

RISK MANAGEMENT AND INTERNAL CONTROL ELEMENTS OF EDUCATIONAL INSTITUTIONS

Supasak Thanthong* , Thada Siththada**

**Student of Master of Education Program in Educational Administration,
Graduate School, Suan Sunandha Rajbhat University*

***Program in Educational Administration,
Graduate School, Suan Sunandha Rajbhat University*

*E-mail : *s64561802096@ssru.ac.th, **Thada.Si@ssru.ac.th*

ABSTRACT

Risk management is an essential strategic tool based on sound corporate governance principles. Management enables management and decision-making in planning, strategy formulation, monitoring and measuring performance, and using resources more appropriately and efficiently. Reduce losses and opportunities that cause damage to the organization. This article studies relevant documents and research on educational institutions' risk management and internal control elements. The results showed that there are five elements of internal control for educational institutions: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring activities.

Keywords Risk Management/ Internal Control/ Educational Institutions

INTRODUCTION

The administration of both public and private sector organizations has different goals and objectives of the action. Achieving such objectives is always subject to risk, which may appear differently. Risk combines at least two components the likelihood of adverse events and subsequent consequences. The benefits of proper risk management are supportive of strategies and plans. It helps to achieve its purpose and understand the threats to the project operations in more efficient organizations (Office of the Permanent Secretary of the Ministry of Education, 2013). Risk management is, therefore, an essential strategic tool based on sound corporate governance principles. It helps to manage and make decisions in areas such as planning, strategy formulation, monitoring and measuring performance and using resources more appropriately and efficiently. Under the operating conditions of every organization, there are risks, which is uncertainty that will affect the organization's operations or goals.

Educational institutions need systematic risk management. By identifying the risks, any risk factors affect the operation or goals of the school—risk analysis of opportunities and their impact. Prioritizing risk factors then establishes guidelines for risk management. It must take into account the cost-effectiveness of proper risk management. It operates based on three key elements: Internal Audit, Internal Control, and Risk Management. Implementing risk management processes in educational institutions will help ensure, to a certain extent, the various actions of the school because risk management is a logical prediction of the future. Have

principles and find ways to reduce or prevent damage in each step in advance. Therefore, implementing risk management processes in conjunction with the work will help keep the workload in line with the specified goals and prevent possible risks and problems hindering the school's future operations.

LITERATURE REVIEW

Definition of Risk Management

Risk management refers to planning the implementation process to achieve the goals and objectives of the organization by establishing guidelines for the implementation process to control or prevent it. Efforts to find administrative avenues to identify incidents and have management guidelines in line with the organization's action plan are the ability to deploy paradigms for maximum operational quality, efficiency, and effectiveness. Risk management consists of setting objectives, risk identification/events, risk assessment, risk management, preparation, reporting, and follow-up.

Types of risks

Systematic and continuous organizational processes help the organization reduce the cause of each possibility of damage. Risk management aims to ensure that the level of damage and magnitude of the damage that will occur in the future are acceptable for the organization. Taking into account the achievement of the objectives or goals of the organization as a priority, the study's results can be summarized as shown in Table 1.

Table 1 Types of risks

Academics/Researchers	Types of risks								
	Strategic Aspects	Operational Aspects	Financial Aspects	Legal/Regulatory Aspects	Personnel Aspects	Process Aspects	Technology Risks Aspects	Marketing Aspects	Assets Aspects
Office of the Permanent Secretary, Ministry of Education. (2017)	/	/	/	/					
Office of the Permanent Secretary of the Ministry of Finance. (2014)	/	/	/	/					
Roth, J. C. (2010)		/		/			/	/	/
COSO. (2015)	/	/	/	/					
Srirattanaprakaul, P., Chansirisir, P., & t Phuangnil, P. (2016)	/	/	/	/	/				
Saimai. T. (2017)	/	/	/	/					
Tu-jamnonng, V. (2018)		/	/		/	/			

	Types of risks								
	Strategic Aspects	Operational Aspects	Financial Aspects	Legal/Regulatory Aspects	Personnel Aspects	Process Aspects	Technology Risks Aspects	Marketing Aspects	Assets Aspects
Academics/Researchers									
Chantharat, K. (2019)	/	/	/	/					
Polchai, A., Duangchatom, S., & Khoi Phuthon, R. (2020)	/	/							

From the table 1, scholars have presented the types of risk management accordingly. The following are 1) Strategic Risk, 2) Operational Risk, 3) Financial Risk, and 4) Compliance Risk or Event Risk.

