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The Extent of the Management's Commitment to Provide Internal Control Components in Kuwaiti Shareholding Companies

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Abstract

The study aimed to identify the extent of management's commitment to provide internal control components, which include the control environment, risk assessment, control activities, information and communication, monitoring in Kuwaiti shareholding companies, the descriptive and analytical methods were adopted in the study. The study population consisted of all Kuwaiti shareholding companies, with (170) companies, the questionnaire was used to collect primary data from the auditors working in the internal audit departments therein, the number of questionnaires valid for analysis were (165) questionnaires.

The study found that the administrations of Kuwaiti shareholding companies are obligated to provide all components of internal control with a medium degree, and the commitment to provide the information and communication component was high, while the components of risk assessment and the control and control environment were at a medium level of commitment, and finally the control activities component was at the lowest level of commitment, in descending order, respectively.

The study recommended that the departments in Kuwaiti shareholding companies work to review and evaluate the level of availability of internal control components, and work to raise their level to match the modern requirements that must be met in accordance with the general framework of the sponsoring organizations committee.

Introduction

Establishing internal control systems in companies are a basic requirement to ensure that all activities and tasks are implemented effectively, efficiently and economically, however, achieving effective internal control cannot be done without the support of the departments that lead the companies and their commitment to provide the climate and the various necessary requirements, including internal control components in order to guarantee the success of the internal control efforts.

Companies rely on internal control systems and internal audit procedures to verify the proper implementation of their work and achieve their objectives, it is not possible to reach internal control that affects its function in all operations and activities in the company without provide its basic

components to perform its supervisory function in the best way, so there must be a policy adopted by companies' administrations, in order to provide components of internal control (Hazeem, 2020, p.12).

The Committee of Sponsoring Organizations of the Treadway Commission, which is one of the most important organizations in the world, that introduced a modern concept of internal control and its components, has played a vital role in encouraging and motivating organizations to adhere to their instructions and the frameworks that relate to and organize the internal control process in general, its publications also included a presentation of the components of internal control their description, the basis for their implementation in various companies and institutions and the method for applying the internal control system in general.

Study Problem

Despite of many studies that examined the need for companies and organizations to establish effective internal control systems, but the problem related to the need to provide the basic components of internal control still exists, as financial irregularities and accounting errors, whether intended or unintended, still appear in some companies. This refers to the question about the extent of management's commitment to provide internal control components, the study problem can be presented in the following questions:

- What is the extent of the management's commitment to provide the component of the internal control environment in Kuwaiti shareholding companies?
- What is the extent of management's commitment to provide a risk assessment component in Kuwaiti shareholding companies?
- What is the extent of the management's commitment to provide the control activities component in Kuwaiti shareholding companies?
- What is the extent of the management's commitment to provide the information and communication component in the Kuwaiti shareholding companies?
- What is the extent of the management's commitment to provide the monitoring component in the Kuwaiti shareholding companies?

Objectives of the Study

The study aims to achieve its general objective, which is to reveal the extent of management's commitment to provide the components of internal control such as; (internal control environment, risk assessment, control activities, information and communication, in addition to monitoring) in Kuwaiti shareholding companies, and this will attract the attention of managements to evaluate their awareness and role in internal control, so that they can take suitable actions to enhance effectiveness of interaction between components.

Significance of Study

The significance of the study can be highlighted as follows:

- This study is considered an interest to higher departments, audit committees, and departments responsible for implementing internal control work and internal audit activities, as it will improve the perception and knowledge of these departments of internal control by revealing the reality of the availability of internal control components in Kuwaiti shareholding

companies. Internal control in terms of its components will open the way for corporate administrations to enhance weaknesses in these components, which will improve the internal control process and the objectives related to it.

- This study will assess the reality of the internal control components that are provided in Kuwaiti shareholding companies, and thus the possibility of improving and developing their procedures to ensure the implementation of all companies' activities effectively, efficiently and economically, this will lead those companies to achieve financial savings and improve their profitability and competitiveness.

Study Hypotheses

H01: The departments of Kuwaiti shareholding companies not obligated to provide an internal control environment component.

