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The Importance of Control for the Development of Quality Audits

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Abstract

The purpose of this research was to develop the control process as a fundamental basis for carrying out audits, therefore, a practical example of the application of the Control Process in a Project Execution Unit is presented, which depended on an NGO located in the city of Riobamba and that executed some socio-productive projects with the participation of the Ecuadorian State in the province of Chimborazo, during the period between 2018 - 2021. In addition, the internal and external audit was carried out and the implementation of the above-mentioned projects had been carried out, it was possible to verify that their objectives had been met and that their purpose was aimed at improving the living conditions of 708 poor peasant families belonging to 32 communities in the cantons of Riobamba, Colta, Guamote and Pallatanga of Chimborazo province; and at the same time, they were meeting their basic needs.

Keywords: Internal control, control instruments, internal audit, external control, audit, evaluation, control.

Introduction

The control as a stage of the administrative process, constitutes the phase where, through indicators, the degree of compliance with the objectives and goals established by the leaders of an entity is established, that is, the planned is compared with what has been executed, in order to detect if there is any deviation, to be able to correct it at the appropriate time, and with the results obtained, make a feedback for continuous improvement.

It is necessary to keep in mind that employees who perform functions in the management of financial, human, material or services resources in all types of organizations, whether public or private, assume a high degree of responsibility, so they must faithfully comply with the

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administrative process of control.

This process has to do with carrying out activities that demonstrate economy, efficiency and effectiveness in the development of the company or social organization.

To achieve this purpose, pre-established rules and policies must be complied with in every institution and this is the case of compliance with the administrative control process; control that is actively carried out before, concurrently and later, this is in internal control as a fundamental basis for conducting intelligent audits.

Research Method

In the research carried out, the method was used with a qualitative approach. According to his book *Research Methodology*, he states that "The qualitative approach uses data collection without numerical measurement to discover or refine research questions in the interpretation process." It is also guided by significant areas or topics of research.

Unlike quantitative studies, qualitative studies can develop questions and hypotheses before, during, or after data collection and analysis. (Roberto Hernández, Carlos Fernández, María del Pilar Baptista, 2010, p. 49). Based on this approach, the research was developed, the necessary steps were followed to obtain coherent results and develop internal and external audits that lead us to obtain efficient and quality results.

Conceptual Framework

In order to have referential information, some topics were conceptualized that served as a basis for the development of research such as:

El Control. "At the academic level, with respect to the studies of the management cycle and its functions, control is defined as "the measurement and correction of performance in order to ensure that the objectives of the entity and the plans devised to achieve them have been met".

In the same vein, control as a management activity "is the process of monitoring activities to ensure they are carried out as planned and correcting any significant deviations." (Office of the Comptroller General of the Republic, 2014)

Types of Control. "There are two types of control: external and internal. a). External Control is the set of policies, standards, methods and technical procedures; and is applied by the Office of the Comptroller General of the Republic or another organ of the National Control System; and, b). Internal Control is an integral management process carried out by the owner, officials and servants of an entity, designed to face the risks in the operations of the management and to give reasonable assurance that, in the achievement of the mission of the entity, the objectives of the same will be achieved, that is, it is the management itself aimed at minimizing risks. (Office of the Comptroller General of the Republic, 2014)

Internal control, is the set of methods and measures coordinated within a private or state organization, to safeguard its financial and material resources, ensuring its proper use, accuracy and reliability of its operations and thus promote efficiency, complying with the policies established by standards that lead to the fulfillment of the objectives.

Basic control process

The techniques and control systems are essentially the same to control cash, administrative procedures, organizational ethics, product quality etc., this process includes the following steps:

1. Establishment of standards: establish plans, since plans are the yardsticks against which managers design controls; Special standards are established, which are performance criteria, as we have to the measurable objectives and goals of an organization
2. Performance measurement: The administrator alert and with vision to the front, sometimes predicts possible deviations from the standards, these should be discovered as soon as possible.
3. Correction of deviations: It is the point where control can be seen as a part of the entire management system and relate it to the other managerial functions, that is, you can take measures such as redrawing your plans, or modifying your goals, etc. (Roberto Hernández, Carlos Fernández, María del Pilar Baptista, 2010).

