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Factors affecting the effectiveness of Internal Control in religious institutions in the Caribbean Union

Factores que influyen en la eficacia del control interno de instituciones confesionales en la Unión del Caribe

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Abstract

The purpose of this study was to analyze the extent to which the five components of the COSO framework (2013) —control environment, risk assessment, information and communication, control activities, and monitoring— predict the effectiveness of the internal control system in religious institutions belonging to the Caribbean Union. A quantitative and predictive design was used, employing non-probability convenience sampling. Data was collected through a survey administered to a sample of 82 users of the institutional financial system. The survey was developed by Anh et al. (2020) reporting a Cronbach Alpha coefficient of .816. Multiple regression analysis showed that information and communication, control environment, and monitoring components were significant predictors of internal control effectiveness, collectively explaining 51.6% of the variance. In contrast, risk assessment and control activities did not contribute significantly to the model. These results indicate that strengthening communication processes, the organizational environment, and monitoring functions is fundamental to improving the effectiveness of the internal control system in religious and non-profit institutions.

JEL Code: M42, G34, L31, H83

Keywords: Internal Control Effectiveness, COSO Framework, Nonprofit Organizations, Financial Governance, Institutional Audit.

Resumen

El propósito de este estudio fue analizar en qué medida los cinco componentes del marco COSO (2013) —entorno de control, evaluación de riesgos, información y comunicación, actividades de control y monitoreo— predicen la efectividad del sistema de control interno en instituciones religiosas pertenecientes a la Unión del Caribe. Se utilizó un diseño cuantitativo y predictivo, empleando un

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muestreo por conveniencia no probabilístico. Los datos se recopilaron mediante una encuesta aplicada a una muestra de 82 usuarios del sistema financiero institucional. La encuesta fue desarrollada por Anh et al. (2020), quienes reportaron un coeficiente alfa de Cronbach de 0,816. El análisis de regresión múltiple mostró que los componentes de información y comunicación, entorno de control y monitoreo fueron predictores significativos de la efectividad del control interno, explicando en conjunto el 51,6 % de la varianza. En contraste, la evaluación de riesgos y las actividades de control no contribuyeron significativamente al modelo. Estos resultados indican que fortalecer los procesos de comunicación, el entorno organizacional y las funciones de monitoreo es fundamental para mejorar la efectividad del sistema de control interno en instituciones religiosas y sin fines de lucro.

Código JEL: M42, G34, L31, H83
Palabras clave: Eficacia del control interno, Marco COSO, Organizaciones sin fines de lucro, Gobernanza financiera, Auditoría institucional.

Introduction

In this paper was examined the factors affecting the effectiveness of internal control of Seventh-day Adventists institutions in the Caribbean Union. The financial process structure used by management of religious institutions is organized so that a large portion of its revenue is collected at the local church from the membership. The process of internal control is affected by a religious board designed to safeguard the organization against financial risk, to provide reasonable assurance regarding the reliability of financial statements, to ensure compliance with applicable laws and to regulate and protect the organization's reputation. The importance of internal control has caused religious organizations to establish various processes and procedures to ensure the realization of financial goals and objectives in the effectiveness and efficiency of operations (Boateg et al, 2016; Oyugi Okoth, 2017; Rafaliniony, 2022).

According to Anh et al. (2020) internal controls are a critical function of any organization, and as a result, managers in all companies are now showing significant interest in implementing and executing them effectively. Internal control has become an important element of corporate governance, a key factor for organizations seeking assurance in management and oversight. For organizations to achieve their various objectives, effective maintenance of the internal control system is essential, encompassing financial reporting, operational efficiency, and regulatory compliance. Religious institutions, such as those belonging to the Adventist Church, are similar to most non-profit entities, sharing the same challenges.

Nowadays religious organizations are more interested in evaluating internal control and the measures that are carried out for its implementation. The study of Tenbele (2019) aimed to evaluate

the effectiveness of the internal control system at the Catholic University of Eastern Africa (CUEA), focusing on specific components such as the control environment, risk assessment, control activities, information and communication activities, and monitoring activities. Using a descriptive research design, a sample of 53 administrative staff members was surveyed. The overall conclusion was that the institution had a moderately effective internal control system. Suggestions comprised improving the implementation and oversight of policies and procedures, alongside establishing robust risk assessment practices, all aimed at fortifying the internal control system.

