Innovations

Effect of Internal Control on Financial Transparency towards effective public financial management in Public Universities, Amhara Regional State, Ethiopia

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Abstracts:

This article was intended to seek theeffect of internal control onfinancial transparency towards effective public financial management in Public Universities, in Amhara Regional State, Ethiopia. Data were collected by Structured closed ended five point likert scale questionnaire from 468 respondentsand were analyzed using SPSS, Version 25. The coefficient of Ordinal regression used to explain the effect of each of five types of internal control-integrated frameworks' principlespointed by COSO, 2013 (control environment, control activities, risk assessment, control information & communication, and monitoring control) on financial transparency. Coefficient of Ordinal regression shown that each of Internal control has positive effect on financial transparency. Thus five types ofinternal controls were positive indicators for presence of financial transparency in Public Universities. Control activities were most likely influence financial transparency and next influencing variable was risk assessment. Control activities, risk assessment, control information & communication, and monitoring control were statistically significant but control environment. The study findings suggested that strong internal control improves financial transparency i.e. the performing of financial activities and practice of sharing financial information within employees in an open &clear manner.Public Universities should giveemphases to internal controls to attain objectives of financial transparency to achieve effective public financial management.

Key Words: *1.Internal Control, 2.Financial Transparency, 3.Effective Public Financial Management, 4.Public Universities*

1. Introduction

Public Universities involve hugefinancial resources to attain their objectives. Financial transparency is essential in Public Universities to inform citizens that they are conducting actions, performing financial activities and sharing financial information in an open &clear manner that prompts a transformative shift in culture, equipping workforces with the knowledge and tools to participate in company. Internal controls are vital and basic organizational elements that help management to deliver services to stakeholders effectively; helps ensure reliability of financial statements and compliance with the laws and regulations (COSO, 1992/2004).This statement can give a clue that effective internal control will improve financial transparency. Organizations with no or weak internal controls run the risk of failure. This fact is supported by the findings of the Treadway Commission Report of 1987 in USA which confirmed that the absence of, or weak internal controls is the primary cause of many cases of fraudulent company financial reporting. Internal control was defined as the process effected by an entity's board of directors, management, and other personnel designed to provide reasonable assurance regarding the achievement of objectives (COSO, 2004, 2013).

Sarbanes, P. (2002) witnessed at Enron and WorldCom and required all public companies to disclose internal controls over financial reporting. It requires management of public companies to issue an internal control report in which they take responsibility for maintaining adequate internal controls, and make assertions concerning their effectiveness which may concern to financial transparency in organizations.

1.1 Statement of the Problem

Proper controls serve a vital role in safeguarding a company's operational processes, information, and assets and in providing reasonable assurance regarding the reliability of financial reporting (AICPA, 2007; PCAOB, 2007, Reding et al. 2007). To achieve the objectives and goals, public sectors should have effective internal controls. Several studies argued that the Effectiveness is the level of success to achieve organizational purposes.Anh, T. et al., (2020) showed that the control environment, control activities, risk assessment, information &communication, and monitoring had constitute effectiveness of internal control. Effectiveness focuses on outcomes (results), programs, or activities that are considered effective if the resulting output can meet the desired objectives. Effectiveness as output relationship and purpose, or may be a measure of how much output level of the organization's policies and proceduresachieved (Konrath , 2002).Internal control comprises the plan of organization and all of the coordinate and methods measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. In analyzing individual control elements, Hermanson, D. R. et al., (2012) found that public companies' controls are consistently rated as more effective than those of other organizations. The component-level analysis also revealed that internal control component strength is positively related to reporting.Flórez-Parra, J. M. et al., (2017) conducted a study to analyze and evaluate factors which affect the level of transparency at Colombian universities and indicated that the level of transparency depends on the type of governance which is adopted, the level of prestige and the level of delimitation of its identity. Nair, R.,et al., (2019) said that Compulsory publicity and transparency are key to public management (rule-of-law theory) showing that the more financial information is disclosed and, accordingly, the higher the transparency is. They suggested the disclosure improves financial transparency during mandatory disclosure regime as it strengthens the association between disclosure and financial transparency.Transparency tools are aimed to contribute to building trust in the field of higher education institutions and should be aware that transparency tools can help in making informed decision (Jongbloed, B. et al., (2018). Those above studies were no in looking the effective internal control on financial transparency. Therefore this article was focused to assess effective internal control on financial transparency in Public Universities, Amhara Regional State, Ethiopia.

