INTERNAL CONTROL AND PROCUREMENT OF GOODS AND SERVICES IN A PERUVIAN MUNICIPALITY

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ABSTRACT

Purpose: The general objective was to determine the relationship between internal control and the acquisition of goods and services under eight tax units in a Peruvian municipality.

Theoretical framework: The information previously studied by several authors and the contribution made visible in the findings of this work will allow future researchers to obtain the best possible understanding of the subject in question.

Design/methodology/approach: A basic, non-experimental, cross-sectional, descriptive-correlational research study was used; the population and the sample consisted of 50 workers of a municipality; in addition, the survey technique was used and the instrument was the questionnaire.

Findings: Internal control was found to be 90% deficient, while the acquisition of goods and services was found to be 94% deficient; in addition, a p=0.000<0.05 was obtained, allowing the acceptance of the alternative hypothesis and Rho=88%, showing that internal control and the acquisition of goods and services have a very strong positive correlation. It can be observed that internal control is 90% deficient, as well as the minimum technical requirements, contractual compliance and inspection mechanisms are deficient. On the other hand, the acquisition of goods and services reached 94% in the deficient level, and it is also observed that the improvement of selection processes (92%), the adequate execution of contracts (90%) and the annual contracting programming process (84%) are deficient.

Research, Practical & Social implications: It is concluded that as long as the internal control office follows all inspection mechanisms, reviews contracts to ensure that they meet minimum technical requirements and ensures that all contractual obligations are fully complied with, the process, selection and procurement of goods and services will run smoothly, furthermore, as
long as all inspection procedures are followed at the appropriate times, the procurement of goods and services will be effective.

Originality/value: In this work we studied the prior and subsequent mechanisms that should be considered in internal control since this allows minimizing the risks of misappropriation of funds in the acquisition of goods and services in the public sector.

Keywords: control, service, contracting, entity, management, inspection.

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CONTROLE INTERNO E AQUISIÇÃO DE BENS E SERVIÇOS EM UM MUNICÍPIO PERUANO

RESUMO

Objetivo: O objetivo geral foi determinar a relação entre o controle interno e a aquisição de bens e serviços em oito unidades fiscais de um município peruano.

Quadro teórico: As informações previamente estudadas por diversos autores e a contribuição visível nos resultados deste trabalho permitirão que futuros pesquisadores obtenham a melhor compreensão possível do assunto em questão.

Projeto/metodologia/abordagem: Foi utilizado um estudo de pesquisa básica, não experimental, transversal, descritivo-correlacional; a população e a amostra foram compostas por 50 trabalhadores de um município; além disso, foi utilizada a técnica de pesquisa e o instrumento foi o questionário.

Resultados: O controle interno foi considerado deficiente em 90%, enquanto a aquisição de bens e serviços foi considerada deficiente em 94%; além disso, foi obtido um p=0,000<0,05, permitindo a aceitação da hipótese alternativa e Rho=88%, mostrando que o controle interno e a aquisição de bens e serviços têm uma correlação positiva muito forte. Observa-se que o controle interno é deficiente em 90%, assim como os requisitos técnicos mínimos, o cumprimento contratual e os mecanismos de inspeção são deficientes. Por outro lado, a aquisição de bens e serviços atingiu 94% no nível deficiente, e também se observa que a melhoria dos processos de seleção (92%), a execução adequada dos contratos (90%) e o processo de programação anual de contratações (84%) são deficientes.

Implicações sociais, práticas e de pesquisa: Conclui-se que, desde que o escritório de controle interno siga todos os mecanismos de inspeção, revise os contratos para garantir que eles atendam aos requisitos técnicos mínimos e assegure que todas as obrigações contratuais sejam totalmente cumpridas, o processo, a seleção e a aquisição de bens e serviços ocorrerão sem problemas; além disso, desde que todos os procedimentos de inspeção sejam seguidos nos momentos apropriados, a aquisição de bens e serviços será eficaz.