In religious organizations internal control is a significant element, financial frauds can produce serious disruption to normal operations. Reed (2017) suggests that when the mechanisms for internal control are not adequately implemented there is a corresponding deficiency in the financial viability of the organization. The resources that need to be properly channeled are compromised due to the inadequacies of the system. Kamara (2018) declares that such findings offer guidance for the Church leadership to bolster its control measures, contributing valuable insights to the existing body of knowledge on the subject. An effective internal control system is a fundamental element of the Church's management, serving as the cornerstone for its secure and stable operations. As such, the Seventh-day Adventist Minister's Handbook (pp. 146–149), addresses Care in Handling Church Funds and presents a Statement on Personal Commitment to Financial Integrity and Transparency. The Church Manual is not silent on this either (Boateg & Bismark Amponsah, 2016).

Findings from this research will assist Seventh-day Adventists organizations to implement strategies that will lead to the resources of the church being protected against mismanagement, fraud and an improvement in effective and efficient performance. The research will help achieve strategic objectives set by the Seventh-day Adventist organizations in the Caribbean Union and to determine the effectiveness of the elements of internal control.

Literature Review

The Committee of Sponsoring Organizations of the Treadway Commission developed a framework for evaluating internal controls. The factors associated with effective internal control are based on the COSO's framework 1992 consisting of five parts. This research examined the relationship among the elements (control environment, control monitoring, control activities, risk assessment and communication) and the effectiveness of internal control on Seventh-day Adventists institutions in the Caribbean Union as perceived by the financial system users.

Control Environment

According to the Committee of Sponsoring Organizations of the Treadway Commission (2013) the control environment encompasses the standards, processes, and structures essential for implementing

internal control throughout the organization. It is shaped by the tone set at the top, with the board of directors and senior management establishing the ethos regarding the significance of internal control and the expected standards of conduct. In line with that top management has the responsibility to establish functional internal control including expected standards of conduct (Akinleye & Kolawole, 2020). An efficient internal control system is crafted and operated with the control environment as its foundation. It comprises several factors, such as the integrity of managers, ethical values, leadership philosophy, and operational style. These elements collectively contribute to the overall effectiveness of the internal control mechanism within an organization.

Efficient control environment has a great impact on the entire internal control system, this is the most important component for providing a solid foundation for the design and operation of an entity's internal control system (Anh et al, 2020).

Risk Assessment

Anh et al. (2020) characterize risk assessment as the procedure of identifying potential errors and instituting measures such as procedures, policies, and controls to identify and mitigate them. Committee of Sponsoring Organisations of the Treadway Commission (1992) pointed out that every organization is exposed to some kind of risks from both external and internal sources that must be carefully evaluated. The risks would often require prompt actions in addressing them. Organizations need proper risk management measures to prevent and or minimize risk.

Information and Communication

Information plays a pivotal role in enabling an entity to fulfill its internal control responsibilities and attain its objectives. Communication, occurring internally and externally, provides the organization with essential information required for daily internal control operations. Effective communication ensures that personnel comprehend their internal control responsibilities and recognizes their significance in attaining the overall objectives of the organization (Committee of Sponsoring Organisations of the Treadway Commission, 2013). Data is essential across all organizational tiers to aid management in achieving its goals. Hence, a well-designed and properly operated communication and information system is instrumental in facilitating employees' understanding and accurate execution of their tasks. This, in turn, contributes significantly to enhancing the efficiency of internal control within the unit (Anh et al. 2020). According to Ahmed and Muhammed (2018), information systems produce reports that contain operational, financial, and non-financial and compliance-related information that makes it possible to run and control the operation.