H02: The departments of Kuwaiti shareholding companies not obligated to provide a risk assessment component.

H03: The departments of Kuwaiti shareholding companies not obligated to provide the control activities component.

H04: The departments of Kuwaiti shareholding companies not obligated to provide the information and communication component.

H05: The departments of Kuwaiti shareholding companies not obligated to provide the monitoring component.

Theoretical Framework

In case of commitment to apply the principles of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) report that includes the components of internal control that must be available, the internal control system in companies will be greatly improved, waste in production will be saved, and costs reduced, which helps in strengthening the competitive position of companies (Silmi et al, 2014, p.93). The internal control system can be viewed as the organizational plan and set of means and procedures that are carried out by the persons in charge of the control system or the administration or other employees by designing, implementing and maintaining them in order to protect their assets from misuse, ensuring the achievement of effective performance in implementing the laws and policies specified in advance, in order to achieve the organization's objectives in providing the best results, by taking into consideration the requirements for the effectiveness of the internal control systems from the control environment, control procedures, risk assessment management, and the information and used communications that are directly reflected on the internal auditor's claim (Eazaldeen, 2015, p.32).

Internal Control Components

Control Environment

It is represented in the integrity, ethical values, competence and experience of the internal control staff, which is one of the most important components of internal control. It also includes a set of

internal factors that reflect the internal climate in the entity and the extent of its interest and appreciation for the role of internal control, the elements of the internal control environment represented in the trust and moral values, management philosophy and style, organizational structure, style of delegation of powers and responsibilities, human resources policies, relationship with higher authorities, internal audit unit (Committee of Sponsoring Organizations of the Treadway Commission, 2013).

Risk Assessment

It is the process of analyzing activities and visualizing what may occur to them from events, anticipating the probabilities of risks and assessing their impact on the entity's objectives, and then visualizing the mechanisms and activities that reduce the chances of these risks occurring, and the auditor must obtain sufficient knowledge about the process of the entity's risk assessment to the degree that enables him to understand the way that the management can identify these risks, as they are related to the rapid and continuous growth of new employees and the extent to which the cost is proportional to the outputs of control processes, errors and weak focus on financial transactions, in addition to the analysis of risks that business organizations are exposed to, the management in this process must carefully determine the level of risks to be able to confront it (Karanja, 2017, p.74).

Control Activities

Related to the accuracy in delegating operations and activities to those charged with internal control and the extent of separation between jobs and the actual inventory, etc. It helps to ensure that measures are taken to confront the risks to which the objectives of business organizations are exposed, it includes policies and procedures that help to ensure that management instructions have been implemented, in particular, the control activities related to the review process are the policies and procedures related to performance check and control over the operation of information and the use of indicators performance, physical protection, separation of conflicting functions, process documentation, verification, and matches.

Control

It is an evaluation process that is carried out on a continuous basis to verify that the control activities are working according to what is planned. Assessment of the outputs of internal control on a daily or periodic basis, as well as evaluating employees and legal accountability in the event of delaying the completion of the work assigned to them, it also includes monitoring internal controls in scientific practices and evaluating their effectiveness, the entire operations should be monitored and make adjustments and financial laws introduced as needed (Cohen et al, 2013, p.19).

Information and Communication

It is intended to identify, obtain and exchange information in a manner that enables management to impose control over operations, activities and resources, and is represented in the validity and accuracy of accounting information, deportation and recording of false financial transactions, ensuring the integrity of accounting work procedures. Communication in the internal control system means identifying important information and communicating it to the right person at the right time, it is the process of identifying and communicating the appropriate information appropriately to all

parties in the organization and within a time frame, in order to achieve the objectives of financial reporting (Saidin& Badara, 2013, p.16).

The information and communication consists of the establishment's methods and records for identifying, collecting, analyzing, classifying and recording the transactions of the establishment and exchanging useful information, where the information is considered useful if it is available in a timely manner and sufficiently detailed and suitable for the user, it can be adapted to meet the needs of its users and is able to inform workers of their duties and responsibilities, able to report sensitive matters and issues, able to enable employees to make suggestions for improvement, reach all employees to carry out their responsibilities effectively, and convey the message of senior management that internal control responsibilities are important and should be taken seriously, and the ability to communicate with external parties (Dinapoli, 2017, p.11).

