

# **COSO Internal Control Implementation and Its Influence on Financial Reporting Reliability: Perceptions from Accounting Professionals in Bangkok, Thailand**

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## **Abstract**

This research aims to study the relationship between internal control based on the COSO framework and financial reporting reliability from the perspective of accountants in Bangkok, Thailand, as quantitative research. The COSO internal control framework includes the control environment, risk assessment, control activities, information and communication, and monitoring. The study's population comprised accountants in Bangkok, Thailand, with a sample size of 110 participants from the calculation of the 150 participants using the Taro Yamane formula at an error level of 0.05 from accidental sampling. The research instrument was a questionnaire. The statistical analysis included descriptive statistics, including percentages, means, standard deviations, correlation coefficient analysis, and multiple regression analysis at a statistical significance level of 0.05.

The research results found that 1) internal control based on the COSO framework in the aspects of control environment and monitoring positively affected financial reporting reliability, and 2) risk assessment, control activities, and information and communication had no statistically significant relationship with financial reporting reliability. This research provides guidance for organizations to understand internal control based on the COSO framework that affects the reliability of financial reporting by accountants. Organizations can use this information for appropriate human resource development planning and as a guideline for accountants to improve their performance.

**Keywords:** Internal control; COSO; Accountant; Financial reporting reliability

## Introduction

The current business environment is characterized by rapid changes, compelling businesses to continuously adapt to remain competitive in markets with numerous competitors. Reliable financial information is an essential element for business sustainability, enhancing an organization's potential and building confidence among stakeholders such as suppliers, investors, creditors, and government entities. High-quality financial data increases investor confidence and improves competitive investment capabilities. The accounting system is a critical component influencing the accurate reflection of operational performance in financial information. To obtain reliable financial information, a critical process involves having financial data reviewed and independently evaluated by professional auditors. High-quality financial data enhances business reliability, reflects organizational potential, increases investor confidence, and consequently improves competitive investment capabilities (Herath & Herath, 2024; Suthami et al., 2024). Previous research has explored the impact of internal control on financial reporting reliability. Chen et al. (2017) and Kulić (2018) concluded that all COSO components collectively enhance financial reporting credibility. For instance, Nguyen et al. (2023) found that internal control elements positively affect accounting information quality, with the control environment contributing most significantly, followed by monitoring activities.

Effective business management requires internal organizational control. When an organization implements effective internal management systems, it positively impacts operations and enhances the reliability of financial information. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) developed a framework that is widely recognized as the definitive standard for designing, implementing, and conducting internal control systems. The COSO Internal Control-Integrated Framework consists of five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring activities. These components work collaboratively to help organizations achieve operational effectiveness and efficiency, reliable financial reporting, and compliance with applicable laws and regulations (Dickins & Fay, 2017; Kulić, 2018). Internal control serves as an essential tool to promote operational efficiency by facilitating effective organizational operations through a process in which all employees participate to ensure their work succeeds and achieves set objectives under management supervision. An effective internal control system is fundamental for strong business operations, directly contributing to organizational success and fostering credibility. Beyond internal benefits, it also enhances the efficiency and effectiveness of external audit procedures.

Although previous research has shown the importance of the COSO framework in developed countries, there is a limitation of empirical studies investigating its practical use in developing countries, especially from urban centers like Bangkok, Thailand. This study fills this gap by providing localized empirical data on how accountants view the effect of each COSO component on the reliability of financial reporting. This research makes important contributions: it helps us better understand internal control systems in developing countries and improves related accounting theories, while also providing useful advice for organizations in Thailand.

Therefore, this research examines the relationship between internal control implementation based on the COSO framework and financial reporting reliability from the perspective of accounting professionals in Bangkok, Thailand. This study aims to identify specific factors that affect accountants' performance and develop practical guidelines that can enhance operational efficiency, thereby benefit organizations and facilitate the achievement of their strategic objectives.

## **Objective**

This research examined the relationship between internal control based on the COSO framework and the reliability of financial reporting from the perspective of accountants in Bangkok, Thailand.

## **Literature Review**

### **Internal Control Based on the COSO Framework**

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) was founded in 1985 as a collaborative effort among five private sector entities: the American Accounting Association (AAA), the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), The Institute of Internal Auditors (IIA), and the National Association of Accountants. The committee was formed in response to increasing concern about fraudulent financial reporting and the need for stronger internal control mechanisms in businesses.

In 1992, COSO published "Internal Control—Integrated Framework," an important step in defining internal control and offering a standard for businesses to evaluate their control systems. In 2013, COSO published an updated framework to take into account the major shifts in operating and business environments. This update preserved the core concept of internal control and its five components, while enhancing the framework to accommodate current company challenges, globalization, technological progress, and changing stakeholder expectations. (Dickins & Fay, 2017; Kulić, 2018)

According to COSO, internal control is defined as “a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance” (Lenghel, 2013). This definition emphasizes several crucial aspects: that internal control is an ongoing process rather than a single event; it is carried out by people at all levels of an organization; it provides only reasonable assurance, not absolute guarantees; and it is objective-oriented, focusing on three distinct but overlapping categories—operational efficiency, reliable reporting, and compliance with applicable laws and regulations.

### **The Five Components of COSO's Internal Control Framework**

The COSO internal control framework provides a foundational structure for organizations to establish and maintain effective internal controls. The framework is structured around five interrelated components: the control environment, risk assessment, control activities, information

and communication, and monitoring activities (COSO, 2013). While each component plays a distinct role, academic research has often explored their differential impacts and practical challenges in achieving reliable financial reporting.