Control Activities

Control activities should be established by management to accomplish the organization's objectives and mission effectively and efficiently. According to Committee of Sponsoring Organisations of the Treadway Commission (2013) control activities are operational measures established through policies and procedures to ensure the implementation of management directives aimed at mitigating risks and accomplishing an entity's objectives. These actions are put in place to verify that the organization is adhering to its established protocols and following through on strategies designed to minimize risks and achieve its goals. Control activities encompass various tasks such as authorizations, approvals, verifications, reconciliations, and reviews. Therefore, if higher efficiency control activities are achieved, more effective internal control is achieved. (Anh et al., 2020). Control activities can be understood as the set of policies and procedures designed to ensure the implementation of management directives. They help to ensure that necessary actions are taken to address risks to the achievement of the entity's objectives (Oguti Etengu & Amony, 2016).

Monitoring

This is a very important aspect of internal control in an organization. Monitoring entails the activities and procedures designed to assess the effectiveness of the internal control system in achieving the entity's financial reporting objectives (Phuong Thao, 2018). According to Committee of Sponsoring Organisations of the Treadway Commission (1992), ongoing monitoring activities are a means by which organizations evaluate the quality of their internal control processes due to the constant change in application of controls. Internal control monitoring involves the implementation of policies and procedures to ensure that the findings from audits and other reviews are promptly addressed and resolved. In connection with this aspect, monitoring is conducted according to two principles: Firstly, the organization chooses, develops, and carries out continuous and/or independent assessments to verify the existence and functionality of internal control components. Secondly, it assesses and communicates internal control shortcomings promptly to the relevant parties tasked with corrective action, which may include senior management and the board of directors as deemed suitable. Consequently, this approach aids in enhancing the overall effectiveness of internal control (Anh et al 2020).

Given the significance highlighted in the above information regarding the COSO model as a foundational element in the contemporary internal control approach, researchers have extensively examined and investigated its impact on various accounting variables. Studies have been conducted to explore the influence of the COSO model on several accounting-related factors. This suggests a recognized interest in understanding the implications and effectiveness of the COSO model in the realm of research and investigation within the field.

Previous research (Suryandari & Lintang, 2018) indicates that many religious organizations face challenges in implementing robust internal controls due to limited resources. Individuals working in such

organizations are often driven by religious motives and beliefs in serving a higher purpose. While strict internal controls may be challenging to implement, there is a recognition of the need for internal controls aligned with religious motives. The study seeks to investigate the viewpoints of Javanese Christian Churches in supporting the implementation of the COSO internal control framework in GKJ Wiladeg, utilizing an interpretive approach. Data collection involved interviews, observations, and document analysis, with the COSO Internal Control Framework serving as the basis for examining internal controls. The findings suggest that the perspectives of Javanese Christian Churches have indeed facilitated internal control within GKJ Wiladeg, covering aspects such as control environment, risk assessment, control activities, information and communication, and monitoring.

Another study was conducted by Maduabuchi Eze (2021). The study investigates how internal control deficiencies affect instances of fraud within local churches in Nigeria. The study, conducted in the city of Enugu, involved 17 participants, including church leaders and volunteers. Six key themes emerged, highlighting issues such as accountability, weak internal controls, lack of segregation of duties, disciplinary gaps, leadership challenges, and monitoring shortcomings. The findings indicate a potential for fraud due to these deficiencies. Recommendations include fostering accountability in leadership, setting examples through behavior and teachings, implementing segregation of duties, establishing robust internal controls for financial transactions, conducting audits, screening employees, and advocating for the prosecution of offenders to deter fraud in local churches.

