proponent utilized Statistical Software Program. These are available in the free open source software and readily available to download.

## 6. RESULTS AND DISCUSSION

This Section presents the results of the study in tabular form and graphic plots (**Fig. 4**, **Fig.5** and **Fig. 6**) and gives an analysis of the gathered information.

The following were the attributes and responses of the respondents of the IMC Manual developed by the researcher:

4. How complete is the needed Attributes of the Manual Developed for Financial Activities?

Based on the perception of the thirty respondents, the needed Attributes of the Manual Developed for Financial Activities is seventy-three percent (73.3%) complete. It depicts that there is a lot more (26.7%) aspects of the Accounting and Financial Manual to improve.

5. How complete is the needed Attributes of the software and Hardware for use in Accounting and Finance?

Based on the perception of the thirty respondents, the needed Attributes of the software and Hardware for use in Accounting and Finance is fourteen percent (14%) complete. It shows that there is a significant (86%) inadequacy of installed accounting and financial software within the Organizational Respondent's processes.

6. With respect to the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle, how complete is the needed coverage?

Based on the perception of the thirty respondents, the needed coverage in respect of the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle is seventy percent (70%) complete. Thirty percent (30%) requires improvement of the manual for financial and accounting policies for Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle.

7. Among the visually-impaired, how complete is the needed coverage in terms of the following: organization policy, accessibility, and user-friendliness of the software and hardware facilities for encryption/translation, and understandability of the proposed Internal Control measures?

Based on the perception of the thirty respondents, the completeness of coverage among the visually-impaired is more than ninety-three percent (93.33%) complete. More than six percent (6%) provides room for improvement. Customized software for the blinds makes it 100%.

**Null Hypothesis:**

**Ho:** There are

- A. Complete Financial Activities Manual and Software in Accounting and Finance ( $X_1$ ).
- B. Complete Coverage for the Three RPP Cycles of the Software and Hardware for Encrypting and Translating Information for the Visually Impaired ( $X_2$ ).
- C. Complete Coverage Among the Visually-Impaired of the Computer School's Software and Hardware for Encrypting and Translating Information in the Three RPP Cycles ( $X_3$ ),
- D. The completeness of coverage among the visually-impaired is more than ninety-three percent (93.33%) complete. More than six percent (6%) provides room for improvement. Customized software for the blinds makes it 100%. ( $X_4$ )

That affects equally the dependent variable "Contribution to the Visually-Impaired's computer school coming from the Internal Management Control (IMC) specially developed for The Former Whose Results are measured in Terms of the Composite Index of Value-added to Management (Y).