Management and Internal Control

The importance of internal control is that it is the most important pillar of modern management, and it is considered the main tool for the advancement of organizations in order to achieve high levels of efficiency and development in productivity, as the administration is responsible for internal control, and it can respond to this by creating and establishing an environment of control (Lathen, 2016, p.2). The provision of internal control components is considered one of the duties and tasks of the administration, as the management of organizations is responsible for designing and operating the internal control system in all its parts and components. It is assumed that departments focus on the need to ensure the availability of internal control elements, so that they are designed in a way that ensures that all departments perform their functions in an effective manner by providing the appropriate climate for them (Modibbo, 2015,p.140).

It is important for managers to realize that companies must work to provide internal control systems in line with the coso framework, in order to avoid the possibility of fundamental weaknesses in internal control (Frazer, 2012, p.361). The board of directors and audit committees are entrusted with the process of following up and monitoring control activities to ensure the financial reporting process that it is distinguished by its reliability (Almatari, et al, 2014, p.34).

Internal Audit and Internal Control

Internal audit is considered one of the most important functions on which the establishment is based on, and it is: "an independent, objective and consultative activity, designed to increase the value of the enterprise and improve its operations, as it helps it to achieve its objectives through a systematic and disciplined methodology to evaluate and develop the effectiveness of risk management and control, and manage and rationalize operations (Institute of Internal Auditors, 2020).The administrations are concerned with the quality of internal auditing and the appropriate way to manage it and assess its risks; this helps increase control of sound procedures that lead to sound institutional control (Awdat,2015, p.220).

There is a direct relationship between the internal audit and the internal control system, as each seeks to achieve what is required to achieve the objectives, in addition, the internal control relates to the enterprise as a whole, or to any of its operating units or its business functions, while the internal audit is concerned with examining the efficiency and strength of the internal control system (Arens, et al, 2012, p.291).

Study Methodology

The scientific method and procedures were used in the implementation of this research, as it followed the descriptive and analytical approach as it was suitable for preparing this type of research.

Secondary Resources: These resources were represented in all the data obtained through reviewing scientific books, references related to internal control and auditing, reviewing master's theses and scientific articles published in local and international scientific journals.

Primary Resources: The primary resources consisted in developing a model of the questionnaire covering all its variables, as it was prepared based on reviewing the framework of the internal control structure according to (COSO) as it is relevant to the subject of the study.

Study Tool (Questionnaire)

The questionnaire was used to collect data about the extent of the commitment of the departments of Kuwaiti shareholding companies to provide the components of internal control, which include (control environment, risk assessment, control activities, information and communications, monitoring). A questionnaire was divided into fields that include phrases that express the components of internal control, with specific phrases assigned to each component.

The questionnaire was also prepared on the basis of the Likert scale, which consists of five degrees of the answer to determine the degree of the respondent's approval of each paragraph. The response scores were consisted of (strongly agree, 5 points), (agree, 4 degrees), (neutral, 3 degrees) and (disagree, two degrees) and (strongly disagree, one degree). For the interviewee, the arithmetic means were distributed on three levels of importance according to the following equation:

Class length = (highest number relative weight - lowest number relative weight) / significance levels
= $\{(5-1) / 3\} = 1.33$, and based on the result, the arithmetic means are distributed as follow:

The arithmetic means that lie between (1-2.33) represent a low level of significance.

The arithmetic means that lie between (2.34-3.66) represent an average level of significance.

The arithmetic means that lie between (3.67-5) represent a high level of importance.