1.2 Objective of the Study

General objective of the study was to analyze the effect of internal control towards financial transparency in Public Universities

1.3 Research Questions

This research was intended to answer the following research questions
Does control environment affect financial transparency in Public Universities?
Does activities control influence financial transparency in Public Universities?
Does risk assessment improve financial transparency in Public Universities?
How does control information and communication affect financial transparency in Public Universities?
Does monitoring control affect financial transparency in Public Universities?

1.4 Research Hypothesis

Based on related literatures review on control environment, control activities, risk assessment, control information & communication, and monitoring control the following hypothesis were developed
H1: There is statistically significant effect of control environment on financial transparency in Public Universities
H2: There is statistically significant effect of control activities to influence the financial transparency in Public Universities
H3: There is statistically significant effect of risk assessment to influence the financial transparency in Public Universities
H4: There is statistically significant effect of controlinformation and communication to influence financial transparency in Public Universities
H5: There is statistically significant effect of monitoring control to influence the financial transparency to attain the public financial management effectiveness in Public Universities

2. Literature Review

2.1 Internal Controls

Internal controls are the process effected by an entity's board of directors, management, and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) operating control-relating to the effective and efficient use of the entity's resources; (b) financial reporting controls-relating to the preparation of reliable published financial statements; and (c) compliance controls-relating to the entity's compliance with applicable laws and regulations (COSO, 1992.2004, 2006). Internal control as a means of being created for the benefit of the organization in line with the definition put forward by the Committee on Auditing Procedure of (AICPA) in 1949 as quoted by(Sawyer, 2003)

Internal control comprises the plan of organization and all of the coordinate and methods measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The Committee of Sponsoring Organizations of the Tread way Commission (COSO) in 1992 defined internal control as "a process effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objective in the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations."

This organizational method offers both profit and not-for-profit organizations a mutual, accepted and recommended point of reference to evaluate the quality of its internal financial controls (COSO, 2006). A sound operation of internal control however depends on a thorough and frequent evaluation of the nature and extent of risks the company is exposed. As one of the first developed internal control frameworks, it seems that the COSO Integrated Internal Control Framework is the most widely used framework in the world (Martin, Sanders &Scalan 2014).The main objective of internal control is to help manage and control risk appropriately and meticulously rather than eliminate it as Doyle (2006) put it, as profits is reward for successful risk-taking.

2.2 Control Environment

The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal control and expected standards of conduct (COSO 2013). Usually, control environment consists of the following factors: managers' integrity and ethical values, leadership philosophy and operating style; organizational structure; assignment of authority and responsibility; personnel policy; planning; management engagement; and some other factors. The role of control environment is to provide a key foundation for activities because organizational values cannot rise above the integrity and ethics of the people who create, administer and monitor those (Rae &Subramaniam, 2008). The role of control environment in controlling misappropriation and fraud has also been previously investigated by numerous researchers. Findings from Aquila, (1998)', as cited by Yakubu, I. N (2017) for example, support the control environment as having more influence on organizational members. Therefore one can understand that the efficient control environment has a great impact on the entire internal control system

2.3 Internal Control Activities

According to COSO (2013), "control activities are actions that are established by policies and procedures to ensure that management directives for reducing risks and achieving an entity's objectives have been being implemented". Control activities are carried out at all levels of an entity, in various stages of the business process and in technology environment (Pham, 2018). They can include a series of manual and automatic activities such as authorizations, approvals, verifications, reconciliations and reviews of operating performance and can be designed to prevent or review the implementation of management directives. Therefore, if higher efficiency control activities achieve, more effective internal control is achieved. So, Internal control activities, as one of the five inter-related elements of a sound system of internal control, are those activities that management implements to provide reasonable assurance objectives will be achieved by adequately and efficiently mitigating risks, which may prevent such risks from realizing.