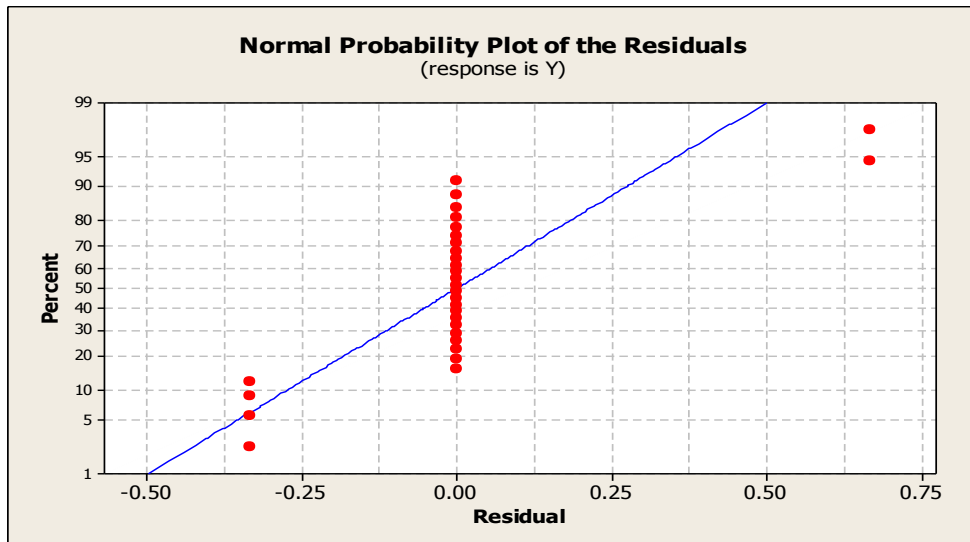


Figure 4: Normal Profitability Plot of the Residuals

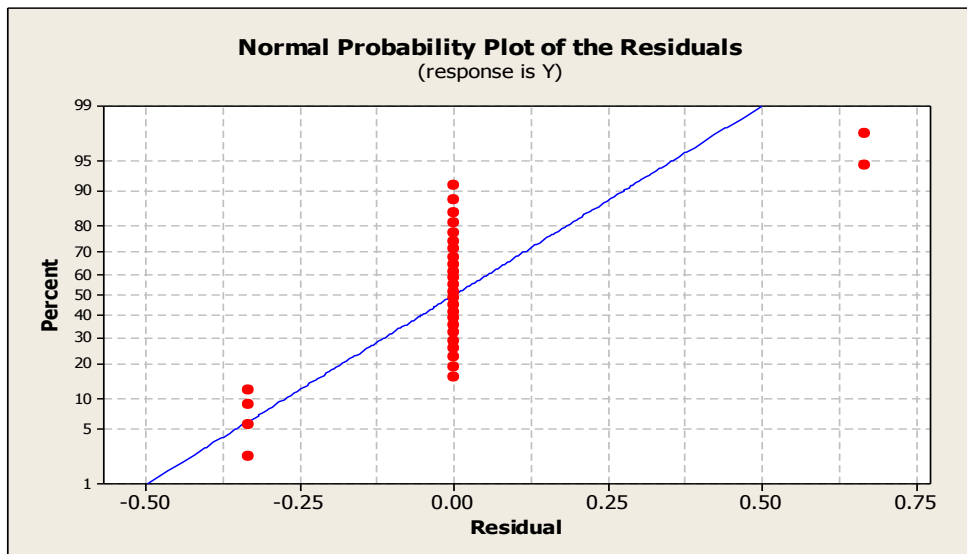


Figure 5: Normal Probability Plots of Responses

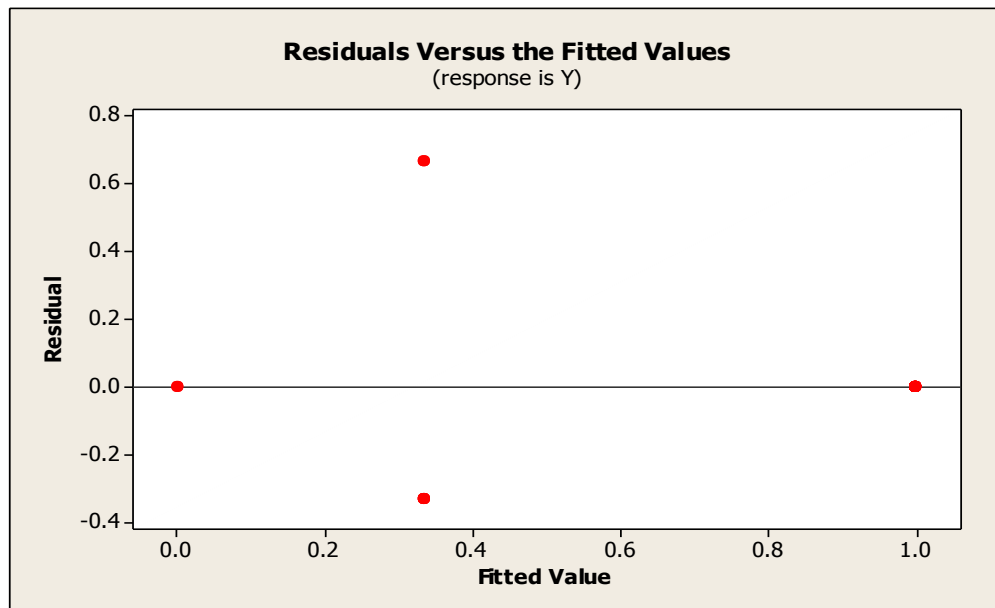


Figure 6 : Graph of Residuals Versus The Fitted Values

### 6.1 Analysis of the Data:

The following were the analyses of the data presented in table one (1) and figures four (4) and (5):

1. Regression Analysis: IMC Contribution to the organization in terms of value-Added to Management (Y) versus Perceived Completeness of the needed Attributes of the Manual Developed for Financial Activities

(X<sub>1</sub>), Perceived Completeness of the needed Attributes of the Software and Hardware for Use in Accounting and Finance.

(X<sub>2</sub>), Perceived Completeness of the needed coverage in respect of the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle

(X<sub>3</sub>), Perceived completeness of coverage among the visually impaired in terms of the ff: organization policy, accessibility, and user-friendliness of the software and hardware facilities for encryption/translation, and understandability of the proposed Internal Control measures (X<sub>4</sub>).

The regression equation is:

$$Y = 0.000 + 0.667 (X_1) - 0.000 (X_2) + 0.000 (X_3) + 0.333 (X_4)$$

$$S = 0.230940 \quad R\text{-Sq} = 72.2\% \quad R\text{-Sq}(\text{adj}) = 67.8\%$$

The coefficient of determination or computed R-square of 72.2% is way above the critical 50%.

The Y-intercept as indicated by the coefficient 0.000 of the Constant at a significance level of 1.00 (or the equivalent confidence level of 0.00%).