Content Validity

The validity of the content of the questionnaire that is used in many studies was measured with the aim of ensuring that the fields and dimensions of the study are directly related to the objectives of the study, and to verify this, the (Cronbach Alpha) coefficient test for internal consistency was performed, where the (Cronbach Alpha) coefficient was extracted for the internal consistency of all the study measures, where it appeared, and as shown in Table No. (1), that the values of stability coefficients (Cronbach Alpha) for dimensions and fields of study ranged between the values of stability coefficients for the fields between (0.730-0.779), all of which are high values, acceptable for the purposes of application.

Table No. (1): Stability Coefficients (Cronbach Alpha) Departmental Provision for Internal Control Components

The Field	Dimension	Cronbach Alpha
Internal Control Components	Control Environment	0.730
	Risk Assessment	0.762
	Control Activities	0.890
	Information and Communication	0.784
	Control	0.755
	The Field of Internal Control as a whole	0.779

Study Population

The researchers used the comprehensive enumeration method for the study population, where the study population consisted of all the Kuwaiti shareholding companies, with a number of (170). The questionnaire was distributed to the internal auditors working in the internal audit departments in those companies as a unit or a single survey. The number of distributed questionnaires reached (181) questionnaires, (170) were retrieved, and the number of questionnaires valid for analysis reached (165) questionnaires.

Statistical Results

Based on the data obtained through the study questionnaire and to reveal the extent of the management's commitment to provide internal control components in Kuwaiti shareholding companies, appropriate statistical analyses were made as follows:

Internal Control Components

Arithmetic means were extracted for the respondents' answers about the sub-dimensions of the departments' commitment to provide internal control components in Kuwaiti shareholding companies. Table No. (2) illustrates this.

Table (2): Departments' provision of the Internal Control Components with their sub-dimensions Arranged in Descending Order According to the Arithmetic Mean

Rank	Number	Component	Mean	Assessment Level
1	4	Information and Communication	3.87	High
2	2	Risk Assessment	3.26	medium
3	1	Control Environment	3.20	medium
4	5	Control	3.22	medium
5	3	Control Activities	3.19	medium
The Field of Internal Control as a whole			3.35	medium

Table No. (2) shows that the general level of commitment of the departments of Kuwaiti shareholding companies was medium, whereas, the arithmetic mean of the respondents' answers about the field of internal control as a whole was (3.35), and the results also showed that the arithmetic means of the respondents' answers regarding providing the sub-dimensions of the field of internal control ranged between (2.19 -3.87), where the "information and communication" component came in first place, with an arithmetic mean of (3.87) with a high evaluation level, and in the second place was "risk assessment" component with an arithmetic mean of (3.26) with a medium evaluation level, and in the third place was "control environment" component came with an arithmetic mean of (3.20) with a medium evaluation level, and in the fourth place, a component "Control" with an arithmetic mean of (3.22) with a medium evaluation level, and finally "control activities" component came in the fifth and last place with an arithmetic mean (3.19) with a low evaluation level.

In order to identify in detail the level of departments' provision of internal control components in Kuwaiti shareholding companies, the researchers extracted the arithmetic means and standard deviations of the respondents' answers regarding the provision of management for each component of internal control separately, as follows:

The First Component: Control Environment

Table (3): Control Environment

Rank	Number	Paragraph	Mean	SD	Assessment Level
1	1	Code of Business Conduct document is available	3.66	0.82	medium
2	2	The qualifications that must be met to implement the internal control work are determined with the required efficiency	3.62	0.72	medium
3	5	The senior management supports the independence of internal control	3.58	0.71	medium
4	7	The internal control department is linked to the highest level within the organizational structure	3.46	0.73	medium
5	9	There are technical courses that must be passed in order to achieve development and develop the capabilities of internal auditors	3.45	0.72	medium
6	6	The organizational structure clearly shows the control functions of the internal control department	2.85	0.35	medium
7	8	There is fairness, transparency and objectivity in the procedures for appointing internal auditors	2.78	0.43	medium
8	4	The control tasks are assigned to the internal auditors according to the nature of their	2.74	0.47	medium

		qualifications, professionalism, and specializations			
9	3	There are instructions urging the preservation of the reputation and dignity of the Supervision Department	2.72	0.50	medium
Control Environment as a whole				3.20	medium

Table No. (3) shows that the arithmetic means of the answers of the respondents to the paragraphs of the control environment component ranged between (2.72 -3.66), with an average evaluation level for all the paragraphs, where paragraph (1) came on the first place which stipulated: “A document is available that includes code rules for professional behavior”, while paragraph (3) ranked last, which stipulated: “ There are instructions urging the preservation of the reputation and dignity of the Supervision Department”. The arithmetic mean of the component as a whole was (3.20), with an average evaluation level.