Originalidade/valor: Neste trabalho, estudamos os mecanismos prévios e posteriores que devem ser considerados no controle interno, pois isso permite minimizar os riscos de apropriação indevida de fundos na aquisição de bens e serviços no setor público.

Palavras-chave: controle, serviço, contratação, entidade, gestão, fiscalização.
1 INTRODUCTION

In order for local governments to cover the daily work in each of the subsidiaries, they must create a table of needs containing the goods, services and work requested for the entity to meet the objectives and activities programmed for each year, they must be aligned with the Institution's Operational Plan, in order to process the Annual Contracts Plan, and they must be completed in the formulation and budget phase for the following year (Putra et al. 2021).

In North America, complex situations were evidenced in the estimation of costs in procurement and purchases by some government entities, where they do not evaluate all the characteristics of the proforma presented by the suppliers, but decided to hire the one that presents the highest cost in the goods and services offered, thinking that because it is more expensive it is of higher quality, being one of the factors that has been generating financial problems to these entities (Trejo et al. 2021).

In the same vein, Wang (2018) revealed that the methods used by government entities in the purchase of minor goods have a unilateral nature and even deviation, which affects the objectivity and applicability of the evaluation of internal control. Likewise, in Mexico, electronic government was implemented with the purpose of simplifying processes and gaining transparency in all budgetary executions with respect to acquisitions and minor purchases, but they forgot to create concise rules to reduce corruption, they also neglected to develop a legal framework that requires authorities to hire qualified personnel for the management of electronic systems, these situations have become an affliction for the comptroller of this nation. (Ortega, 2021).

The problem lies in the fact that the elected authorities in the localities do not know how to spend those economic resources, making partisan and political decisions, allowing to evidence high levels of corruption, being directly affected the citizens, because those resources are not used efficiently (Cordero, 2019). Peruvian legislation does not contemplate exemplary sanctions for officials and authorities who commit crimes and corruption is evidenced in acquisitions and purchases under 8 UITS that threatens the activities and vulnerable people in this country (Asca et al. 2020).

It has been demonstrated in the local context that lack of familiarity with internal control mechanisms has led to significant deficiencies in the procurement and logistics operations of the public sector organization, as department managers routinely respond to requests for supplies and services long after their due date. For these reasons, it was

decided to conduct research on this variable to determine what constraints have led to a delay in meeting customer needs.

This work is theoretically grounded in the existing body of knowledge in the field of academia and science related to internal control and procurement of goods and services below 8 UITS and, in doing so, will contribute knowledge to those who wish to gain a deeper understanding of the subject. Because the findings will help workers, officials, and authorities to identify the constraints that have caused problems with smaller purchases and procurement in the municipality, this study has practical value and is justified. In terms of methodological value, this study is justified because the findings, conclusions, and recommendations derived will help future researchers who choose to study this variable by providing a solid foundation on which to build, facilitating more informed discussion and comparisons of results.

The general objective was to determine the relationship between internal control and the acquisition of goods and services of less than eight tax units in a municipality of Peru. As a research hypothesis it was considered: The relationship is significant and direct between internal control and the acquisition of goods and services of less than eight tax units in a Peruvian municipality.

2 LITERATURE REVIEW

Capuzzo et al. (2022) demonstrated that, based on an analysis of equipment variation in terms of increased purchases, subsequent installations and tests performed compared to the pre-pandemic period, we report the difficulties that hospitals faced in the first phase of the pandemic and how they were able to respond to their needs. In addition, Kalsum (2021) found that the environment and procurement systems and procedures have a positive and significant effect on the willingness to commit fraud in the procurement of goods and services.