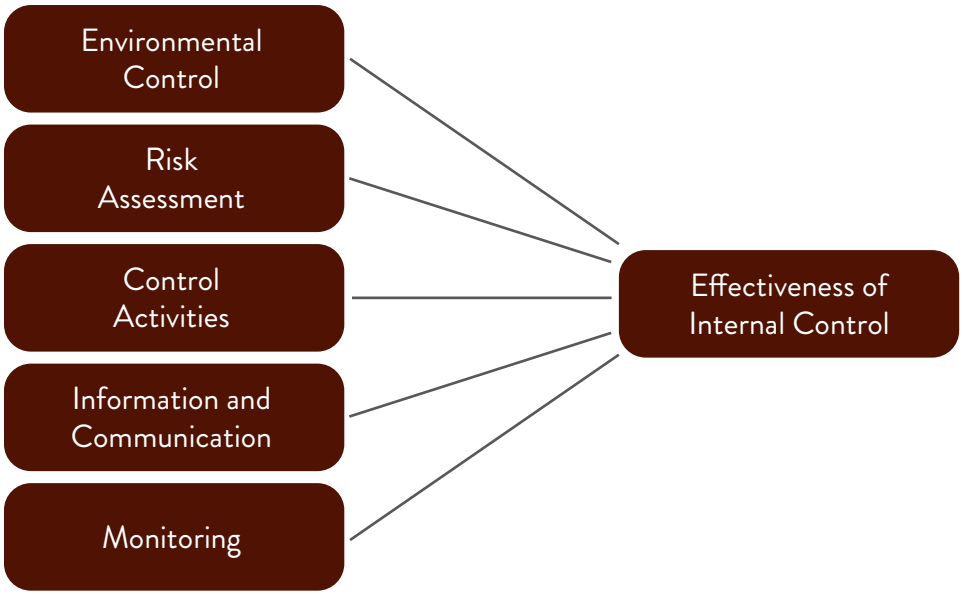
Soetedjo and Sugianto (2018) conducted research on the Application of the COSO ERM Integrated Framework in Supporting Forensic Audits to Overcome Fraudulent Acts. The study's findings suggest that thorough monitoring of all risk control activities offers management assurance that organizational objectives will be attained effectively and efficiently, encompassing fraud prevention as well.

Moreover, Lachney (2022) examined the evaluation of internal control systems. The study explores the current internal control practices in churches, focusing on their effectiveness in mitigating fraud risks. Specifically, it assesses how selected Protestant churches in central Louisiana employ internal controls, particularly in the control environment, to reduce the likelihood of fraud. The findings indicate that organizations, including churches, may unintentionally provide opportunities for fraud due to factors like excessive individual authority, high levels of trust in leaders and volunteers, and weak internal controls. The study underscores the importance of effective internal controls, following the COSO model, as foundational for all organizations, including non-profits like churches. The implementation of appropriate internal controls is seen as vital for churches to fulfill their mission efficiently and effectively. Considering the objectives, scope and the research model for the factor that affects the effectiveness of internal control of Seventh-day Adventists institutions in the Caribbean Union and also the basic theory presented above, research hypothesis proposed as follows:

H1: Environmental Control, Risk Assessment, Control Activities, Information and Communication and Monitoring factors are predictors of the Effectiveness of Internal Control perceived by users of the financial system of Seventh-day Adventists institutions in the Caribbean Union (Figure 1).

Figure 1

The Propesed Model (Committee of Sponsoring Organisations of the Treadway Commission, 1992



The Caribbean Union of Seventh-day Adventists Churches is made up of a string of islands located in the Caribbean Sea. The union is made up of ten (10) field institutions, which includes six (6) conferences, and three (3) missions. The target population for the study are presidents, executive secretaries, treasurers, former field administrators, pastors, and directors from these fields. Each of the fields in the Caribbean Union have three administrators, a president, an executive secretary, and a treasurer. A total of thirty-two directors, eighty-nine pastors, nine former field administrators, three auditors and ten accountants made up the population for the study (Table 1).

Tabla 1

Target Population of the Study

Desciption	Total population
Presidents	9
Executive Secretaries	9
Treasurers	9

Former Field Administrators	9
Pastors	89
Directors	32
Auditors	3
Accountants	10
Total Population	**170**

Methodology

Population and Sample

This study had a quantitative and predictive approach. The population used in this research was made up of 170 users of the financial system of the religious institutions of the Seventh-day Adventist Church of the Caribbean Union in St Lucia. The type of sampling carried out in this research was non-random and for convenience since the users of the financial system who were willing to participate were selected. The sample was 82 users, representing 48.23% of the population.