Component Two: Risk Assessment

Table (4): Risk Assessment

Rank	Number	Paragraph	Mean	SD	Assessment Level
1	8	The company follows procedures to ensure delivery of information in time to decision-makers about any transgressions with a material impact and the necessary measures to address these violations and follow up their implementation.	4.15	0.84	High
2	5	The internal control is characterized by a comprehensive analysis and assessment of risks to include financial, operational, competitors and other risks	4.00	1.01	High
3	1	Internal control examinations include an analysis of current and future risks	3.65	084	medium
4	3	The risks that may be encountered due to the constraints and gaps that may be associated with the accounting systems are evaluated	3.62	089	medium
5	2	Control management gives alternatives to try to reduce the severity of the risks to acceptable levels.	3.00	041	medium
6	6	The necessary internal arrangements are in place to manage and control all risks arising from all company operations	2.64	0.48	medium
7	4	The factors that may increase your risk of failure to achieve previous goals are examined and identified	2.61	0.49	medium

8	7	There is a regular evaluation of risk management procedures and policies and their limits in light of the severity of the problems that may arise, in addition to the company's strategy and market developments	2.44	0.49	medium
Risk Assessment as a whole				3.26	medium

It appears from Table (4) that the arithmetic means of the answers of the respondents to the paragraphs of the risk assessment component ranged between (2.44 -4.15), as paragraph (8) ranked in first place, which stipulated: "The company follows procedures to ensure timely delivery of information to decision-makers about any transgressions with a material impact and the necessary steps to address these violations and follow up their implementation" a high level of evaluation, while paragraph (7) was ranked last, which stipulated:" There is a regular evaluation of risk management procedures and policies and their limits in light of the severity of the problems that may arise, the company's strategy and market developments" with a medium evaluation level, and the arithmetic mean of the component as a whole reached (3.26) with a medium evaluation level.

Component Three: Control Activities

Table (5): Control Activities

Rank	Number	Paragraph	Mean	SD	Assessment Level
1	4	The internal control process includes the implementation of procedures and activities to ensure that the implemented operations conform to the financial and legal regulations and systems	4.2	0.48	High
2	5	Activities include operating control and quality control procedures	4.11	0.60	medium
3	1	Policies and procedures are followed that lead to reasonable assurance about the objectives of internal control	3.82	0.37	medium
4	2	Internal control activities include monitoring of the risk management business to ensure its effectiveness	2.93	0.87	medium
5	3	There are supervisory measures imposed on the financial reporting process to ensure its reliability	2.20	0.92	Low
6	6	The financial ratios necessary to link and compare with the results of the control examinations are analyzed and extracted	2.16	0.91	Low
Control activities as a whole				3.19	medium

Table (5) shows that the arithmetic means of the answers of the respondents to the paragraphs of the control activities component that ranged between (2.16 - 4.20), as paragraph (4) ranked in first place, which stipulated: "The internal control process includes the implementation of procedures and activities to ensure that the implemented operations conform to the financial and legal regulations and systems" with an average evaluation level, while paragraph. (7) was ranked in the final rank, which stipulated:" The financial ratios necessary to link and compare with the results of the control examinations are analyzed and extracted" with a low evaluation level with a medium rating level.