At the same time, Lima et al. (2021) noted that, despite the differences between the institutional objectives of each organization, the allocation of Covid-19 resources was harmonious, according to the results. The procurement costs associated with Covid-19 are high due to the loosening of restrictions under Law 13,979/2020, suggesting that uncertainty in the external environment is critical to revising an agency's guidelines and aligning its objectives. Similarly, Ascanio (2021) demonstrated that one of these guidelines, 2014/24/EU53, will be discussed for its generality and relevance to public
contracts. It aims to assess the rules adjustable to the procurement schedules of procuring entities in relation to public contracts and based on the general principles of equality and transparency.

Also, Barrera (2021) demonstrated that the system for managing public procurement and purchases has not been effective, which is the reason for the increase in inefficiency in government entities, harming their employees and all citizens. Likewise, Mazibuko (2020) pointed out that, in some cases, suppliers failed to deliver goods after appointment, which occurred in 1% to 4% of departments, worth R2.2 billion, furthermore, South African government entities have been using unethical procurement practices in the initial phase of contracting, causing huge problems for the state and citizens.

In contrast, Glen (2020) showed in part that internal control deficiencies are related to lower profitability. This study could be further developed using the entire population of S&P 500 companies as a sample set, also, that these variables maintain a high positive correlation (Pearson=0.765). In addition, Caira (2022) as it proposed an effective internal control model for the improvement of the process of procurement of goods and contracting of services, which will help efficient decision making, reduce the risk of official corruption, achieve the objectives set by the company.

Likewise, Caballero (2021) because the research found that the internal control variable has a significant influence on the goods and services contracting variable. Similarly, the internal control variable causes a 46.7% change in the goods and services contracting variable. In contrast, Pelaez (2021) found that there is a significant relationship between the internal control of goods and services of the regional government and the contracting process, and the Spearman correlation coefficient Rho=0.911 shows a very high positive correlation (p < 0.01), in addition, that internal controls are at normal levels and the process of contracting goods and services is at normal levels, according to 80% of workers, at 65.5%.

Internal control was considered to the neoclassical approach where Drucker (1954) developed this theory from a methodological point of view. Consider the distinction between formal and informal organization. According to Drucker, an organization is a social system with rational objectives to be met. This theory adds to the classical concepts of structure, authority and responsibility by assigning them a high hierarchy.
Neoclassical theory is characterized by a strong analysis of the practical aspects of management, through pragmatism and the search for concrete and tangible results, it is less concerned with the theoretical concepts of management. Neoclassical writers sought to develop their concepts in a practical and usable way, with the idea that "theory is only valuable when it operates in practice." (Drucker, 1954).

This theory is of vital importance for internal control since it explains that each employee must know exactly his or her functions and responsibilities and, above all, must know that the organization is committed to using, recording, and controlling all the information in an adequate manner that will allow the entity to achieve its objectives.

Contingency theory where Quiroa (2020) points out that the management of an organization cannot be done in a uniform way. Each organization operates differently. Therefore, the success of the application of management technology will depend on the internal and external environment of everyone. Specifically, it is based that one cannot speak absolutely in administrative matters. Therefore, the application of the same technology may produce different results in each company. For the contingency theory approach, everything is relative. Management techniques are always linked to the internal and external environment of the company.

Internal control for Loishyn et al. (2019) is a method used by management and staff of other entities to provide a sensible level of assurance in order to acquire the following categories of objectives, being necessary that inspection mechanisms are properly used, that minimum technical inspection requirements are verified, and that contractual compliance is verified through inspection.

It is also a connecting network through which the performance of a company is monitored to ensure its proper performance in the future (Mirnenko et al. 2020). In addition, it is a financial and operational management of the company aimed at gaining benefits from its performance (Tariq & Maryanti, 2021).

Also, that it is a coordinated plan and other means by the company to ensure the security of assets, verify the coverage and reliability of data, improve efficiency, and ensure the established management policies (Ma et al. 2022). In addition, it is one of the management methods to ensure the safety and normal development of the company's assets (Hu, 2019).