Reliability of the Instrument

A questionnaire developed by Anh et al., (2020) with A 5-level Likert Scale, from "Totally disagree" to "Totally agree", was used. The questionnaire is made up of 21 statements for the independent variable Internal Control and 3 statements for the dependent variable Effectiveness of Internal Control. The author reported the reliability of the instrument with Cronbach's alpha coefficient of 0.816.

Data Collection

To ensure ethical standards and address potential unethical conduct during the research the following measures were implemented. Permission to proceed with the research was obtained from the treasurer of the Caribbean Union of Seventh-day Adventists. Field treasurers were contacted for access and permission to distribute questionnaires to participants, and the collection of data. At the beginning of the questionnaire was a clearly defined letter of introduction detailing the purpose of the research, this letter required consent by all participants. The letter stated clearly that it was a voluntary research, responses were confidential and if requested results can be shared with participants. Participants were instructed to read the letter before proceeding to complete the questionnaire. The system used for distribution and collection of data, google forms, is able to collate the data automatically, so respondents were not required to include their names, therefore it was anonymous. The questionnaires were distributed electronically using google forms, the contact person in each field was the treasurer who assisted in reaching the participants and encouraging them to fill out the questionnaire. All those that were contacted promised to respond by filling out the questionnaire. All participants accepted informed consent by answering a question intended for that purpose.

Data Analysis

The dataset was created using SPSS for Windows version 20 to facilitate the analysis of variables within the program. Subsequently, scores for each variable were generated. Following the completion of the dataset, descriptive statistics were utilized to clean the database, extract demographic information, assess the behavior of key variables, and identify any outliers or missing data. This process involved calculating measures of central tendency, variability, normality, and detecting any atypical or absent data points.

Results

The frequency distribution of the demographic variables used is described in Table 2.

Table 2

Frequency Distribution of the Personal characteristics of the participants

Variables	Frequency (n)	Percent (%)
Gender		
Male	55	67.1
Female	27	32.9
Total	82	100.0
Age		
30 - 40	18	22.0
40 - 50	27	32.9
50 and above	37	45.1
Total	82	100.0
Academic Level		
High School	4	4.9
Bachelor	32	39
Masters	38	46.3
Doctorate	8	9.8
Totals	82	100
Role in Organization		
President	4	4.9
Treasurer	16	19.5
Director	18	22
Pastor	22	26.8
Former Field Administer	3	3.7
Others	19	22.3
Total	**82**	**100**

Multiple Regression Assumptions

Hair et al. (2007) mention four assumptions to test in multiple regression, which are the following: (a) linearity of the phenomenon, (b) normality of the residuals, (c) independence of the error terms, and (d) constant variance of the error term (homoscedasticity).

First test was the linearity of each independent variable with the criterion variable. It was observed from the dispersion graphs that there exists a positive relationship, with points tending to form a straight line (see Figure 2).

Figure 2

Linearity of the Phenomenon

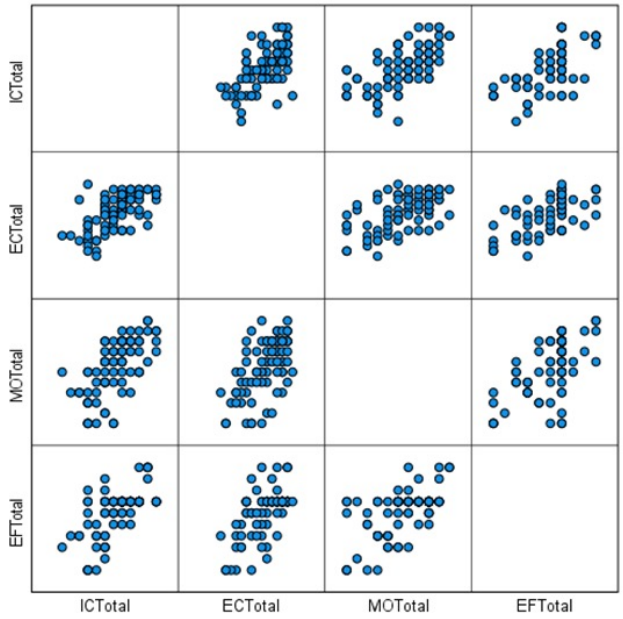


Table 3

Normality Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Estadístico	gl	Sig.	Estadístico	gl	Sig.
Standardized Residual	0.049	82	0.200	0.993	82	0.952

The independence of the error's criterion was tested, using the Durbin-Watson test whose value was DW = 1.705, which is very close to 2; this indicates that the errors are not correlated and are independent (see Table 4).