The Fourth Component: Information and Communication

Table (6): Information and Communication

Rank	Number	Paragraph	Mean	SD	Assessment Level
1	1	Relevant information that is collected and identified should be subject to internal control checks and controls	4.68	0.61	High
2	4	Information necessary for financial operations is available to link them and ensure that the related assets are identified	4.51	0.59	High
3	6	There are open communication channels between the Internal Control Department and senior management allowing for reports of officials' irregularities	4.11	0.77	High
4	2	There is an adequate communication system to allow the information to be audited and the internal control department to obtain what it needs to carry out its activities	3.41	0.72	medium
5	5	The validity of the documentary cycle and the flow of information between departments and according to activities are verified to ensure the correct recording of operations	3.29	0.85	medium
6	3	Ensure that the company's financial operations are identified, compiled, classified, analyzed and reported in a way that can achieve control over them	3.25	0.88	medium
Information and communication as a whole				3.87	High

Table (6) shows that the arithmetic means of the respondents' answers to the information and communication component paragraphs were ranged between (3.25 -4.68), where paragraph (1) ranked in first place, which stipulated:" Relevant information that is collected and identified should be subject to internal control checks and controls" with a high level of evaluation, while paragraph (3) ranked last, and it stipulated:" There are open communication channels between the Internal Control Department and senior management allowing for reports of officials' irregularities" at a medium evaluation level, and the arithmetic mean of the component as a whole reached (3.87) with a high rating.

The Fifth Component: Control

Table (7): Control

Rank	Number	Paragraph	Mean	SD	Assessment Level
1	2	The internal control components are strengthened when the potential risks related to internal control increase	4.11	0.66	High
2	4	Reports of internal auditors are reviewed for deviations and irregularities that occur every period	3.90	0.81	High
3	6	The external auditor's report and his observations and reservations, if any, are studied	3.80	0.82	High
4	5	The reports of bodies related to the company's activity are examined and reviewed and their observations were analyzed	3.66	0.77	medium
5	1	There is a continuous monitoring and evaluation process for the components of the internal control system	2.67	0.59	medium
6	7	There is a system to verify employee complaints and feedback	2.63	0.57	medium
7	8	Customers' comments, and complaints about their financial and non-financial matters are followed up	2.55	0.61	medium
8	3	There is an ongoing internal control evaluation process and the evaluation process repeated is based on the previous evaluation	2.45	0.42	medium
Observation as a whole				3.22	medium

Table (7) shows that the arithmetic means of the answers of the respondents to the paragraphs of the monitoring component ranged between (2.45-4.11), where paragraph (2) was ranked the first place, it stipulated: "The internal control components are strengthened when the potential risks related to internal control increase" with a high evaluation level, while paragraph (3) ranked last, which stipulated: "There is an ongoing internal control evaluation process and the evaluation process repeated is based on the previous evaluation" with a medium evaluation level, and the arithmetic mean of the component as a whole was (3.22) Average rating.

Hypothesis Testing

The (T) test was used to test the hypotheses of the study. The results of the hypothesis test are presented below.

H01: The administrations of Kuwaiti shareholding companies are not obligated to provide an internal control environment component.

Table (8)

Hypothesis field	mean	SD	T	SIG
Internal control environment	3.20	0.60	13.33	0.00

This hypothesis was examined from the implementation of the (T) test, where the calculated value of (T) reached (13.33) and the tabular value of (T) was (1.96), and in accordance with the decision rule, if the calculated value of (T) is greater than the tabular value, then it will reject the hypothesis in the negative form and accepts the alternative hypothesis. Accordingly, it is concluded that the administrations of the Kuwaiti shareholding companies are committed to provide an internal control environment component.

H02: The departments of Kuwaiti shareholding companies are not obligated to provide the risk assessment component.

Table (9)

Hypothesis field	mean	SD	T	SIG
Risk assessment	3.26	0.65	4.9	0.00

This hypothesis was examined from the implementation of the (T) test, where the calculated value of (T) reached (4.9) and the tabular value of (T) was (1.96), and in accordance with the decision rule, if the calculated value of (T) is greater than the tabular value, then it will rejects the hypothesis in the negation form and accepts the alternative hypothesis. Accordingly, it is concluded that the administrations of the Kuwaiti shareholding companies are obligated to provide a risk assessment component.

H03: The administrations of Kuwaiti shareholding companies are not obligated to provide the control activities component.