Table 2: Regression Analysis

Predictor	Coef	SE Coef	T	P
Constant	0.0000	0.1633	0.00	1.000
(X <sub>1</sub> )	0.6667	0.2494	2.67	0.013
(X <sub>2</sub> )	- 0.0000	0.1069	-0.00	1.000
(X <sub>3</sub> )	0.0000	0.2469	0.00	1.000
(X <sub>4</sub> )	0.3333	0.1886	1.77	0.089

On a per-independent-variable basis, only independent variables X<sub>1</sub> and X<sub>4</sub> obtained computed significance levels lower than the critical significance level of 10% (or equivalent confidence level of 90% that any randomly drawn sample will yield a mean from which a margin-of-error when added or subtracted will catch the true population characteristic in terms of its mean). X<sub>1</sub> and X<sub>4</sub> obtained significance levels of 0.013 and 0.089, respectively, (or in terms of their equivalent in confidence levels are 98.7 % and 91.1% which are both higher than the critical confidence level of 90% that when the

margin-of-error of 1 when added or subtracted from the mean, of any random sample drawn from the population, will capture the true population characteristic in terms of its mean.

2. Analysis of Variance. Below are computed values using ANOVA:

**Table 3: Analysis of Variance**

Source	DF	SS	MS	F	P
Regression	4	3.46667	0.86667	16.25	0.000
Residual Error	25	1.33333	0.05333		
<b>Total</b>	<b>29</b>	<b>4.80000</b>			

The computed ANOVA F-value of 16.25 is greater than the critical F. value of 2.63 [ at(k-1) and (n-1)-(k less 1)] which means it supports the R-square findings that the independent variables  $X_1, X_2, X_3,$  and  $X_4,$  as a set, serves to predict the dependent variable Y.

**6.2 Interpretation of the Results** The coefficient of determination or computed R-square of 72.2% is way above the critical 50% which means the independent variables  $X_1, X_2, X_3,$  and  $X_4,$  as a set, serves to predict the dependent variable Y.

The Y-intercept as indicated by the coefficient 0.000 of the Constant at a significance level of 1.00 (or the equivalent confidence level of 0.00%) means the QUESTIONNAIRE has covered all that needs to be covered for the four independent variables  $X_1, X_2, X_3,$  and  $X_4$

On a per-independent-variable basis, only independent variables  $X_1$  and  $X_4$  obtained computed significance levels lower than the critical significance level of 10% (or equivalent confidence level of 90% that any randomly drawn sample will yield a mean from which a margin-of-error when added or subtracted will catch the true population characteristic in terms of its mean).  $X_1$  and  $X_2$  obtained significance levels of 0.013 and 0.089, respectively, (or in terms of their equivalent in confidence levels are 98.7 % and 91.1% which are both higher than the critical confidence level of 90% that when the margin-of-error of 1 when added or subtracted from the mean, of any random sample drawn from the population, will capture the true population characteristic in terms of its mean.

The absolute magnitude of relative influence of the identified predictor-independent-variables  $X_1$  and  $X_4$  are 0.6667 and 0.3333, respectively, which means  $X_4$  has greater influence on the dependent variable Y. And their reliability as predictors are measured as 0.2494 and 0.1886 which means  $X_4$  with its lower standard error of estimate (SE Coef) has lower variability than  $X_1$  when compared with the average variability of 0.2387 of each of the four independent variables; hence,  $X_4$  is a more reliable predictor of the dependent variable Y compared to  $X_1$ .

Accordingly, **the Null Hypothesis is rejected** since each of the four independent variables has unequal influence upon the dependent variable Y, where  $X_4$  is the more accurate-and-reliable predictor compared to  $X_1$ , while  $X_2$  and  $X_3$  are not predictors at all.

## 7. CONCLUSION

This Section presents the summary of findings, and the conclusion of the study. Recommendations include the author's Accounting and Financial Policies and Procedures for Not-for-Profit Accountable Entities.

### 7.1 Summary of the Findings:

Details of the Data and the Findings are presented in the Appendices and summarized as follows:

1. How complete is the needed Attributes of the Manual Developed for Financial Activities?

Based on the perception of the thirty respondents, the needed Attributes of the Manual Developed for Financial Activities is seventy-three percent (73.3%) complete.

2. How complete is the needed Attributes of the software and Hardware for use in Accounting and Finance?

Based on the perception of the thirty respondents, the needed Attributes of the software and Hardware for use in Accounting and Finance is fourteen percent (14%) complete.

3. With respect to the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle, how complete is the needed coverage?

Based on the perception of the thirty respondents, the needed coverage in respect of the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle is seventy percent (70%) complete.

4. Among the visually-impaired, how complete is the needed coverage in terms of the ff: organization policy, accessibility, and user-friendliness of the software and hardware facilities for encryption/translation, and understandability of the proposed Internal Control measures?

Based on the perception of the thirty respondents, the completeness of coverage among the visually impaired is about ninety-three percent (93.33%) complete.

## **7.2 Conclusion:**

The Null Hypothesis was rejected since each of the four independent variables has unequal influence upon the dependent variable Y, where  $X_4$  is the more accurate-and-reliable predictor compared to  $X_1$ , while Perceived Completeness of the needed coverage in respect of the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle ( $X_2$ ) and Perceived Completeness of the needed coverage with respect to the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle ( $X_3$ ) are not predictors at all.