2.4 Risk Assessment

Risk Assessment is also defined as identification of potential errors and implements procedures, policies, and control to detect those errors and prevent them. Risk assessment can also be the identification and analysis of risks relevant to the achievement of objectives (Frazer, 2012). Risk assessment is the process of detecting, assessing and determining how to succeed these things. Both external and internal risks could prevent the achievement of established objectives at every level in an organization. According to COSO (1992) as quoted in Coetzee. P (2019), every organization, be it private or public, large or small, faces risks from both external and internal sources that must be assessed. Therefore, management should take necessary actions to prevent these risks.

2.5 Information and Communication

Sunday, A. et.al (2018), pointed that there is lack of information sharing and inadequate security measures to safeguard the assets of the Institutions of higher learning. The study was to investigate the relationship between internal control systems and financial sustainability in an Institution of higher learning in Tanzania and internal controls were looked at from the perspective of Control Environment, Internal Audit and Control Activities. Internal control as safeguarding of assets against unauthorized: - acquisition, use, and, disposition, which may imply that an internal control to safeguard assets against expropriation, use, and disposition of assets illegally. According to the Internal Audit Consortium Professional Organization (2004) the general purpose of the internal control process is to support the parties involved in the activities of the organization in managing risk and achieve the goals that have been set and communicated by the organization, with the aim of: (1) reliability and integrity of financial and operating information, (2) operating activities implemented efficiently and achieve the desired results effectively, (3) the security of state assets, and (4) the activities and decisions of the organization within the corridor of compliance with laws and regulations apply.

2.6 Monitoring Control

The implementation, assessment, and monitoring of effective internal control systems is a key determinant of financial reporting quality. Specifically, high-quality internal controls curtail the intentional manipulation of information reported to outsiders

Monitoring is one of the most important aspects of internal control in any organization. According to Nguyen (2018) and Pham (2018), monitoring the performance of the internal control system over time should be made with continuous or separate assessment. The purpose of the monitoring is to determine the internal control made properly, fully and efficiently as designed all five components. Monitoring activities include ongoing evaluations, separate evaluations, or some combination of the two.

2.7 Financial Transparency

The disclosure improves financial transparency during mandatory disclosure regime as it strengthens the association between disclosure and financial transparency. Transparency tools are aimed to contribute to building trust in the field of higher education institutions and should be aware that transparency tools can help in making informed decision (Jongbloed, B. et al., (2018). Those above studies were no in looking the effective internal control on financial transparency.

2.8 Conceptual Framework

The effect of internal control on financial transparency was conceptualized in the following figure.