On the other hand, it is necessary to know some procedures of greater relevance in the administration of executing units of projects, such as the management of the revolving fund, pre-contractual procedures, custody of goods, monitoring and the function of the Internal Audit Unit.

Internal Audit Unit." Internal audit is an independent and objective assurance and advisory activity, designed to add value and improve the operations of an organization; Evaluates the internal control system, administrative, technical, environmental, financial, legal, operational, strategic and risk management processes.

The auditors of the Internal Audit Unit shall act independently with respect to the operations or activities audited and shall not intervene in the authorization or approval of financial, administrative, operational and environmental processes." (Comptroller General, 2014, p. 8)

Revolving fund: "These are fixed values assigned for the fulfillment of a specific purpose and will be kept deposited in a bank account. Such funds shall be used exclusively for the purposes for which they were allocated; The bank account will be closed once the purpose for which it was created has been fulfilled." (Comptroller General, 2014, p. 29).

Pre-contractual procedures. "For the contracting of non-standardized goods and services and for the execution of works, the procedures of: bidding, quotation and minor amount, inclusive fairs, negligible amount, will be applicable to more than the special procedures of the special regime.

The pre-contractual procedures to be considered in the case of contracting consulting services are: direct contracting, contracting through a short list and through public competition". (Comptroller General, 2014, pp. 31 and 32)

Custody. "The permanent custody of the assets allows to adequately safeguard the resources of the entity, strengthening the internal controls of this area; It also makes it easier to detect if they are used for the purposes they were acquired, if their conditions are adequate and they are not at risk of deterioration... It is up to the administration of each public entity to implement its own regulations regarding physical custody and security, in order to safeguard the assets of the State." (Comptroller General, 2014, pp. 33 and 34)

Tracking. "Continuous monitoring shall be applied in the normal course of operations, in routine management and supervisory activities, as well as in other actions carried out by staff in carrying out their tasks aimed at evaluating the results of the internal control system.

The extent to which staff, in carrying out their normal activities, obtain evidence that internal control continues to function properly will be analysed.

The functioning of the various controls shall be observed and evaluated, in order to determine the validity and quality of the internal control and to undertake the modifications that are pertinent to maintain its effectiveness". (Comptroller General, 2014, pp. 78 and 79)

External audit: According It consists of the review of the financial statements of an entity according to specific standards and techniques, in order to express its independent opinion on the economic-financial situation at a given time, its results and the changes in it during a given period.(Manuel Borrajo Domínguez, 2002, pp. 50-59)

Public and private sector auditing: Public sector auditing is supported by a regulatory infrastructure, in order to make it viable, accessible and functional, regardless of the nature and complexity of the organizations for which it was conceived.

In the private sector, an administrative audit includes a wide variety of lines of action and assumptions with knowledge that makes sense to the extent that it becomes a defined framework for action. (Enrique Benjamín Franklin F., 2007, p. 554)

The projects referred to are: Installation of livestock microenterprises for the production of milk and meat, Implementation of crops under irrigation, Implementation of crops under greenhouses, Implementation of dairy production plants, sausages and balanced in different cantons of the province of Chimborazo; with

Development

To carry out the research, it was necessary after having known its objectives and referential data, data that served to structure the Logical Framework Matrix that is exposed below:

Table 1: MARCO LOGICO

Agroindustrial Projects in the Province of Chimborazo

DESCRIPCION	INDICADORES	VERIFICADORES	SUPUESTOS
FIN: Mejorar la economía de 708 familias campesinas de 32 comunidades de los cantones de Guamote, Chunchi, Colta y Pallatanga de la provincia de Chimborazo.	100% de incremento en los ingresos familiares por efecto de explotación agropecuaria tecnificada. 32 comunidades fortalecidas y autogestionarias.	Convenios de cooperación firmados. Facturas de compra -ventas de animales y productos agrícolas e industriales.	Existe la decisión y compromiso de los beneficiarios para recibir los créditos, capacitación y asistencia técnica para mejorar la producción y productividad y reinvertir en actividades similares.
PROPÓSITO: Incrementar los ingresos a 708 familias campesinas de 32 comunidades pertenecientes a los cantones de Guamote, Chunchi, Colta y Pallatanga de la provincia de Chimborazo, mediante el financiamiento de proyectos agroindustriales a pequeña escala por parte del Estado y ONGs Internacionales	32 Convenios legalizados por el financiamiento de seis proyectos entre el Estado, ONGs y comunidades. 708 familias de 32 comunidades, se dedican a la explotación agropecuaria e industrial a pequeña escala, mejoran su producción y comercialización.	Registros de producción agropecuaria e industrial. Encuestas efectuadas en el campo a beneficiarios para establecer mejoramiento de ingresos y condiciones de vida.	Se incrementa la población ganadera, producción agrícola e industrial en las organizaciones beneficiarias del proyecto. La entrega de recursos financieros y su utilización es monitoreada en cumplimiento a cada uno de los proyectos.
COMPONENTES: Incrementar la producción agropecuaria y de la pequeña industria mediante la aplicación sistemas tecnificados. Incrementar los niveles de ingresos de las 708 familias, por medio de la venta de sus productos en el Centro de Acopio de su organización, ferias populares y a precios competitivos de mercado.	Se inicia con una explotación de 235 vacas de vientre, incrementándose el hato ganadero a 522 animales. 1200 ha dedicadas a la explotación agropecuaria. Mejora la producción por la capacitación y asistencia técnica.	Contratos, facturas legalizados Estados Financieros, presentados por la Unidad Ejecutora de Proyectos. Inventarios de producción, comparación con la línea de base.	Se cumplen los objetivos establecidos en los proyectos. Las instituciones que facilitan las inversiones entregan los recursos necesarios para: Adquisición de animales, maquinaria, equipos e insumos Asistencia Técnica, y capacitación
ACTIVIDADES: • Pre operativas: Puesta en marcha de la Unidad Ejecutora de Proyectos • Adquisición de ganado, maquinaria, equipos e insumos para la producción agropecuaria e industrial. • Construcción de plantas de lácteos, balanceados y embutidos. • Capacitación en producción agropecuaria e industrialización de lácteos, balanceado y embutidos	RESUMEN PRESUPUESTAL Gastos de Preinversión \$ 77.191,40 Inversiones Reembolsables = 708.000,00 Inversiones no Reembolsables = 558.460,00 TOTAL \$ 1.343.651,40 EJECUCIÓN PRESUPUESTAL Inversión Estado \$ 400.000,00 Inversión ONGs = 430.191,40 Inversión Comunidades = 513.460,00 TOTAL \$ 1.343.651,40		El financiamiento de los proyectos asegurados con la legalización de convenios entre el Estado las ONGs y las Comunidades. La entrega de créditos está garantizado mediante la firma de Pagarés firmados por los beneficiarios y garantizados por los Representantes de las Comunidades.

Source: Author

Likewise, in order to have reliable information, the Budget of the indicated Projects was

structured and in this way to be able to expose the entire system of the process that had been applied in the integral Control in the administrative, financial and technical areas, as well as all the procedures required for the fulfillment of the objectives of the projects indicated above; and, which is presented in the following table:

Table 2

PRODUCTIVE PROJECTS IN CHIMBORAZO INVESTMENT BUDGET 2018

ITEM	CONCEPT	PARTIAL	TOTAL
1	DEFERRED PRE-INVESTMENT EXPENSES		77.191,40
1.1	Administrative Staff	30.956,20	
1.2	Technical Staff	38.935,20	
1.3	Office Expenses	7.300,00	
2	RESABLE INVESTMENTS		708.000,00
2.1	Low-risk agricultural credit	230.000,00	
2.1.1	Greenhouse Agricultural Credits	36.000,00	
2.2	Livestock Credits	235.000,00	
2.3	Balanced Plant Credits	85.000,00	
2.4	Sausage Plant Credits	74.000,00	
2.5	Dairy plant credits	48.000,00	
3	NON-REIMBURSABLE INVESTMENTS		558.460,00
3.1	CONTRIBUTION NGOs	45.000,00	
3.1.1	Technology Transfer	25.000,00	
3.1.2	Training	20.000,00	
4	CONTRIBUTION COMMUNITIES	513.460,00	
4.1	Lands	25.050,00	
4.2	Equipment	55.400,00	
4.3	Tools	5.010,00	
4.4	Labor	428.000,00	
	TOTAL		1.343.651,40

Source: Author

To develop the study, it was used to detail compliance with the Control Rules established by the Comptroller General of the Ecuadorian State and the Non-Governmental Organizations managing the projects:

Internal Control Standards. The internal control standards established for the execution of socio-productive projects, to which the investigation was directed, have been those established by the Office of the Comptroller General of the Ecuadorian State and the Non-Governmental Organizations, project managers, norms that implied Laws, Codes, Regulations and Written Provisions. These standards are aimed at being complied with and are related to the management of financial resources, material goods and human resources, in compliance with the objectives

established in the approved studies of the projects exposed in the Logical Framework Matrix.