The dimensions considered in internal control according to Loishyn et al. (2019) are inspection mechanisms, minimum technical inspection requirements and contractual
compliance through inspection. The inspection mechanisms where Loishyn et al. (2019), reveal that they are those procedures that allow to identify, measure, manage, control, and maintain an internal communication of all identified risks. It is also based on a cross-cutting risk management approach that covers the entire organization and is reflected in a risk management culture fostered and promoted by the Board of Directors and transmitted to all levels (Li et al. 2020).

It is made up of internal control systems, external control systems and the organization's self-control (Turgaeva et al. 2020). The internal control system involves the participation of all organizational units, each with its own set of roles and responsibilities (Gal & Akisik, 2019). This admits testifying the achievement of management objectives, which are linked to control objectives, maintaining the separation of functions dedicated to operational activities and control structures (Chang et al. 2020).

The evaluation of contracting and acquisitions, which according to Delphine (2021) is that control that is made of all the techniques of choice for the entity to acquire goods or services for its proper functioning.

The consequences and verification of the selection bases, which according to Xu et al. (2021) reveal that they are the aftermath generated by a matching and selection system must be supported by some standard or criteria. This is determined by the requirements of the open position; therefore, the first step is to gather information about the position. Proper scheduling, which is the efficiency achieved in all processes of the activities to be performed by the institution (Enjuto et al. 2021).

The minimum technical inspection requirements according to Loishyn et al. (2019) reveal that it refers to faithful compliance with the terms of reference, as this prevents the entity from making administrative errors that could lead to multiple audits by the national control body. Authenticity must always be maintained in each of the steps it performs in the processes, such as in the execution of expenditures, and it must make a proper evaluation (Gunn et al. 2020). The technical requirements where Fazekas and Czibik (2021) reveal what are the technical requirements that must be met to complete a project successfully. It pertains to performance, reliability, and availability. Authenticity according to Jahani et al. (2021) mention that it is the truth of the data published by the authorities where it demonstrates the level of commitment and responsibility in their job functions.
Expenditure execution according to Mukilan et al. (2021) are the authorized budget appropriations, is the process by which expenditure obligations are met to finance the provision of public goods and services and, in turn, achieve results. Timely evaluation, according to Mukilan et al. (2021) are the actions taken at an exact time allowing the organization to evidence risks in advance. Contractual compliance through inspection, according to Loishyn et al. (2019) reveal that it refers to the fact that all the necessary clauses must be provided to the test all the administrative and legal part, because this allows a prior control of purchases and procurements of public goods and services.

The contract clauses where Mukilan et al. (2021) state that it is a part of the contract that contains the terms governing its operation. Each of the provisions that make up a contract or other legal document is a clause. Purchase control, according to Mukilan et al. (2021) is a plan that allows us to keep our company's purchases on track. For the procurement of goods and services, the approach considered is the theory of transparency of Zahariah (2017) reveals that transparency is a term of extreme actuality whose expansion, is due, in large part, to the development and generalization of representative democracy, being associated by to the consolidation of democracy and the settlement of democracy.

However, not all the countries that make up the European Union have an equivalent relationship and/or relationship between democracy and the right of access to public information (Maren et al. 2020). An example is Spain, United Kingdom, Germany, and Switzerland, which passed the transparency law very late. When these things happen, they inevitably make us crazy, unbearable and divert our attention to the little things that have become big problems for us. This is because our inner state always becomes a wall where all these manifestations collide, i.e., we resist them because they annoy and disturb us (Heyes & Luc, 2020).

This theory distinguishes five different types of responses to institutional pressures. Organizations can fully comply with pressures (acquiesce), they can partially comply and negotiate with stakeholders (compromise), they can avoid pressures by preventing the need for compliance, they can actively refuse (defy) and, finally, they can actively change or exert power over institutional pressures (Ruijer et al. 2020).