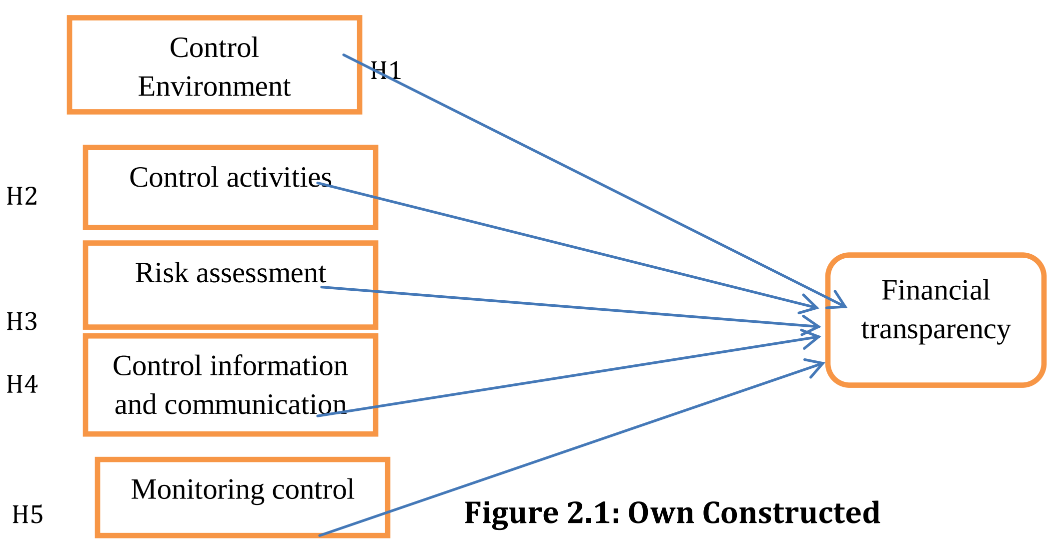

Figure 2.1: Own Constructed

3. Research methods and materials

3.1 Research Design

According to Kothari (2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims of combining relevance to the research purpose with economy in procedure.

3.2 Target Population

The target populations of this study were employees who were working in finance, procurement, accounting and internal audit department of Public Universities, located inAmhara Regional State, Ethiopia.

3.3 Sampling Technique and Sample Size

The sampling technique selected for this research is purposive sampling.Rai, N., &Thapa, B. (2015), pointed that the purposive sampling technique used to capture a wide range of perspectives relating to the thing that researchers are interested in studying. Eight Public Universities were selected purposely, and 468 respondents were included in the study. 60 respondents from each of the two universities namely B/Dar &Gonder, and 58 respondents from each of six universities namely D/ Birhan, D/ Morkos, D/ Tabor, Woldiya, Injibra and M/Amba that was (60x2) +(58x6)=468.

3.4 Sources and Data Collection Tools

So as to attain the objective of the study, the researcher used primary data which provides an appropriate means of assessing sample information and a suitable data to draw conclusion about generalizing the result from a sample of responses to the entire population (Creswell, 1994). As a result, primary data was collected mainly from respondents who are currently working in Public Universities, located in Amhara Regional State, Ethiopia using self-administered close ended structured questionnaires. To find out consistent responses from the respondents, the researcher employed field survey- research to collect the data.

3.5 Measurement of Variables

The dependent variable of this article is financial transparency and independent variables are internal control which has five dimensions such as control environment, control activities, risk assessment, control information & communication, and monitoring control. Multiple questionnaires were used with the five point Likert scales ranging from 5= strongly agrees, 4=Agree, 3= Neutral, 2= Disagree, 1 = strongly disagree.

3.6 Data Analysis

Data analysis is a process of inspecting, cleansing, transforming, and modeling data with the goal of discovering useful information, informing conclusions, and supporting decision-making. In order to analyze the quantitative data collected using survey questionnaires, Statistical Package for Social Sciences (SPSS) was used to present and analyze the collected data from respondents. Ordinal regression (for ordinal data) was used to analyze the effect of internal control (independent variables) on financial transparency (dependent variable)

3.7 Model Specification

Ordinal logistic regression is one of multivariable statistical analysis which used to calculate the probability of more than two possible outcomes. In this research, the perceptions of respondents on the existence of financial transparency in Public Universities where they were employed are collectedin thefive possible outcomes (ordinal data): 1= very poor/worse; 2= poor; 3= satisfactory; 4= good; 5= very good and with the following proportional odds assumption.

Very poor= $\log(p1/p2+p3+P4+p5)=1$;v.poor/worse=$\log((p1+p2)/p3+p4+p5)=2$; worse, poor/satisfactory=$((p1+p2+p3)/P4+p5)=3$; poor/worse, satisfactory/ good=$\log((p1+p2+p3+p4)/p5)=4$ … i.e. Estimate=$Lo=\beta0+\beta1xi1+\beta2x2+\beta3x3+\beta4x4+\beta5x+ui$

Lo-logs of odds ratio/logit, e.i.Lnnatural logarithm
β-Coefficient for each independent variable
X-each independent variable and Ui-error term

4. Data Analysis and Findings

The objective of this article was to analyze the Effect of Internal Control on financial transparency.Five types of internal control- integrated framework issued by COSO, 2013 are control environment, control activities, risk assessment, control information & communication, and control monitoring. The effect of those internal control- integrated framework on financial transparency were discussed in the article.The operational definition of internal control and financial transparency in this article is given below.