Tabla 4

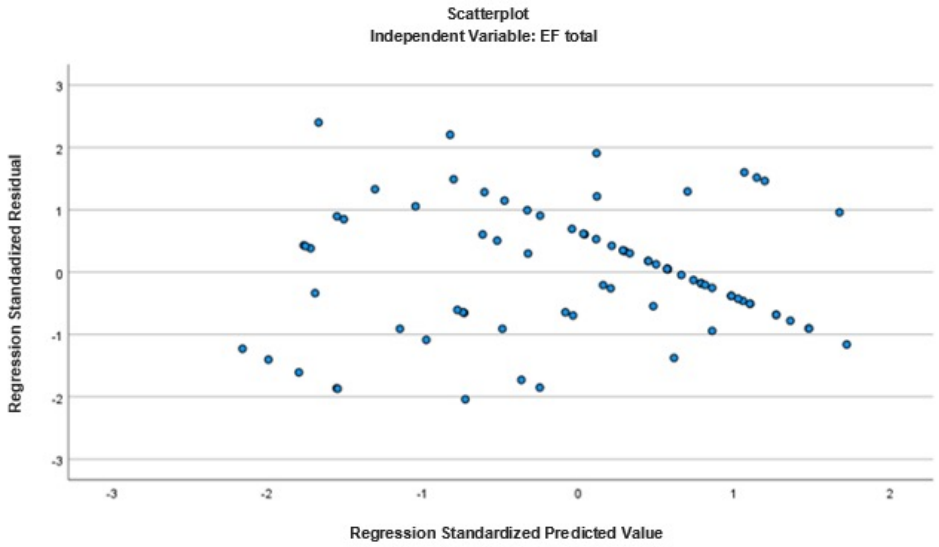
Durbin-Watson Test

Model	R	R square	Ajusted R Square	Standard error of the estimate	Durbin-Watson
1	0.645[a]	0,416	0.409	0.53340	
2	0.711[b]	0,505	0.493	0.49410	
3	0.730[c]	0,534	0.516	0.48273	1.705

Homoscedasticity was evaluated by examining the graph of the standardized predicted values against the standardized residuals. It was noted that there is no discernible linear relationship in the residuals, indicating that errors have uniform variances. As depicted in the graph, the variance remains consistent throughout (see Figure 3).

Figure 3

Disspersion Graphic



Once the statistical assumptions of the regression model were verified, the following research hypothesis was tested:

Null Hypothesis Test

H_{01}: The Environmental Control, Risk Assessment, Control Activities, Information and Communication and Monitoring factors are not predictors of Effectiveness of Internal Control perceived by users of the financial system of religious institutions in the Caribbean.

The statistical technique of multiple linear regression was used by the method of successive

steps for the analysis of this hypothesis. Environmental Control (EC), Risk Assessment (RA), Control Activities (CA), Information and Communication (IC) and Monitoring (MO) were considered as independent variables and, as a dependent variable, the Effectiveness of Internal control (EF).

The model is expressed as follows:

Form of equation:

$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5$

$EF = \beta 0 + \beta 1(EC) + \beta 2(RA) + \beta 3(CA) + \beta 4(IC) + \beta 5(MO)$

Inside: Xi is an independent factor group

X1: Environmental control factors

X2: Risk assessment factors

X3: Control activities factors

X4: Information and Communication system factors

X5: Monitoring factors

Y: Effectiveness of Internal control

Regression Analysis

During the regression analysis conducted using the successive steps method, it was determined that the most influential predictor was the variable Information and Communication System, explaining 40.9% of the variance of the dependent variable Effectiveness of Internal Control (see Table 5). It was also observed that the model of the Information and Communication System and Environmental Control variables are good predictors of the Effectiveness of Internal Control, explaining 49.3% (see model 2 in table 5). A third model was also observed that predicts the Effectiveness of Internal Control, which was made up of the independent variables Information and Communication System, Environmental Control and Monitoring, these three variables explaining 51.6% of the variance of the dependent variable (see model 3 in Table 5). The independent variables Risk Assessment and Control Activities were not significant.