According to Batista et al. (2021), communication and risk assessment refer to the data and information uploaded by the authorities to the entity's web pages and portals. It is the publication of information in easily accessible places for citizens, this is carried out
with the purpose of providing information on all acquisitions and purchases of minor amounts that have been carried out, so that citizens know how public resources are being used, since this measure allows maintaining transparency of all expenditures made for the benefit of all citizens. (Echevarria & Taipe, 2020).

Likewise, risk assessment, according to Batista et al. (2021) is responsible for identifying the risk at appropriate times, allowing to maintain an accurate control of the frequency of occurrence. Likewise, it is the estimation of the possible problems that may occur in the organization allowing to avoid high levels of corruption, embezzlement of funds, execution of works without positive social impact, purchases of goods and services that are not necessary (Echevarria & Taipe, 2020).

The framework agreement is the set of rules for contracting one or several suppliers that offer goods or services of common use, the contract can last a maximum of four years (Reig, 2017). On the other hand, the mediation minutes is a document that expresses the wishes of the parties during the mediation process and must be sent to the OSCE (Poder Ejecutivo, 2021). In addition, simplified awarding, is a selection procedure for the execution of goods, services (other than those provided by personal advisors) and works who’s estimated or reference value (as applicable) is within the limits determined by the public sector budget law (Peru Compras, 2021).

Acquisitions of financial assets are financial expenditures made by public institutions to grant loans, acquire securities, purchase shares, and acquire shareholders' capital (Executive Branch, 2021). With respect to the concept of purchases, it refers to the input that is needed in the entity so that its members can execute their work activities in the best possible way (Rezzoagli, 2016). Procurement, on the other hand, is the process where it proceeds to contract the services or acquire the goods that a certain supplier delivers to the entity, being necessary to issue a purchase disposition and that the payment is admitted by the institution (Westreicher, 2021).

Procurement is a procedure where the entity acquires from one or several suppliers’ goods or services that allow the adequate development of the activities that are executed in the institution (Lambretón et al. 2020). The acquisition of goods and services are those administrative and logistical processes carried out by an entity to purchase certain goods or contract different services to cover some need or urgency of its organization (Tiwary et al. 2020).
It is an active procedure through which the state of the time carries out the procurement of goods, services, works and consultancies in accordance with the administrative, technical and legal amounts required by the various subsidiaries of the member entities, having to comply with the annual programming processes of contracting, improve the selection processes and maintain an adequate execution of contracts since this accesses to achieve the goals and objectives of the entity. (Medina, 2019)

The dimensions considered are three: "the annual procurement programming process, the improvement of selection processes and the adequate execution of contracts" (Ruiz et al. 2020). The annual contracting programming process, where Ruiz et al. (2020) state that it is a logistics management tool that integrates goods, services and engineering requirements, whose selection process will be carried out during the fiscal year. The amount executed for the current year must be foreseen in the agency's budget. In addition, it forms the management tool for the planning, execution and evaluation of contracts, in conjunction with the entity's institutional operational plan and the institutional budget (Medina, 2019).

The operation of the budget, which is an operating budget is a general plan of activities that reflects all the financial information of the operating parts of a company, is directly related to all the departments that make up an organization, especially the finance department (Khoso et al. 2021). Compliance with (PAC), according to Nieves and Rojas (2022) is the result achieved by the entity of the management document. The modifications of (PAC) that according to Nieves and Rojas (2022) are those changes that the authorities made in the planning, execution, and evaluation of all procurement processes of goods or services.

According to Ruiz et al. (2020), selection process improvement is based on determining which standards are effective, which process to start with and the level of importance of each standard for the organization in the current era and conditions. It is the result of an organization's ongoing daily efforts to apply process management tools within the organization. Procurement of goods is said to be a simple procurement method used to acquire goods and services that have a technical fix and are in the State Inventory of Goods and Services (Bosio et al. 2022).