Risk Management

A risk management process is a framework that requires steps to reduce losses of assets, time, or operational failures. Following the steps must always consider achieving the intended objectives, which are managed in many ways. (Office of the Permanent Secretary, Ministry of Education, 2017)

1. Take (Risk Acceptance) means accepting the risks arising from the operation and under the level of risk that the organization can accept. That does not require any action.

2. Treat (Risk Reduction) refers to implementing work improvement. Organize activities to reduce the likelihood of occurrence or reduce the impact of risk to an acceptable level.

3. Terminating (Risk avoidance) means canceling or avoiding risky activities. However, if this strategy is used, it may be necessary to consider whether the objectives can be achieved to make further adjustments.

4. Transfer (Risk Transfer) means the management of risks or processes or raises or divides certain risks that can be transferred to others or other organizations.

Risk management elements within the organization

In 1947, the American Institute of Certified Public Accountants (AICPA) established internal controls and revisions that have led some executives to understand that internal control focuses only on accounting and finance, with accountants and auditors responsible for internal controls.

In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), requiring executives to be responsible for internal controls. In 1992, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) was a joint committee of five professional institutions in the United States: the American Institute of Certified Public Accountants (AICPA), The Institute of Internal Auditors (IIA), The Institute of Financial Management (Financial Executives Institute (FEI), The American Accounting Association (AAA), and The Institute of Accountants for Management (IMA) jointly studied and developed the meaning and concept

of internal control according to a report called COSO Internal Control–Integrated Framework. Moreover, determine the meaning and framework of internal control. For Thailand, in 2001, the National Audit Committee considered it appropriate to establish internal control standards to provide guidelines for the organization of internal control systems to be efficient and effective. This will result in the most significant benefits to the operation and the spending of the money and property of the nation as a whole. Therefore, the "Regulation of the National Audit Committee on the Establishment of Internal Control Standards 2001" was issued in the Gazette, Volume 118, Part 99ⁿ, dated October 26, 2001, to guide the establishment of the internal control system in 2018. The State Fiscal Finance Act 2018 came into force on April 20, 2018, by "Internal Control Standards for Government Agencies" Mandates that government agencies provide for internal audits. Internal Control and Risk Management. The ministry of finance shall comply with the standards and criteria prescribed by the Ministry of Finance and the Ministry of Finance for government agencies to provide internal control following the State Fiscal Finance Act. Therefore, the Ministry of Finance's Guidelines on Internal Control Standards and Practices for Government Agencies 2018 have been established for government agencies to observe.

Risk management elements within the organization. The composition of control within government agencies has been defined. Internal control will be a tool to support government agencies in driving their operations to achieve the specified objectives. The researcher studied risk management elements within the organization details, as shown in Table 2.

Table 2 Risk Management Elements

Risk management elements, internal control	The Committee of Sponsoring Organizations of the Treadway Commission (COSO), 2013	King Mongkut's Institute of Technology Ladkrabang, 2020	Forest Industry Organization, Ministry of Natural Resources and Environment, 2020	Office of the Permanent Secretary of the Ministry of Finance, 2014	Office of the Basic Education Commission, Ministry of Education, 2020
Control Environment	/	/	/	/	/
Risk Assessment	/	/	/	/	/
Control Activities	/	/	/	/	/
Information and Communication	/	/	/	/	/
Monitoring Activities	/	/	/	/	/

Table 2, it can be summarized the risk management elements within the organization. The internal control component of the school consists of 5 elements as follows: 5 elements of internal control

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

CONCLUSION

Based on the study of documents and related research on risk management and the internal control elements of educational institutions. Risk management refers to planning action processes to achieve the goals and objectives of the organization. By establishing guidelines for operational processes and controlling or preventing them. Monitor and evaluate with a plan to support fewer risks and efforts to find administrative solutions so that they can identify incidents and have management guidelines in line with the organization's action plan. Risk management applies a paradigm to the highest quality, efficiency, and effectiveness. Risk management consists of setting objectives, Risk/Event Identification, Risk assessment, Management and preparation of risk management plans, reporting and follow-up, etc. Types of risk management include 1) Strategic Risk, 2) Operational Risk, 3) Financial Risk, and 4) Compliance Risk or Event Risk. The internal control elements of the school consist of 5 elements as follows: 1) Control Environment, 2) Risk Assessment, 3) Control Activities, 4) Information and Communication 5) Monitoring Activities.

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