Tabla 5

Regression Analysis Results

Model	Regressors	R	R^2	Adjusted R^2
1	IC	0.645[a]	0.416	0.409
2	IC and EC	0.711[b]	0.505	0.493
3	IC, EC and MO	0.730[c]	0.534	0.516

In the same way, in the proposed model 3 shown in Table 5, the F value equal to 29.738 and the p value equal to .000 were obtained. Since the significance level is less than .05, it indicates that there is a positive and significant linear correlation. Based on the above, the null hypothesis is rejected.

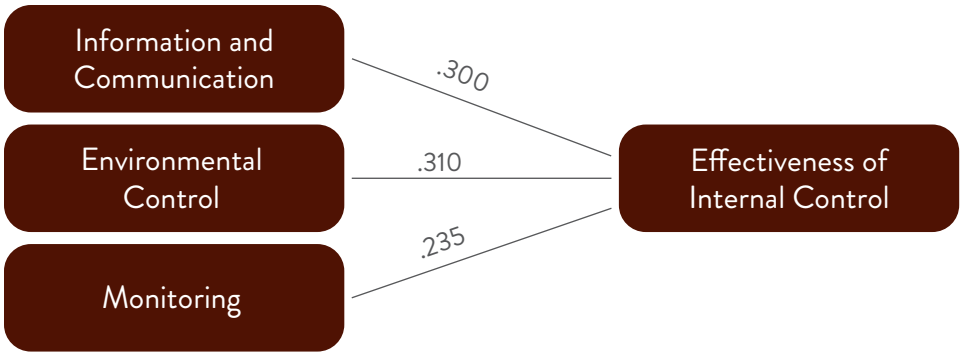
The values of the non-standardized coefficient Bk, obtained through the statistical regression technique, were the following: B0 equal to .641, B1 equal to .310, B2 not significant, B3 not significant, B4 equal to .338 and B5 equal to .243. With these values it was possible to build the following regression equation, using the method of least squares:

EF = .641+ .310(EC)+.338(IC) +.243(MO)

Figure 4 shows the standardized coefficients for Information and Communication system B equal to .300, Environmental Control B equal to .310 and Monitoring B equal to .235. The collinearity of the constructs was also analyzed, and it was observed that the inflation factor of the variance at its maximum value was FIV = 2.051, this is less than 4, therefore, it is concluded that the independent variables of the model do not present collinearity.

Figure 4

Final model and standardized coefficients



Discussion and Conclusion

In this section, the discussion revolves around the results in light of relevant theoretical studies and prior research. Additionally, the initial objectives of the research are outlined and examined.

Information and Communication and Effectiveness of Internal Control

Based on Gachoka et al. (2018) the research entitled "The intervening effect of internal controls on the relationship between budgeting process and performance of churches in Kenya" the results shows that internal control has a positive intervening effect on churches performance in Kenya, showing a positive correlation (r = .480, p < .01). The study found adequate internal controls in churches covering all the internal control components.

The purpose of the study of Kinuthia (2022) was to assess the role of internal financial controls on the performance of religious organizations in Kenya. The study aimed at establishing effects of control activities, continuous monitoring, accounting information control environment and risk assessment on the performance of religious activities. The target population for this study included all the registered protestant churches in Tharaka-Nithi County. The study found out that, the accounting information and communication and control environment have a strong effect on financial performance in the religious organizations based on the R value of 0.786. These results are in harmony with this research.