Internal control is the mechanisms, rules, and procedures implemented by a company or an institution to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud (COSO, 2013).

Financial transparency is operationally defined as 'the conducting/ performing financial activities or actions and the practice of sharing financial information with employees in an open &clear manner that prompts a transformative shift in culture, equipping employees with the knowledge and tools to participate in company financials and productivity metrics'

4.1 Regression Results

Table 4.1 Model fitting information. It showed how well the model fits the data

Model Fitting Information				
Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	1984.958			
Final	1366.545	618.413	5	.000
Link function: Logit.				

Source: primary data processed (2022)

From table 4.1, above, it was shown that the model fitting information is statistically significant. The significant value is 0.000 which is less than 0.05. It indicates that the model fits with the data and it is statistically significant with the data to be analyzed in this study

Table 4.2 Goodness of Fit

Goodness-of-Fit			
	Chi-Square	Df	Sig.
Pearson	1523.950	1467	.147
Deviance	671.339	1467	1.000
Link function: Logit.			

Sources: Processed Data (2022)

Goodness of Fit shows model is good fit to the data. Sig > 0.05 indicates model fits the data as well b/c of likert scale type of data.

These are pseudo R-Square value that is treated as rough analogues to the R-square value in ordinary lest square (OLS) regression. This is to mean, Pseudo R-Square is similar to R-Square in linear regression model for normally distributed data.

Table 4.3 Pseudo R-Square

Pseudo R-Square	
Cox and Snell	.733
Nagelkerke	.744
McFadden	.311
Link function: Logit.	

Source: Primary Data Processed (2022)

From table 4.3, above, Nagelkerke's pseudo R-square in ordinal regression for ordinal data, which are not normally distributed, is more similar to adjusted R-square in linear regression and its value is 0.744 (see table 4.3) which is moderate to statistically explain the effect of predictor variables on constant or dependent variable. The 0.744 tells that, there is 74.4% changes in dependent variable as a result of independent variables. Therefore, in this study, there are 74.4% changes in the financial transparency (dependent variable) as a result of change in five integrated internal controls suggested by COSO, 2013 (independent variables) which include:- control environment, control activities, risk assessment, control information and communication, and monitoring control in Public Universities of higher education institutions which are located in Amhara Regional State, Ethiopia.

Table 4.4 parameter Estimates- ordinal regression

Parameter Estimates								
		Estimate	Std. Error	Wald	Df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[FTPFM]							
Location	CEE	.288	.258	1.246	1	.264	-.217	.792
	ACE	5.578	.431	167.571	1	.000	4.733	6.423
	RAE	2.728	.314	75.404	1	.000	2.112	3.344
	CICE	.891	.267	11.099	1	.001	.367	1.415
	MCE	1.010	.227	19.745	1	.000	.564	1.455
Link function: Logit.								

Source: Primary Data Processed (2022)

The table 4.4above showed thatthe parameter estimates value of ordinal regression between financial transparency (dependent variable) and the predictors of five integrated internal controls: - control environment, control activities, risk assessment, information and communication, and control monitoring.

4.2 Effect of Control Environment on Financial Transparency

From table 4.4, above, it is shown that the parameter estimates of ordinal regression for the result of control environment on financial transparency ineffectivepublic financial management is statistically estimated to 0.288 (see inter section cell of estimate column and control environment raw, table 4.4). This revealed that the control environment effect influences the financial transparency ineffective public financial management is statistically estimated to 0.188, in Public Universities of higher education institutions which are located in Amhara Regional State, Ethiopia. It means that, for every one unit increase in control environment, there is a positive predictor increase of 0.288 in the log odds of being at higher level on the financial transparency in Public Universities of the higher education institutions.