Internal control applied to Project Objectives. All the staff of the Project Execution Unit in charge of the NGO Project Manager, it was possible to verify that the efficiency, effectiveness and economy of the operations were promoted under ethical principles and transparency throughout the operation, which every occasion that they were intervened in follow-up activities by evaluators and internal auditors, demonstrated reliability, completeness and timeliness of information; having also complied with the legal provisions and regulations of the entity for all types of acquisitions related to quality goods and services; as well as, protecting and preserving the goods against theft and misuse.

Project Management. With regard to this issue, it was possible to verify that for its realization, the projects were approved and financed totally. The Project Execution Unit had complied with each of the administrative processes, such as: * Planning, had approved studies and valued schedules of updated activities. * Organization, complied with the requirements related to human talent, offices, furniture, equipment, regulations and legal provisions, computer accounting systems and ordered files of all transactions and duly guarded. * Management, it was in charge of an experienced professional and provided all kinds of guarantees for the fulfillment of the functions and obligations established.* Control, internal control had been implemented in all areas, related to the management of financial resources, human talent, goods and services.

Functions of the Project Manager. Having reviewed the Employment Contract of the Administrator and the provisions received from the different instances; In addition to the results related to monitoring and evaluations, it was confirmed that it had fully fulfilled its functions in accordance with the following detail:

- a. It demonstrated that it had responsibly fulfilled the execution of agricultural and industrial projects, because they were executed according to schedule.
- b. It maintained coordination with the State agencies and NGOs managing the projects in order to comply with the policies established in each of these agencies.
- c. Through previous meetings with beneficiaries and the staff of the unit, it established systems to measure the achievement of the defined objectives, so that accurate information on the status of the projects is obtained in a timely manner, and in turn, the results are communicated, to be made known to the competent institutional authorities.
- d. He was always vigilant that there were regular evaluations of projects.
- e. The authorizations of disbursements of more than ten thousand dollars were made with the approval of the Procurement Committee of Goods and Services of the Organization and in accordance with the Budget.

- f. In accordance with the corresponding Minutes kept in the archives, it coordinated its work with the Inspectors of infrastructure works, providing the required facilities.
- g. It fully and timely complied with the provision of materials and services for the execution of works by direct administration.
- h. He ensured the fulfillment of the contracts for certain work, so that they are fulfilled according to the designs and times established in their execution.
- i. Personally and with the accompaniment of the Accountant, Veterinarian or Agronomist, he participated in the purchase and sale of cattle, greenhouses and agricultural inputs in order to ensure compliance on the part of small farmers who had acquired credits for this purpose and granted by the NGO according to the budgets.
- j. It was possible to verify through the evaluation and audit minutes, that each and every one of the acquisitions are of goods or services, complied with the requirements established in the different regulations, having verified in the records; and the custody was in charge of the beneficiaries, whose record was subscribed in the corresponding acts of delivery – reception.

Establishment of the organizational structure. In relation to the organization of the Project Execution Unit, since the beginning of its operations, it had the corresponding legal regulations (Regulations of the Committee on Acquisitions of Bines and Services, Internal Regulations, Petty Cash, Revolving Fund, Mobilization and Transportation Expenses); and, above all, have complied with the legal provisions established by the Ecuadorian State.

Recruitment of Personnel who worked in the Project Execution Unit. The entry of personnel to the UEP was carried out prior to the call, evaluation and selection that allowed to identify those who, due to their knowledge and experience, guaranteed their suitability and competence in the fulfillment of their obligations and management of the unit.

Compliance with Basic Principles of Internal Control. In accordance with the Structural and Functional Organic of the Project Execution Unit, the Description of Functions was instructed and delivered in writing to each of the contracted personnel, observing the basic principles of Internal Control detailed below:

- a. Liability Limited. The responsibility of each position was established in writing and the interested parties had been made aware of the responsibility they have in authorizing an operation and that, at the same time, it will fall on a single person who has knowledge of it.
- b. Separation of incompatible duties. Noting that some functions are of such a nature, that it is necessary that they be performed by different persons. Example cases of the

Accountant, dedicated only to records and accounting information. The handling of checkbooks and money was entrusted to the secretary.