## **8. RECOMMENDATIONS**

The following are the author's recommendations based on the findings and conclusions:

1. Policy Formulation. In policy-formulation, Perceived completeness of coverage among the visually impaired in terms of the following: organization policy, accessibility, and user-friendliness of the software and hardware facilities for encryption/translation, and understandability of the proposed Internal Control measures ( $X_4$  being more accurate-and-reliable compared to  $X_1$  as a predictor of the dependent variable Y must be given closer attention relative to independent variable), Perceived Completeness of the needed Attributes of the Software and Hardware for Use in Accounting and Finance ( $X_1$ ). And since Perceived Completeness of the needed coverage in respect of the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle ( $X_2$ ) and Perceived Completeness of the needed coverage in respect of the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle ( $X_3$ ) are not predictors at all, no attention should be paid to them.
2. Proposed Accounting and Financial Internal Management Control System. The following are the Proposed Accounting and Financial Internal Management Control System for Visually Impaired Individuals.
  - 2.1. The costing of the programs and projects are initiated by the Training Department.
  - 2.2. If projects or programs may require audit for the disbursements that are made for this specific purpose as stipulated in the contract or proposal, the Finance Department shall prepare the necessary documents and administer the audit processes that will be conducted by Independent Certified Public Accountants.
  - 2.3. Training section shall submit proposals for programs and projects. It initiates the implementation of its plans and targets.
  - 2.4. The purchasing/disbursement cycle starts with the preparation of a written request to purchase goods or services. An appropriate level of management prior to its acquisition must approve the request for purchase (RFP).
    - 2.4.1. Written authorization like approved purchase requisition/order, board resolution, approved long-term (blanket) purchase agreement or approved check request.
  - 2.5. Accounting software that provides preparation of source documents like purchase requisitions, purchase orders, vouchers, and checks must be secured.
    - 2.5.1. Approval of such documents shall be made through electronic signature.
    - 2.5.2. Signatories of checks and major disbursements will serve as administrator of the server where the software for accounting and payroll are stored.

- 2.5.3. Bank transfers from grant providers must be directly emailed to the executive director with copy furnished to the president and treasurer.
- 2.5.4. Own source revenues shall be documented by filling up electronic generated receipts duly approved by the appropriate signatories and such machine and software are Bureau of Internal Revenue Registered.
- 2.6. Acquisitions of property usually involve significant amounts, which the company requires as management criteria that are based on approved formal written proposals or requisitions.
  - 2.6.1. This requisition should contain significant details such as reasons and proposed expenditures to provide the designated official authorizing the transaction with adequate information.
  - 2.6.2. The designated official who authorizes property expenditures should also approve their cost allocation, that is, the capitalization or expensing of expenditure.
  - 2.6.3. Detailed property (subsidiary) records should adequately support dispositions of property.
  - 2.6.4. These records should provide information about the description and identification number (code) of property; its location, acquisition date and cost; the depreciation method being used; and the updated balance of accumulated depreciation.
  - 2.6.5. Maintenance of these detailed records should require regular updating of balances for property additions and dispositions and for periodic provision for depreciation.
  - 2.6.6. To assure that recorded balances are accurate, reconciliation with related control account balances should be periodically made.
    - 2.6.6.1. Differences disclosed by reconciliation procedures should be promptly investigated.
  - 2.6.7. Periodic count and title verification of property is also made to ensure the validity, accuracy and completeness of detailed property records.
3. Further Recommendation. The proponent recommends that more extensive and more detailed study shall be conducted to improve Internal Management Control System for the Computer Schools of Visually-Impaired Individuals.

#### **ACKNOWLEDGEMENT**

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## APPENDICES

### Appendix - A: Research Questionnaire

#### Research Questionnaire

Please answer the following questionnaires by simply checking the box provided after the variables (corresponding questions):

Organization: \_\_\_\_\_

Form of Organization: Nonprofit & Nonstock

Type of Operation: \_\_\_\_\_

Management Style: \_\_\_\_\_

Name of evaluator (Optional): \_\_\_\_\_

Designation: \_\_\_\_\_

# of Years Connected at (name of the Organization) \_\_\_\_\_: \_\_\_\_\_

Below are options, equivalents and scales to validate the newly developed Internal Management Control for visually impaired individuals.

Option Equivalent	Scale
4	4.00 – 3.01
3	3.00 – 2.01
2	2.00 – 1.01
1	1.00 – 0.00

**A. Attributes of the Manual Developed:**

The Characteristics of the Manual Developed	4	3	2	1
1. It sufficiently covers the				
1.1. Operational activities and				
1.2. Financial scope of the Organization				
2. Its content fits with the environment of the Organization				
2.1. Organizational structure				
2.2. Nature of operations				
2.3. Scale of services offered				
3. Its content is easy to understand				
4. Simple and Easy to implement				
5. It preserves employees and management integrity by not allowing:				
5.1. Incompatible duties,				
5.2. Personnel to access assets without authority				
6. It simplifies activities of the Organization				
7. The specific objectives of developed Manual are attainable				
8. It is open for feedback on employees' responses for effective employment				
9. The Developed Manual is reliable in normal use				