The minimum documents according to Bosio et al. (2022) are the necessary and mandatory requirements that the entity must consider before proceeding to sign a contract.
with a supplier. The proper execution of contracts according to Ruiz et al. (2020) state that, to carry out the object of the contract, each party must comply or fulfill all the obligations agreed upon during the contract term. It is carried out in strict accordance with the obligations assumed. For these reasons, it is critical to consider all the legal lines that exist to ensure that there are no loopholes that allow one of the parties to take advantage of the situation, because these situations often result in administrative and legal conflicts.

The application of penalties that according to Bosio et al. (2022) are those monetary sanctions that are applied when one of the parties to the contract fails to comply with one or more clauses of the written agreement. The absence of internal control, which is the lack of inspection by the party or parties responsible for carrying out the control and evaluation of all activities carried out in the organization (Bosio et al. 2022).

Contractual execution where Bosio et al. (2022) reveal that it is the stage where the entity and the successful bidder fulfill their obligations. The first obligation they must fulfill is to perfect the contract. And the last item is the reception and approval of terms and subsequent payment.

3 DATA AND METHODOLOGY

On this occasion it was decided to use a basic type of research, since its purpose was to increase the researcher's scientific knowledge. Thus, CONCYTEC (2018) reveals that it is one that begins with a theoretical framework and never leaves it. The objective of this research is to increase our knowledge of science, without ever relating it to any practical application.

Also, a non-experimental research design was considered because the internal control variable will not be deliberately conducted. This type of design is based on the period in which the data were collected (Puican et al., 2023). Likewise, it was cross-sectional because this work was only applied at a single point in time. Since it possesses the objective of collecting data at a single point in time, it is to narrate the variables and their interrelated incidence at a given point in time (Puican et al., 2023).

At the same time, it was correlational because it measured the link between internal control and the acquisition of goods and services under 8 UITs. According to Vásquez (2020) reveals that, in these studies, we are interested in describing or clarifying the relationship between the most important variables using construct coefficients. According to Naupas et al. (2014) they indicate that it consists of everything that
conforms to a given set of specifications. For this occasion, 50 workers of a public entity in Peru have been considered.

The survey was used as a data collection technique, where Naupas et al. (2014) indicate that it consists of a group of questions about the variables under study. Likewise, it was considered to use as a data collection instrument the questionnaire that was composed of 20 items, 10 for each variable that were validated by three experts reaching favorable results. Likewise, Cronbach's alpha was obtained and found to be 0.909 in both variables and in all items, thus demonstrating that each question is highly reliable.

The purpose of the procedures was to discover or interpret the facts and phenomena, relationships, and laws of a certain area of reality. At this point, the questionnaires were elaborated taking into account the indicators of each one of the dimensions, then, they were validated by three professionals with wide experience with doctor and master degree, then, the questionnaires were applied to the subjects that have been considered within the sample of this work, then, the data that were obtained were added to Excel, then, these data were transferred to SPSS V 26 that allowed reaching the results of each objective raised in this study.

The descriptive statistical method was used since the perception of each worker on the dimensions and variables raised in this work was related. This is how Hernandez and Mendoza (2018), indicate that it is the branch of statistics that formulates the guidelines to summarize the research data clearly and concisely in tables, figures and graphs. Also, the inferential statistical method was considered since the relationship that exists between both variables and of the dimensions of variable one with variable two was measured, this means that the planned objectives were achieved and that an answer was given to the formulation of the problem through the contrast of hypotheses.

The contribution of Vásquez (2020) was considered because it reveals that the ethical aspects refer to applied or practical ethics, narrating that it is not only intended to solve general problems, but also specific problems that arise in conducting research, considering beneficence, non-maleficence, autonomy, and justice. Beneficence, because the results obtained will be based on the reality of the public entity studied, as well as on the improvement of the ideas and knowledge of the students. Also, non-maleficence, because the research will be carried out for the sole purpose of this study and will respect the privacy of each collaborator. Also, autonomy, since the collaborators of the public entity to be studied voluntarily participated in the study based on the guidelines indicated
for the answers to the survey. Likewise, justice, since in this study the dignity of each collaborator is responsibly protected as will be the results obtained by the collaborators of the gossiping public entities are kept strictly confidential.