- c. No official was to conduct full transactions. To avoid any type of fraud, it had been considered that in the transactions, the Administrator, Accountant, Secretary, Responsible for Quotations and Warehouse Guard (when it is of goods acquired or delivered) should intervene. The contracts were authorized by the Entity's Procurement Committee for Goods and Services.
- d. Application of continuous accuracy tests. In this regard, a delegate-evaluator from one of the NGOs participated in order to review the staff on the fulfillment of their functions and responsibilities.
- e. Written instructions. Each and every one of the functions were given to the staff in writing in addition to those described in the corresponding employment contract, in order to have proof of a good administration of the resources of the institution.
- f. Avoid the use of cash. Within the policies established in the Project Execution Unit, cash was used in the Petty Cash Fixed Fund; and, in some cases, a Revolving Fund for the provision of credits to project beneficiaries; that together with them, they withdrew from the Bank and went to the purchase especially of cattle in the corresponding fairs.
- g. Immediate and intact deposits. The only cash found that they had were the credits and interest collected, which were obligatorily deposited in full, according to the prenumbered receipts issued by the collector.
- h. Minimal use of bank accounts. Although internal control recommends maintaining a minimum number of bank accounts per object of control, each project had a bank account and, if possible, in different banks, as had been arranged by NGOs and the State.
- i. Use of Computer Equipment. In order to maintain records that allow immediate information, especially on the availability of budgeted funds, there was a special program related to accounting records for each project.
- j. Responsibility for Internal Control. All staff were aware of fully complying with internal control related to the observation of regulations, custodian of goods and proper use of services, as well as the control and registration of resources deposited and collected. Maintaining a file in custody of each and every one of the documentation related to Accounting, Contracting and Legal Documents of Guarantees.

"General recommendation, all servants are obliged to respond, report, explain or justify to the authority, managers and citizens, for the resources received and administered and for the

fulfillment of the assigned functions. It is an ongoing process that includes planning, resource allocation, accountability and an appropriate information and communication system." (Comptroller General, 2014, pp. 4,5,6,7,9,12)

With regard to this recommendation, the Executing Unit of the projects expressed must submit the following balance sheets monthly to both the State institution and the NGOs, project managers: Statement of Financial Position, Statement of Sources and Uses, Income Statement and Budget Statement; in addition to certified copies of the supporting documents related to the different transactions.

To demonstrate effective control, prior, concurrent or vigilant controls were performed; and, of results or later, whose processes were given as follows:

Prior control. To carry out all types of disbursement, the following process was given:

- a. A form called "Request for Requirement" was maintained, which stated, place and date, addressed to the Coordinator of the Project Execution Unit, Applicant, detail of the requirement, annexes or justifications, signature of the applicant and approval of the accountant confirming the availability of funds and budget.
- b. Annex of at least three proformas for the acquisition of goods and services, provided that they are amounts less than ten thousand dollars.
- c. When it was a question of making a purchase that exceeds the amount established in the Regulations on Procurement of Goods and Services; this is about ten thousand dollars, it was necessary to call a price contest, for which the interested parties had to present their proposals in sealed envelopes in the Secretariat of the General Administration of the Institution, so that the request is submitted to the Procurement Committee.

Concurrent control. For this process, the following steps were also taken:

- a. Whenever the acquisition does not exceed ten thousand dollars, the person responsible for the Acquisitions, will present three proformas before the Administrator of the UEP, so that the best proposal is approved, authorizing the procedures for the respective purchase.
- b. For the acquisition of materials, the person responsible for the acquisitions, together with the Warehouse Guard, will proceed to verify and receive the acquired, putting it safely either in the warehouse or delivery in the work in execution, and must be registered together with the corresponding delivery – reception document.
- c. Acquisitions of goods or services that exceed ten thousand dollars, the requirements prior to their cancellation, must be in a folder containing: a) Application for acquisition. b) Three proformas or proposals. c) Minutes of Resolution of the Procurement Committee. d) Contract of purchase – sale or certain work. e) Proof of Payment. (f)

Cheque; and, g) Seller's invoice.