**B. Developed IMC: Its Contribution to the Organization:**

8. Value added to Management of _____	4	3	2	1
1. It secures, protects and improve financial assets of the Organization				
2. Developed Manual has a clear view of helping the Organization realizes its mandate:				
2.1. Vision				
2.2. Mission				
2.3. Core values				
3. Management by objective, developed Manual contributes to Organization by:				
3.1. Minimizing costs				
3.2. Maximizing revenues				
3.3. Improving services offered				
4. Improved employees' efficiency and effectiveness				

**C. Software Use in Accounting and Finance:**

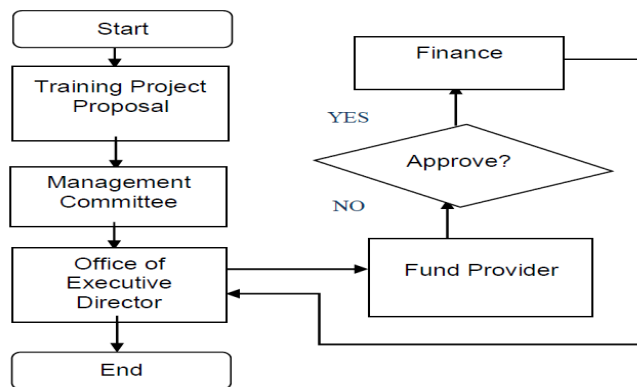
Questions	4	3	2	1
1. Does the company respondent installed accounting software?				
2. Are data being processed using accounting software?				
3. Are all payments made through checks?				
4. Does the company respondent prepare checks through electronically maneuvered?				
5. Does the company respondent prepared checks through electronic copy?				
6. Are grants received are being processed trough bank transfers?				
7. Are bank transfers electronically documented?				
8. Are all financial data encrypted to readable information for visually impaired members of the management?				
9. Are checks and vouchers electronically signed by the concerned officials?				
10. Do decision makers (President and Executive Director) of the company respondent have access to all encrypted data?				

**D.** Devices (software and hardware) Used in Decoding Information Pertaining to the Control Provisions Rose in Other Parts of This Questionnaire. Please specify the Capitalized alphabetical-numeric location of the question where each of the following applies.

Questions	4	3	2	1
1. Is there any device (software and hardware) installed to translate information for the blind/visually impaired individuals who are members of Executive Management?				
2. Is the device installed immediately available (accessible) when the visually impaired employees need them?				
3. Are those devices installed [computer] user friendly to the blind individuals?				
4. Does the policy installed in the organization encrypted to appropriate software for the blind individuals who are members of the management?				

**APPENDIX - B**

**DETAILED POLICIES AND PROCEDURES OF PROPOSED INTERNAL FINANCIAL MANAGEMENT CONTROL**



**Figure 7: The Revenue/Receipt Cycle' Functions Involved**

Narrative Description	Executive Director's Office
1. Confirms grants provided from source agencies. 2. Follow up with the bank re: grants availability. 3. Prepare (4 copies) notice of the availability of funds and forward copies to training and finance.	<pre>             graph TD               Start([Start]) --&gt; Prepare[Prepare notice of fund availability]               Prepare --&gt; Follow[Follow-up grants availability]               Follow --&gt; Confirm[Confirm fund approval]               Confirm --&gt; Notices[Fund Notice]               Notices --&gt; Acctng((To acctng.))               Notices --&gt; Trainin((To trainin))               Notices --&gt; Treasur((To treasur))           </pre>

**Figure 8 Executive Director's Office Flowchart**

<b>PURCHASING AND DISBURSEMNT CYCLE:</b>	
<b>AN OVERVIEW</b>	
Procedures that are inherent in purchasing/disbursement cycle are supported by different document are shown below:	
<b>DOCUMENTS</b>	<b>PROCEDURES</b>
<b>PURCHASE REQUISITION.</b> It is a written request for the purchase of goods	A copy of an approved purchase requisition is sent to purchasing department which has the authority to choose the appropriate supplier after considering management's criteria re: price, quality, delivery period, discount, freight and other terms.
<b>PURCHASE ORDER.</b> It notifies the vendor of the company's intent to purchase goods.	The selected vendor is notified through an approved purchase order, which contains information about the goods to be purchased (SPECS).
<b>RECEIVING REPORT.</b> It acknowledges the receipt of goods delivered to the company	Goods delivered by suppliers are received and accepted by receiving section personnel after counting and inspection. The acceptance of the goods is documented in a receiving report that contains the SPECS.
<b>VENDOR'S INVOICE.</b> It contains SPECS and the amount to be paid and due date.	Upon receipt of the vendor's invoice, accounting personnel <b>compare</b> the information on the invoice with the details of the purchase requisition, purchase order and receiving report to ensure that the invoiced amount is for the items ordered and received by the company.
<b>VOUCHER.</b> It is a written authorization for disbursements.	After verifying the accuracy of the vendor's invoice, a voucher is prepared, reviewed and approved by a designated officers-in-charge. A few days before the end of the credit period to avail discount, voucher package that consist voucher, purchase requisition, purchase order and receiving report is forwarded to the treasurer's office. (This may vary depending on the terms and conditions).
<b>CHECK</b>	A check is prepared, signed by authorized company officials and forwarded or mailed directly to the vendor. The voucher and all supporting documents are stamped "PAID" to prevent irregularities.