4 RESULTS AND DISCUSSION

In this table one can observe that \( p=0.002<0.05 \) allowing to accept the alternative hypothesis and the \( \text{Rho}=79\% \), demonstrating that the inspection mechanisms and the acquisition of goods and services maintain a strong positive correlation, this means that if all the inspection mechanisms are complied with at the exact moment the acquisition of goods and services will be efficient.

The data obtained are supported by Caira (2022) because it concluded that an effective internal control model was proposed for the improvement of the procurement process of goods and services contracting, which will help efficient decision making, reduce the risk of official corruption, achieve the objectives and goals set by the company.

In addition, Pelaez (2021) because he found that there is a significant relationship between the internal control of goods and services of the regional government and the contracting process, and the Spearman correlation coefficient \( \text{Rho}=0.911 \) shows a very high positive correlation (\( p < 0.01 \)). Also, it is anchored in Drucker's (1954) neoclassical theory since from a methodological point of view. Consider the distinction between formal and informal organization.

According to Drucker, an organization is a social system with rational objectives to be achieved. This theory adds to the classic concepts of structure, authority, and responsibility by assigning them a high hierarchy. To achieve efficiency in the procurement of goods and services, it is necessary that public entities comply with a control prior to the procurement and purchase of goods under eight tax units, in the same way, the information of all expenses generated must be published in a timely manner in the virtual platforms that the entities themselves must provide accurate, appropriate and real information to citizens.

In addition, it can be seen that \( p=0.002<0.05 \) allowing to accept the alternative hypothesis and the \( \text{Rho}=83\% \), showing that the minimum technical inspection requirements and the acquisition of goods and services have a very strong positive correlation, revealing that as long as the authenticity of the data established in the reports is verified and that the execution of the expenses has been carried out in a transparent
manner and in compliance with the current regulations, then the acquisition of goods and services will be efficient.

Given this, it is important to consider what Capuzzo et al. (2022) established because they reported the difficulties that hospitals had to face in the first phase of the pandemic and how they were able to respond to their needs.

Likewise, Caballero (2021) since, with a Chi-square of 56.652, the research found that the internal control variable has a significant influence on the variable procurement of goods and services. Similarly, Kalsum (2021) since he found that the environment and contracting systems and procedures have a positive and significant effect on the desire to commit fraud in the procurement of goods and services. The theory considered for this data corresponds to Loishyn et al. (2019) since they mention that inspection mechanisms are those procedures that allow to identify, measure, manage, control, and maintain an internal communication of all identified risks.

Compliance with the terms of reference is what is meant by the minimum technical requirements for inspection, as this ensures that the entity does not commit administrative errors that could lead to several audits by the national control agency. The inspection of contractual compliance reveals that all the necessary clauses, including those related to administrative and legal matters, must be available for examination, as this allows for prior control over the procurement and contracting of public goods and services.

Even shows that p=0.000<0.05 allowing to accept the alternative hypothesis and the Rho=91%, showing that the contractual compliance through inspection and the acquisition of goods and services have a perfect positive correlation, demonstrating that by performing a previous control of the contract clauses, an effective control of the purchases is generated, impacting directly on the acquisition of goods and services, since the existence of an efficient control reduces the risks of inadequate use of the economic resources in the district municipality.

Glen's (2020) contribution is considered since the results of this study have shown in part that internal control deficiencies are related to lower profitability. This study could be further developed using the entire population of S&P 500 companies as a sample set. It concluded that these variables maintain a high positive correlation (Pearson=0.765).

The theory considered in the technical requirements was from Loishyn et al. (2019), they reveal that it refers to faithful compliance with the terms of reference, as this
prevents the entity from making administrative errors that could lead to multiple audits by the national control body. It must always maintain authenticity in each of the steps it performs in the processes, such as in the execution of expenditures, and must make a proper evaluation (Gunn et al., 2020).