Table (10)

Hypothesis field	mean	SD	T	SIG
Control Activities	3.19	0.7	12.47	0.00

This hypothesis was examined from the implementation of the (T) test, where the calculated value of (T) reached (12.47) and the tabular value of (T) was (1.96), and in accordance with the decision rule, if the calculated value of (T) is greater than the tabular value, then it will reject the hypothesis in the negative form and accepts the alternative hypothesis, Accordingly, it is concluded that the administrations of the Kuwaiti shareholding companies are committed to provide the control activities component.

H04: The administrations of the Kuwaiti shareholding companies are not obligated to provide the information and communication component.

Table (11)

Hypothesis field	mean	SD	T	SIG
Information and Communication	3.87	0.71	15	0.00

This hypothesis was examined from the implementation of the (T) test, where the calculated value of (T) reached (15) and the tabular value of (T) was (1.96), and in accordance with the decision rule, if the calculated value of (T) is greater than the tabular value, then it will reject the hypothesis in the negative form and accepts the alternative hypothesis. Accordingly, it is concluded that the administrations of the Kuwaiti shareholding companies are obligated to provide the information and communication component.

H05: The administrations of the Kuwaiti shareholding companies are not obligated to provide the monitoring component.

Table (12)

Hypothesis field	mean	SD	T	SIG
Control	3.22	0.69	5.01	0.00

This hypothesis was examined from the implementation of the (T) test, where the calculated value of (T) reached (5.01) and the tabular value of (T) was (1.96), and in accordance with the decision rule, if the calculated value of (T) is greater than the tabular value, then it will reject the hypothesis in the negation form and accepts the alternative hypothesis. Accordingly, it is concluded that the administrations of the Kuwaiti shareholding companies are obligated to provide the monitoring component.

Findings and Recommendations

Results

The study showed that the departments in Kuwaiti shareholding companies are obligated to provide the components of internal control as a whole to a medium degree, while there was a variation in the level of the departments' commitment to provide each component separately, as the commitment to provide the information and communication component was high, while the components of risk assessment and the control and monitoring environment were with a medium level of commitment, and finally the control activities component with the lowest degree of commitment was available, in descending order.

The researchers believes that the internal auditors have arranged the information and communication component in the first place with a high availability rating, and it may be due to the existence of open communication channels between the internal control department and higher management that ensures the adoption of the proposals and recommendations of the audit and internal control units about errors and the method of preventing their occurrence, and the awareness of the internal auditors of the nature and quality of the information that they are required by their examination and easily obtainable from the various departments.

The researchers believes that some control activities have been provided at the lowest level within the average level, and it may be due to the fact that internal control systems do not include programs that help internal auditors in implementing control checks that rely on the use of advanced statistical methods, and the inability to analyze and extract the financial ratios necessary to link and compare the supervisory examinations results, and it may not have the powers or that it is not among the tasks of the internal auditors monitoring of the method of work of risk management to ensure its effectiveness.

In general, there is low obligation to provide internal control components in Kuwaiti shareholding companies; where it was not of a high degree, it indicates insufficient follow-up and implementation by departments on the concepts and developments that took place in the field of internal control components and the importance of their availability.

This research reveals the extent of management's commitment to provide internal control components, which give reasonable contribution for researchers in studying and solving organizational critical issues associated with internal control components, and reinforce the context of informational theoretical frameworks concerning internal control systems, which will help in diagnosing the internal control requirements to be effective.

Recommendations

- Urging the departments in Kuwaiti shareholding companies to work on reviewing and evaluating the level of availability of internal control components, and working to raise their level to match the modern requirements that must be met in accordance with the general framework of the Committee of Sponsoring Organizations.
- Urging the departments in Kuwaiti shareholding companies to work on reviewing and evaluating the level of availability - for the Internal Audit and Control Department to encourage internal auditors to submit proposals that improve the perception of higher departments in Kuwaiti shareholding companies of the importance of providing internal control components and introducing the benefits they provide to companies.
- The higher managements provide the necessary requirements in terms of logistical support, such as computer technology, as an aid to enhance the provision of internal control components.

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