<b>DESCRIPTION: DISBURSING OFFICER</b>
<ol style="list-style-type: none"> <li>1. Releases the check to the supplier's collector and requires him to:                             <ol style="list-style-type: none"> <li>1.1 Sign the check voucher</li> <li>1.2 Issue provisional collector's receipt/OR</li> <li>1.3 Issue 1st copy of the supplier's sales invoice</li> <li>1.4 Surrender 1st copy of PO</li> </ol> </li> </ol> <p>Returns the voucher package to the accounting department</p>
<b>DESCRIPTION: PRESIDENT'S OFFICE</b>
<ol style="list-style-type: none"> <li>1. Reviews supporting documents and countersigns the check.</li> <li>2. The check and all the supporting documents are forwarded to the cashier.</li> </ol>

<b>DESCRIPTION: ACCOUNTING SECTION</b>
<ol style="list-style-type: none"> <li>1. Reviews the completeness of the documents received from the Bank based on grant remittance report.</li> <li>2. Records the disbursements in CDJ</li> <li>3. Posts the payments of the account to the supplier's subsidiary ledger.</li> <li>4. The documents are rechecked re: SPECS, quantities, arithmetic accuracy, and terms</li> <li>5. Summarize daily purchases for posting to register</li> <li>6. Prepares check voucher filed by due date</li> <li>7. On due date, the voucher package is forwarded to the treasurer's office for check preparation.</li> </ol>
<b>DESCRIPTION: DISBURSING OFFICER (DO)</b>
<ol style="list-style-type: none"> <li>1. Reviews the supporting documents and prepares a check for the amount.</li> <li>2. DO signs the check and stamps all the supporting documents "PAID", indicating the check number.</li> <li>3. The check and all the supporting documents are sent to the president for the second signature on the check.</li> </ol>

<b>DESCRIPTION: RECEIVING</b>
<ol style="list-style-type: none"> <li>1. Upon receipt of the merchandise from the supplier the             <ol style="list-style-type: none"> <li>1.1 SPECS are compared with 2 copy of PO.</li> <li>1.2 Receiving personnel checks the condition of the merchandise</li> <li>1.3 A physical count of the goods is made and posted in the quantity column of 2<sup>nd</sup> copy of PO.</li> </ol> </li> <li>2. The receiving individual acknowledges the receipt of the merchandise by signing the supplier's DR. A copy of the document is retained and filed for reference purposes.</li> <li>3. RR is prepared in 4 copies.</li> </ol>

<b>DESCRIPTION: PURCHASING</b>
<ol style="list-style-type: none"> <li>1. 2 clerks conduct separate price canvassing to determine the supplier to be awarded the purchase contract. Accredited suppliers are given priority in the price surveys to be made.</li> <li>2. Upon determination of the supplier, a purchase order is prepared in 5 copies. 2<sup>nd</sup> copy is forwarded to the receiving department (it is a blind copy of which the quantity column is left blank).</li> </ol>

<b>END-OF-MONTH PROCEDURES OF DEPARTMENTS</b>		
<b>Receiving</b>	<b>Purchasing</b>	<b>Accounting</b>
<ol style="list-style-type: none"> <li>1. Matches purchase orders with receiving reports and informs purchasing department of undelivered or unmatched items</li> <li>2. Informs the accounting of the last number of receiving report issued during the month.</li> </ol>	<ol style="list-style-type: none"> <li>1. Informs accounting of the last number of PO issued during the month.</li> </ol>	<ol style="list-style-type: none"> <li>1. Accounts for PO &amp; RR #'s.</li> <li>2. Prepares schedules of suppliers' balances from SL &amp; reconciles with GLC account balances.</li> <li>3. Prepares bank reconciliation statements</li> </ol>

<b>Function: Accounting</b>	
<b>Control Objectives</b>	<b>Specific Control Procedures</b>
<ol style="list-style-type: none"> <li>a. Liabilities for all goods and services received &amp; accepted</li> </ol>	<ol style="list-style-type: none"> <li>b. Vendor's invoices should be logged, numbered or controlled by other means as they are received</li> </ol>
<ol style="list-style-type: none"> <li>1. should be recognized &amp; recorded in GL/SL</li> <li>2. All recorded purchases should be on the SPECS &amp; conditions of goods</li> <li>3. There should be periodic verification of recorded purchases and liabilities</li> </ol> <p>Adjustments to accounts payable should be supported by adequate documentation.</p>	<ol style="list-style-type: none"> <li>1. Receiving reports should be matched with vendors' invoices to identify unmatched receipts; follow-up procedures should be performed on long-unmatched items.</li> <li>2. Control totals should be established and posted to control account before invoices are forwarded to the SL clerk.</li> <li>3. Accruals for services received such as rent, etc., should be made on a regular &amp; rational basis</li> <li>4. Check the validity of vendors' invoices quantities and prices billed should be compared with RR &amp; PO.</li> <li>5. Verify the accuracy of vendors' invoices</li> <li>6. Designated official should review and approve vendors' invoices before they are recorded as Purchases.</li> <li>7. There should be periodic comparison of recorded balances with budgeted amounts and with those of prior periods.</li> <li>8. The subsidiary records should be maintained by a person who neither approves disbursement documents nor maintains the control account.</li> <li>9. There should be periodic reconciliation of subsidiary records with control account balance with supplier's statement of accounts.</li> <li>10. Adequate written documentation of procedures for processing and recording</li> </ol>