Hypothesis Testing

H1: There is statistically significant effect of control environment on financial transparency in Public Universities

From table 4.4 above, Control environment was positive predictor of the financial transparency with significant value = 0.264, which is not statistically significant to influence financial transparency as the P-value is greater than 0.05. Therefore, control environment effect is not statistically significant to influence financial transparency in effective public financial management inPublic Universities of higher education institutions, in Amhara Regional State, Ethiopia. And it revealed to fail to accept the hypothesis H1 which stated that 'there is statistically significant effect of control environment on financial transparency in Public Universities of higher education institutions, in Amhara Regional State, Ethiopia.

4.3 Effect of Control Activities on the Financial Transparency

From table 4.4, above, it was shown that the parameter estimates of ordinal logistic regression for the effect of the control activities on financial transparencyin effective public financial management is statistically estimated to 5.578 (see inter section cell of estimate column and control activities raw, table 4.4). This showed that the control activities effect was a positive influence indicator of financialtransparency in public financial management is statistically estimated to 5.578 in Public Universities of higher education institutions in Amhara Regional State, Ethiopia. It means that, for every one unit increase in control of activities, there is a predictor increase of 5.578 in the log odds of being at higher level on financial transparency in effective public financial management in Public Universities of the higher education institutions which are located in Amhara Regional State, Ethiopia.

Hypothesis Testing

H2: There is statistically significant effect of control activities to influence the financial transparencyin Public Universities

From table 4.4above revealed that the Control activities are positive predictor (5.578) financial transparency in public financial management and it is statistically significant as the P-value is 0.000 which less is than 0.05. Accordingly, effect of control activities is statistically significant to influence the financial transparency. This revealed to fail to reject the hypothesis H2 which stated that there is statistically significant effect of control activities to influence the financial transparency in Public Universities of the higher education institutions which are located in Amhara Regional State, Ethiopia.

4.4 Effect of Risk Assessment on Financial Transparency

From table 4.4, above, it was shown that the parameter estimates of ordinal logistic regression for the effect of the risk assessment to influence the financial transparency isstatistically estimated to 2.728 (see inter section cell of estimate column and risk assessment raw, table 4.4). This showed that the risk assessment effect positively influence the financial transparency in Public Universities of higher education institutionsand was statistically estimated to 2.728. It means that, for every one unit increase in assessment risk (assess fraud risk and identify risk prone areas by Public Universities of higher education institutions), there is a predictor increase of 2.728 in the log odds of being at higher level on the financial transparency in Public Universities of the higher education institutions which are located inAmhara Regional State, Ethiopia.

Hypothesis Testing

H3: There is statistically significant effect of risk assessment to influence on the financial transparency in Public Universities

As in it was revealed above table 4.4, Risk assessment was a positive predictor (2.728) of the financial transparency and it is statistically significant as the significant P-value is 0.000 which less is than 0.05. Accordingly, effect of risk assessment is statistically significant to influencefinancial transparency in effective public financial management. This revealed to fail to reject the hypothesis H3 which stated that there is statistically significant effect of risk assessment to influence the financial transparency in Public Universities of the higher education institutions which are located in Amhara Regional State, Ethiopia.

4.5 Effect of Control Information and Communication on Financial transparency

From table 4.4, above, it was shown that the parameter estimates of ordinal logistic regression for the effect of the control information and communication on financial transparency in public financial management is statistically estimated to 0.891 (see inter section cell of estimate column and control information and communication raw, table 4.4). This revealed that the control information and communication effect in Public Universities of higher education institutions positively influences the financial transparency in public financial management is statistically estimated to 0.891 it means that, for every one unit increase in control information and communication, there is a positive predictor increase of 0.891 in the log odds of being at higher level on financial transparencyin effective public financial management in Public Universities of the higher education institutions which are located in Amhara Regional State, Ethiopia.