- d. It was verified that all the original documentation of the transactions rested in files in charge of the Accountant of the UEP.

Subsequent Control or Results. This activity was carried out on several occasions by delegated officials of the NGOs or the Comptroller General of the State as recorded in the respective minutes, who carried out Special Examinations, Inspections and Audits in the different areas or components of the executed projects, according to the following processes:

Any presence of officials, whether they are Supervisors, Evaluators, Auditors or Auditors, presented the corresponding credentials or communications in which they stated that they had been delegated to fulfill one of the indicated functions.

- a. The UEP staff gave attention to their requirements in: Delivery of original documents for analysis, verification of acquired goods, records of credit management, their deposits and justifications, inspections of the works executed, among others.
- b. After having concluded the management or intervention of the delegates, they had proceeded to read the draft of the report, this reading was carried out in the presence of the local authorities of the Institution managing the projects, representatives of the beneficiaries of the projects and staff of the Project Execution Unit.

Analysis of Results

Investments. With regard to this issue; And, after having checked the control processes, prior and post, we must state that it was necessary to check the destination that was given with respect to the budget:

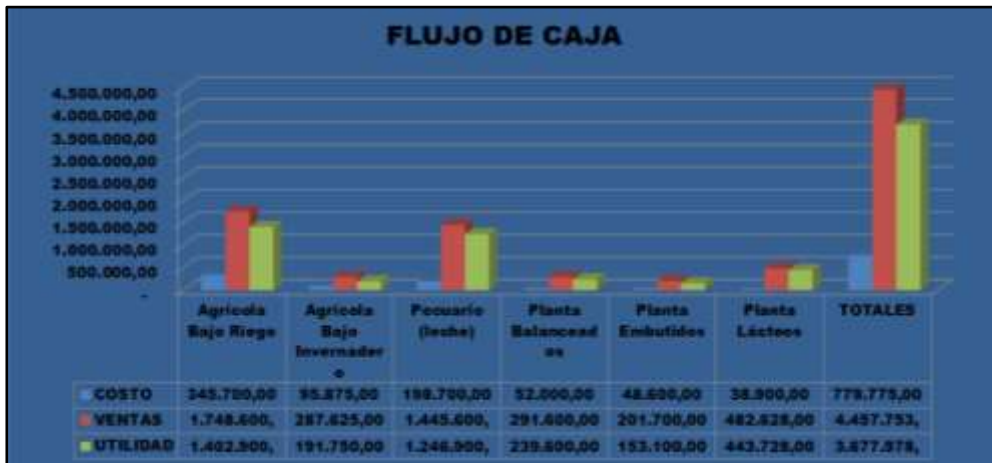
In the Reimbursable Allocations, as five-year credits with an interest rate of 11% per year, an amount of \$ 230,000.00 had been delivered for agricultural production under irrigation, delivery of credit for \$ 36,000.00, for agricultural production under greenhouse, for livestock production a credit of \$ 235,000.00, balanced plants for birds were built, including working capital for \$ 85,000.00, sausage plant also with working capital reached \$ 74,000.00 and dairy for \$ 48,000.00, giving a total of credits invested for \$ 708,000.00.

The important thing of all was, to have obtained a favorable annual Cash Flow after about five years, having shown a lot of commitment to work on the part of the 708 peasant families of 32 communities of the cantons Guamote, Chunchi, Colta and Pallatanga, the same ones that had been suffering from not being able to meet their basic needs, to the point of having a rate of 7% mortality, 75% unemployment, 52% migration, bordering 66.5% poverty.

We can see in the Cash Flow shown in table No. 3, that the peasant families involved in the different agricultural and small industry projects, which reached annual average income of \$ 4,457,753.00, obtaining profits of \$ 3,677,978.00 annual average, which has demonstrated

profitability, allowing the sustainability of the projects and at the same time guaranteeing their job stability.

Table 3



Source: Author

Similarly, research was conducted to know what were the Income and Expenses product of agricultural and micro enterprises by family, having obtained results that demonstrated to have satisfied in some way their basic needs.

The average income per annual family reached \$ 5,194.88, of which its distribution had been made in food, health, education, housing and clothing, as well as the corresponding savings that have been serving as working capital in the corresponding production. It should be stated that all peasant families compensate their expenses in food, through the self-consumption of their small agricultural productions, which is part of their nature.