<b>Function: CASH DISBURSEMENTS</b>	
<b>Control objectives</b>	<b>Specific Control Procedures</b>
<ol style="list-style-type: none"> <li>1. All cash disbursements should be promptly &amp; accurately recorded</li> <li>2. All cash disbursements should be</li> </ol>	<ol style="list-style-type: none"> <li>1. Use of and accounting for pre numbered checks and vouchers</li> <li>2. Details of recorded cash disbursements should be compared with paid checks and bank statement</li> </ol>

<p>authorized, based on recorded liabilities</p> <p>3. Access to cash should be limited to authorized company personnel</p>	<p>3. Follow-up of missing checks and vouchers</p> <p>4. Establish control totals (e.g. CDJ) for posting to control account prior to posting to SL records.</p> <p>5. Checks should be prepared based on approved voucher package</p> <p>6. Company officials designated as check signers should review disbursement documents before signing checks. Dual signature should be required for disbursements involving unusually large amounts.</p> <p>7. Disbursement document should be stamped "PAID", perforated, or voided to prevent reuse</p> <p>8. Adequate control over access to blank (unissued), used and spoiled checks.</p> <p>9. Signed checks should be forwarded or mailed directly to payee. They should not be returned to company personnel involved in processing disbursements.</p> <p>10. There should be adequate control over access to check signing equipment and signature plate</p> <p>11. There should be adequate documentation of procedures for processing cash disbursements</p>
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<b>Function: PURCHASING</b>	
<p><b>Control objectives</b></p> <p>1. All written acquisitions of goods and services should be authorized</p> <p>Written authorization (e.g. PO) should contain sufficient details for subsequent comparison with RR</p>	

<b>OVERVIEW OF THE PAYROLL CYCLE</b>	
<p>The payroll cycle involves processing of salaries and wages, liabilities for amounts withheld from employees like withholding tax and social security, PHILHEALTH Premiums and year-end accruals. Payroll Cycle involves five functional responsibilities that must be performed by different persons.</p> <p>1. Personnel records for each employee are created and maintained by personnel department.</p> <p>1.1 Records normally include names, signatures, and authorized salary or pay rate, authorization for deductions.</p> <p>1.2 It is subsequently updated for adjustments in salaries, promotions, transfers or terminations.</p> <p>1.3 These records should not be made available to employees involved in payroll preparation and distribution to minimize commission of fraud (e.g. unauthorized changes to payroll data could be made by payroll preparers to overstate their pay checks.</p> <p>1.4 Termination notices are prepared and served; it contains information on nature, terms, amounts of any termination settlement to be paid by the company like pension and other post-retirement benefits.</p> <p>2. Daily time records should be kept for employees paid on hourly/piece-work basis.</p> <p>2.1 Employees may be required to accomplish job time tickets to allocate labor costs to different jobs or production processes.</p> <p>3. All monitoring records or reports are given to supervisors, payroll accounting department and cost accounting.</p> <p>4. Work assignments and schedules are given to employees and evaluations of their performance are eventually made.</p> <p>4.1 The computations of employees' earnings are summarized in a special journal (payroll register). Payroll information is provided to cost accounting for appropriate allocation (cost analysis).</p> <p>5. Payroll distribution is assigned to employee (paymaster) who is not involved in other payroll activities.</p> <p>5.1 A proof of identity is required and signs in the payroll register.</p> <p>5.2 Unclaimed salaries and wages should be promptly recorded and deposited in the bank.</p>	
<b>Function: PERSONNEL</b>	
Control Objectives	Specific Control Procedures