Hypothesis Testing

H4: There is statistically significant effect of information and communication to influence financial transparency in public universities

From table 4.4 above, control information and communication is a positive predictor of the financial transparency and it was statistically significant as theP-value is 0.001 which less is than 0.05. Accordingly, effect of control information and communication is statistically significant to influence the financial transparency. This revealed to fail to reject the hypothesis H4 which stated that there is statistically significant effect of information and communication to influence on the financial transparency in Public Universities of the higher education institutions which are located in Amhara Regional State, Ethiopia.

4.6 Effect of Monitoring Control on Financial transparency

From table 4.4, above, it was shown that the parameter estimate of ordinal logistic regression for the effect of monitoring control to influence the financial transparency in public financial management is estimated to 1.010 (see inter section cell of estimate column and monitoring control raw, table 4.4). This revealed that the monitoring control in Public Universities of higher education institutions positively influences the financialtransparency in effective public financial management is statistically estimated to 1.010. It means that, for every one unit increase in monitoring control by Public Universities of higher education institutions there is a positive predictor increase of 1.010 in the log odds of being at higher level on financial transparency to attain the public financial management effectiveness in Public Universities of the higher education institutions which are located in Amhara Regional State, Ethiopia.

Hypothesis Testing

H5: There is statistically significant effect of monitoring control to influence the financial transparency to attain the public financial management effectiveness in Public Universities

From table 4.4, MonitoringControl was a positive predictor (1.010) of financial transparency in effective public financial management and it is statistically significant as the P-value is 0.000 which less is than 0.05. Accordingly, effect of monitoring control is statistically significant to influence the financial transparency to achieve the effectiveness of the public financial management. This revealed to fail to reject the hypothesis H5 which stated that there is statistically significant effect of monitoring control to influence financial transparencyin effective public financial management in Public Universities of the higher education institutions which are located in Amhara Regional State, Ethiopia.

The key assumption in ordinal regression is that the effects of any explanatory variables are consistent or proportional across the different thresholds.

Table 4.5 Test of Test of Parallel Lines

Test of Parallel Lines[a]				
Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	1366.545			
General	1313.726b	52.819c	65	.861
The null hypothesis states that the location parameters (slope coefficients) are the same across response categories.				
a Link function: Logit.				

Source: Primary Data Processed (2022)

From table, 4.5, above, it was shown that the significant value of the test of parallel lines is 0.861 which is greater than 0.05 and it indicates that the test of proportional odds of the data are not violated by using ordinal regression model to analyze the effect of independent variable on dependent variables. The test of parallel lines is statistically significant resulting significant value of 0.861 which indicated that there is no the same slope coefficient across the threshold between dependent variable (financial transparency) data and independent variables data of control environment, control activities, risk assessment, information and communication, and monitoring control.This was due to ordinal Data (not continuous data) used in this article and data were collected through five point likert scale questionnaires.

5. Conclusions and Recommendations

The effect of the five types internal control-integrated framework explained 74.4% (Nagelkerke-pseudo R-square=0.744)of the financial transparency towards effective public financial management of Public Universities, located in Amhara Regional State, Ethiopia has analyzed by using ordinal regression. And the participants view on principles and procedures of internal control-integrated framework pointed by COSO, 2013 were discussed. Five types of integrated internal control- integrated frame work are control environment, control activities, risk assessment, control information & communication, and monitoring control. The effect of those integrated internal control are concluded as follows:

- Control environment was a positive indicator for presence of financial transparency but less likely to influence financial transparency in public financial management, in Public Universities of higher education institutions
- Control activities was a positive indicator for presence of financial transparency and most likely influence financial transparency in public financial management in Public Universities of higher education institutions
- Risk assessment was positive indicator for presence of financial transparency and influence financial transparency in effect public financial management in Public Universities of higher education institutions
- Control information and communication was also positive indicator of the financial transparency with significant influence on financial transparence in public financial management in Public Universities of the higher education institutions
- Monitoring control was the positive indicator of financial transparency to attained public financial effectiveness in Public Universities of the higher education institutions
- The discussion of this research recommendedthat Public Universities should give emphases to internal controls to improve the conducting/ performing financial activities or actions and the practice of sharing financial information with employees in an open &clear manner.

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