Likewise, shows that \( p=0.000<0.05 \) allowing to accept the alternative hypothesis and the \( \text{Rho}=88\% \), showing that the internal control and the acquisition of goods and services have a very strong positive correlation, this means that as long as the internal control office complies with all the inspection mechanisms, in reviewing correctly and in a timely manner that the contracts have the minimum technical requirements and that the commitments established in the contracts are completely fulfilled then the process, the selection and the execution of the contracts will be efficient improving gradually the acquisitions of goods and services in the district municipality.

The theory consigned in the dimensions was Ruiz et al. (2020) where they express that the annual contracting programming process where it is a logistics management tool that integrates goods, services and engineering requirements, whose selection process will be carried out during the fiscal year. Dimension 2 is the improvement of selection processes, which is based on determining which standards are effective, which process to start with and the level of importance of each standard for the organization in the current era and conditions.

Table 1 Relationship of variables and dimensions

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<th>Spearman’s Rho</th>
<th>Inspection mechanisms</th>
<th>Procurement of goods and services</th>
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<td>Spearman’s Rho</td>
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<td>Minimum technical requirements</td>
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<td>Contractual compliance</td>
<td>1.000</td>
<td>.910**</td>
</tr>
<tr>
<td>Contractual compliance</td>
<td>Sig. (bilateral)</td>
<td>.000</td>
</tr>
</tbody>
</table>
It can be observed that the internal control variable reached 90% in the deficient level, likewise, its dimension minimum technical requirements reached 88% in the deficient level, also, the contractual compliance dimension reached 88% in the deficient level, as a final part, we have the inspection mechanisms dimension, revealing in this way that the entity does not comply with the correct evaluation of contracting and acquisitions, generating an inappropriate programming of purchases under 8 tax units.

These results are supported by Barrera (2021) since he concluded that the management system for public procurement and purchases has not been effective, being the reason why inefficiency has increased in government entities, harming their employees and all citizens.

Figure 1 Level of internal control and its dimensions
It can be seen that the variable acquisition of goods and services reached 94% in the deficient level, likewise, the dimension improvement of selection processes reached 92% in the deficient level, the dimension adequate execution of contracts reached 90% in the deficient level and the dimension annual contracting programming process reached 84% in the deficient level, indicating that the entity has not been complying with the Annual Contracting Plan due to the fact that the contractual execution has presented different negative situations such as the lack of minimum documents required by the regulatory framework.

Given this, it is necessary to consider what Mazibuko (2020) establishes since the results showed that 39% of the departments carried out unfair or non-competitive procurement processes that resulted in overpricing of goods and services, amounting to Rp 438 million, resulting in irregular procurement.

![Figure 2 Level of acquisition of goods and services with their dimensions](source)

**Source:** Own elaboration with SPSS data version 26

## 5 CONCLUSIONS

There is a strong positive correlation between internal control and the procurement of goods and services. This means that as long as the internal control office follows all inspection mechanisms, reviews contracts to ensure that they meet minimum technical requirements and ensures that all contractual obligations are fully complied with, the process, selection and procurement of goods and services will run smoothly, provided that all inspection procedures are followed at the appropriate times, the procurement of goods and services will be effective.
The minimum technical requirements for the inspection and procurement of goods and services are positively correlated, which indicates that to the extent that the data established in the reports are verified and the expenditures have been made in a transparent manner in accordance with the regulations in force, the procurement of goods and services will be effective.

Compliance with contractual obligations through inspection and the purchase of goods and services is positively correlated because it has been shown that pre-contractual controls lead to more effective purchasing controls, which in turn have a direct effect on purchases. This is because, when effective purchasing controls are in place, the risks associated with inefficient use of economic resources are mitigated.
REFERENCES


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