<p>1. Hiring and termination of employees, determination of compensation package, changes in salary rates and payroll deductions should be authorized in writing.</p>	<p>1. Hiring of new employees that meet the selection criteria determined by management should be based on written approval of a designated official</p> <p>2. Compensation rates and payroll deductions should be approved in writing by management.</p> <p>3. Selected payroll amounts should be compared with predetermined control totals to ensure that authorized data are accurately processed</p> <p>Adequate written personnel procedures manual.</p>
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Control Objectives	Specific Control Procedures
<p>1. All payroll disbursements should be properly authorized, should be based recognized on liabilities, accurately prepared, and promptly recorded</p> <p>2. Custody of payroll cash should be limited to authorized personnel</p>	<p>1. Preparation of payroll checks on approved payroll register</p> <p>2. Examining supporting documents before signing payroll checks. Signatories are the same persons who approve and prepare payroll</p> <p>3. Cancellation of supporting documentation to prevent re-use</p> <p>4. Performing bank reconciliation procedures</p>
	<p>5. Limiting access to check signing equipment and signature plates to authorize personnel</p> <p>6. Distribution of pay envelopes should be assigned to paymaster not involved in payroll preparation</p> <p>7. Control and prompt recording of unclaimed salaries by persons other than the payroll preparer</p> <p>8. Adequate written procedures for the payroll distribution.</p>

**PROPERTY ACQUISITIONS AND DISPOSITION**

**CYCLE CONTROL OBJECTIVES**

1. Property additions and disposals should be approved and accurately reported on a timely basis.
  2. All and only property additions and disposals should be properly classified and accurately recorded in the proper accounting period.
  3. Access to property and depreciation records should be permitted only in accordance with management's criteria
- There should be periodic substantiation of the accuracy, completeness, and validity of property record balances.

**ACCESS TO PROPERTY**

Unauthorized person should not be given access to production areas. Moreover, adequate physical safeguards such as physical barriers over production facilities. All property movements should be physically inspected and adequately documented. Property should be insured if necessary.

**CYCLE CONTROL OBJETIVES FOR DEPRECIATION**

Depreciation should be accurately and promptly computed and recorded.

**SPECIFIC CONTROL PROCEDURES FOR DEPRECIATION**

1. Adequate written policies and procedures for determining depreciation methods, estimated useful lives and residual value.
- Periodic testing of depreciation schedules and verification of account codes for posting.

**FINANCIAL AND ACCOUNTING SOFTWARE**

**SPECIFIC CONTROL PROCEDURES**

1. All financial documents shall be prepared using electronic templates with serial numbers customized by the Organization.
  - 1.1. These are circulated using the electronic mail of Organization's accounts or websites.
  - 1.2. Book of accounts are prepared through accounting software.
  - 1.3. Checks are prepared using identified accounting software and signed through scantron.
2. Grants received from funding organizations are received through bank transfers.
  - 2.1. Notifications are mailed to the executive director, president and treasurer.
  - 2.2. Bank statement or passbook accounts shall be updated by the treasurer upon receipt of the fund notification or bank advice.

- 2.2.1. These documents shall be scanned and provide copies for the accounting and president’s office.
- 3. Own source revenues, receipts shall be deposited immediately to the Organization’s bank accounts during the day.
- 3.1. Electronically generated Official Receipts duly registered to the Bureau of Internal Revenue (BIR) shall be provided right on time.
- 3.1.1. Accounting shall scan the hardcopy if electronic templates are not available.
- 4. Payroll software shall be installed separate from accounting software (this is to avoid multi-accessibility).
- 4.1. Preparations are made through software, and electronic signing by responsible officials shall be made.
- 4.2. Payroll hardcopies shall be scanned for comparison in case of computer assisted audit technique.
- 5. Payment advice to the organizations bank shall be electronically forwarded to the bank using organization’s websites with copy furnish to the executive director.

Appendix – C

Tables For Data Presentation:

RESPONDENT CODE	IMC Contribution to the organization in terms of value-Added to Management	Perceived Completeness of the needed Attributes of the Manual Developed for Financial Activities	Perceived Completeness of the needed Attributes of the Software and Hardware for Use in Accounting and Finance	Perceived Completeness of the needed coverage in respect of the Revenue/Receipt Cycle, Purchase/disbursements Cycle, and Payroll Cycle	Perceived completeness of coverage among the visually impaired in terms of the ff: organization policy, accessibility, and user-friendliness of the software and hardware facilities for encryption/translation, and understandability of the proposed Internal Control measures
	Y	(X <sub>1</sub> )	(X <sub>2</sub> )	(X <sub>3</sub> )	(X <sub>4</sub> )
1	0	0	0	0	0
2	0	0	0	0	0
3	0	0	0	0	1
4	0	0	0	0	1
5	0	0	0	0	1
6	0	0	0	0	1
7	1	0	0	0	1
8	1	0	0	0	1
9	1	1	0	0	1
10	1	1	0	1	1
11	1	1	0	1	1
12	1	1	0	1	1
13	1	1	0	1	1
14	1	1	0	1	1
15	1	1	0	1	1
16	1	1	0	1	1
17	1	1	1	1	1
18	1	1	1	1	1
19	1	1	1	1	1
20	1	1	1	1	1
21	1	1	1	1	1
22	1	1	1	1	1
23	1	1	1	1	1
24	1	1	1	1	1
25	1	1	1	1	1
26	1	1	1	1	1
27	1	1	1	1	1
28	1	1	1	1	1
29	1	1	1	1	1
30	1	1	1	1	1
		21/30=70%	17/30=56.67%	21/30=70%	28/30=93.33%

\*Multiple responses