Table 4



Source: Author

External Control and its Importance. External Control, is the set of processes, regulations or standards and methods duly coordinated and applied to all types of organizations that their budgets are financed by Non-Governmental Organizations and the State, in order to check and evaluate the fulfillment of the objectives and to be able to determine the degree of economy, efficiency and effectiveness in the achievement of the programmed goals and at the same time, Make recommendations for the improvements that are necessary in the development of its activities.

This type of control allows an objective and independent evaluation of the operations of the project executing organization, allows to identify more clearly the critical areas or weak points, determine their causes and effects and the necessary corrective actions, which include recommendations to improve their operation, as well as the application of sanctions when necessary, It allows monitoring the interests of both non-governmental and governmental organizations and compliance with legal provisions and established technical and administrative standards.

Execution of External Control. The execution of an effective external control is carried out through its main instrument called "Audit" which can be by the Comptroller General of the State or Independent Audits, which have the fundamental mission of reviewing compliance with standards in the administrative and technical areas and issuing the corresponding reports that determine the faithful compliance with the established policies and in the case of the contrary determine the corresponding ones. Economic or criminal responsibilities.

The administrative control is aimed at verifying the existence and operational compliance and observance of the prescribed policies that comprise the complete system of organization, compliance with standards and procedures used in order to achieve greater efficiency, effectiveness and economy in the fulfillment in this case of the objectives established in the projects.

Financial Control, also; We declare that it is the set of methods, policies, procedures and records and the financial organization that concerns the custody and safeguarding of resources and the verification of the accuracy and reliability of financial records and reports.

The External Control, generally known as Audit, which covers matters related to Evaluations and Audits, because its work consists of safeguarding the management of financial, human and material resources of the institutions in an efficient, economic and effective manner.

Finally, it is also known as External Control, to the acts of Evaluation and Supervision carried out by expert professionals in the field and that their interventions under the corresponding delegation, must verify and verify if the objectives of a social and productive nature have been met; as well as infrastructure works and acquisitions of specialized machinery and equipment,

which comply with the technical specifications and their form of contracting that must meet each of the legal requirements in accordance with provisions established by both the State and the Non-Governmental Organizations managing projects or social service institutions.

Discussion of Results

(Harold Koontz, 2008, pág. 529), in his book *Management a Global and Business Perspective*, states that "The managerial function of Control at the academic level, is defined as "the measurement and correction of performance to ensure that the objectives of the company and the plans designed to achieve them are achieved". Therefore, especially internal control is the fundamental basis both for the fulfillment of objectives, as well as to avoid committing fraud and extraction of resources in an undue way that directly affect the beneficiaries of the same in the case of project execution; and if they are companies or public institutions are acts of corruption that steal from their owners as owners or people in general. Compliance with responsibility of Internal Control, guarantees the achievement of the objectives set out in plans, programs and projects in the different organizations, whether governmental or non-governmental, provided that there are regulations that faithfully lead to the economy, efficiency and effectiveness, in the management and custody of goods and services of the institution.

In order to carry out a control that achieves an efficient and effective economy, procedures, measures and methods established by the institutions must be complied with; and, that they be applied, to safeguard human, material and financial resources, verifying the degree of reliability of financial and administrative information, ensuring compliance with the relevant legal and regulatory provisions and encouraging compliance with the policies and goals programmed.

Conclusion

According to the study, it can be stated that, the control process, is truly the fundamental basis for carrying out all types of evaluations, audits or audits, because its implementation within any organization is fiscal or private, whose objectives are aimed at the welfare of the population with reimbursable or non-reimbursable budget allocations, They fulfill functions duly described in laws and regulations, which make the persons responsible for the management of financial, human, material and service resources, maintain adequate systems in their custody and their use fulfills the purposes according to their creation.

It is necessary to keep in mind, that the resources allocated in any organization are private or state, serve for the development of the same or fulfillment of objectives that are aimed at the growth of the company or the peoples.

Therefore, financial resources must be handled with a high degree of responsibility, having to keep in mind, that there are duly specified standards and that we have been able to expose and develop them in this article demonstrating that the Administrative Process called "Control" and its practice, is the fundamental basis for carrying out evaluations, audits and audits, the latter as

External or Subsequent Control.



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