In the other hand, a study developed by Kamara (2018) of the effectiveness of internal control systems within the three missions of the Seventh-day Adventist Church in Sierra Leone found that Information & Communication (P< 0.1, Beta = -.118), is not a significant predictor of effective control systems.

Control Environmental and Effectiveness of Internal Control

In the study of Apollo (2020) about Control environment, risks assessment, control activities and financial accountability in Pentecostal churches, the results indicated that control environment is a predictor of effective financial accountability (Beta = .472, Sig. <.01). Moreover, Mahadeen et al. (2016) examining the effect of the Organization's Internal Control System on Organizational Effectiveness in a Jordanian empirical study found that Environment control impacts the effectiveness of internal control, with standardized coefficients of .421. These results are aligned with this research.

In the opposite direction, the study developed by Kamara (2018) of the effectiveness of internal control systems within the three missions of the Seventh-day Adventist Church in Sierra Leone found that Control environment (P< 0.1, Beta = -.110), was not found to be related to effective control system.

Monitoring and Effectiveness of Internal Control

In a study developed by Mahadeen et al. (2016) examined the effect of the Organization's Internal Control System on Organizational Effectiveness the results revealed that Monitoring impacts the effectiveness of internal control, with standardized coefficients of .349. This result is aligned with this research.

In this study, the independent variables Risk Assessment and Control Activities were not significant with relation to the effectiveness of internal control. In a practical way members of religious organizations have been known to have high confidence in the system that they are part of. Trust and faith are common elements among the membership. This may account for the negative coefficient result for these two independent variables. However, this result highlights the need to develop strategies to improve these areas of internal control.

The internal control practices implemented by religious organizations play a pivotal role in determining their ability to retain the loyalty of their followers. This is because the churches rely largely on the offering, the tithe, the donation just to mention a few, to carry out their mandate, therefore, if the funds are not put to proper use, the contributors to the fund will be discouraged from continuing to give to the church (Tetteh et al., 2021).

Religious organizations in the Caribbean with the awareness that Information and Communication System, Environmental Control and Monitoring has a significant positive relation to the effectiveness of internal control are now able to plan and put measures in place to strengthen and increase sustenance in these areas. For effective control, it's imperative that management demonstrates full commitment to the functioning of the system. This dedication underscores the need to establish policies, procedures, and mechanisms that guarantee the effective implementation of their directives. Religious organizations in the Caribbean need to engage in financial education paying special attention to the COSO factors that affect internal control.

A study of internal control in the context of Seventh-day Adventists institutions in the Caribbean Union is critical for several reasons and has significant implications for future existence. This study indicates that the Information and Communication System, Environmental Control and Monitoring have positive effects on the effectiveness of internal control of Seventh-day Adventists institutions in the Caribbean Union. Identifying and evaluating the impact of various factors on the effectiveness of internal control is crucial. According to Tu Anh et al. (2020) this process enables managers to pinpoint and precisely assess the elements that significantly affect the quality of internal control. In turn, this enhances the overall efficiency and effectiveness of governance, with a specific focus on control measures.

Considering the research results, to sustain and promote the effectiveness of internal controls at Seventh-day Adventists institutions in the Caribbean Union, it is necessary to establish closely and thoroughly the influencing factors including information and communication, environment control and monitoring. Administrators should ensure that training is conducted to enhance the skills and capacity of institutions in internal control elements. The findings from this study will inform stakeholders and is helpful in formulating policies, particularly by regulators, in order to resolve the challenges associated with internal controls within institution, proactive measures need to be taken. These may include conducting thorough risk assessments, implementing robust control mechanisms, providing comprehensive training to staff, fostering a culture of compliance and accountability, and regularly reviewing and improving control processes in response to changing circumstances.

The study has certain limitations that should be considered when interpreting its findings. The results cannot be generalized beyond the specific religious institutions examined in the Caribbean Union because it relied on a non-probability convenience sample. Additionally, the regression model accounted for 51.6% of the variance in internal control effectiveness, suggesting that other unexamined factors

such as leadership style, organizational culture, resource availability, or technological systems may also influence internal control performance, this also is considered a recommendation for future studies.

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