**Control Environment** - control environment is the fundamental basis for all components of internal control. This control environment, thus, provides discipline and structure to the entire business. It encompasses integrity, ethical values, commitment to competence, and the oversight responsibilities of governance. Organizations operating within an effective control environment exhibit a dedication to maintaining integrity and ethical principles, oversight by an independent board, established reporting structures, employee training in control competencies, and accountability in evaluation and disciplinary actions when necessary (Alrahamneh, 2024; Younas & Veerasamy, 2024). Effectively designed control activities lose their impact when operating within a poor control environment, which increases the entity's risk of errors and misstatements (Callaghan et al., 2007). The control environment is considered as foundational, influencing the attitudes and awareness of management and employees regarding the significance of internal control for the reliability of financial reporting (Mahadeen et al., 2016; Nguyen & Thi, 2023).

**Risk Assessment** - risk assessment involves identifying relevant risks and analyzing them regarding objectives to establish the basis for risk management. Due to the continuous evolution of economic, industrial, regulatory, and operational elements, it is essential to recognize and address new trends in associated risks (Dickins & Fay, 2017; Kulić, 2018). While a conceptually essential component for financial reporting reliability, as it aims to proactively identify threats that could compromise financial statement accuracy (Azzam et al., 2020), its direct and consistent impact is subject to ongoing scholarly discussion. The effectiveness of risk assessment can be influenced by factors such as organizational culture, management's risk appetite, or the reliance on informal controls, which may affect how formal risk identification processes translate into tangible improvements in reported financial data (Kulić, 2018)

**Control activities** – control activities are an important part of an organization's internal control system. They help reduce risks and make sure that management orders are carried out properly (Aldridge & Colbert, 1994). Authorizations, reconciliations, performance assessments, and separation of roles are all examples of these actions. They all help make sure that financial information is accurate and comprehensive. There is empirical research that shows a link between well-designed control activities and better financial accountability; however, these activities will only work if they are well-planned, carried out consistently, and the control environment is strong (Lidovolo et al., 2023; Omondi, 2021).

**Information and Communication** - an information and communication address the gap of relevant information needing to be identified, captured, and communicated in a manner and timeframe that allows an individual to complete their responsibilities. Information systems produce reports with operational, financial, and compliance information that enables an enterprise to manage and control a business (Sallal et al., 2023). When strong information and communication systems are used with effective internal controls, they provide reasonable assurance that financial reports are accurate and can be trusted (Hamid, 2019; Cristina & Ioana,

2013). Reliable financial reporting depends on getting accurate information where it needs to go and when it needs to be there. Any communication failures can quickly undermine people's confidence in the company's financial data. When these systems operate together, companies can keep accurate financial records, follow all the rules, build stakeholder confidence, and support informed business decisions.

**Monitoring Activities** - monitoring activities involve evaluating the efficacy of internal controls over a specified period. This is accomplished through ongoing monitoring operations, independent evaluations, or a combination of both. Organizations with effective monitoring select, develop, and implement recurring and independent assessments to identify whether components of internal control are present and functioning, and they evaluate and report internal control deficiencies on a timely basis to parties responsible for their remediation, such as senior management and the board of directors, as necessary (Dickins & Fay, 2017; Kulić, 2018). These activities involve ongoing evaluations and independent assessments to identify and correct deficiencies before they lead to significant financial reporting errors. Effective monitoring is associated with higher quality financial reporting and organizational transparency. Companies that have strong monitoring systems in place typically produce better quality financial reports. When organizations actively monitor their processes, they can spot problems early and fix them before they turn into serious financial reporting mistakes (Agbejule & Jokipii, 2009).

The COSO framework emphasizes that these five components are interrelated and should function as an integrated system and not as separate elements. Control environment is the foundation upon which the other elements are constructed, and risk assessment determines the design of control activities. Information and communication bring all the components together, and monitoring provides feedback on how well the system is performing (Kulić, 2018). When all these components are in operation, they provide an integrated effect that enhances an organization's ability to achieve its objectives in operations, reporting, and compliance (Wang et al., 2016). This comprehensive integration of the COSO components is thus essential for building a resilient internal control system that fundamentally supports and enhances financial reporting reliability.

### **Financial Reporting Reliability**

The reliability of financial statements is an essential factor that shows the quality of the financial information provided by the organization. A reliable financial report consists of various elements that allow users of financial statements to believe and effectively use the information for financial decision-making. According to the Conceptual Framework for Financial Reporting, fundamental qualitative characteristics—relevance and faithful representation—along with enhancing qualitative characteristics—comparability, verifiability, timeliness, and understandability—are crucial for useful financial reporting. While the definitions of these characteristics are well-established (Zuca, 2009; Kythreotis, 2014; Neel & Safdar, 2024), academic inquiry primarily focuses on how strong internal control systems contribute to their achievement. For instance, effective internal controls, for example, increase relevance by ensuring that financial information is captured and reported in a timely manner, thus possessing

predictive and confirmatory value. Strong control activities and control environment are instrumental in achieving faithful representation, ensuring that financial data is complete, neutral, and free from material errors.

Moreover, internal controls substantially improve the reliability, accuracy, and transparency of financial reporting. Standardized control procedures and their consistent application facilitate comparability across different periods and entities. Internal verification processes enhance verifiability, ensuring users of the information's accuracy. Efficient information systems and control activities enhance timeliness, ensuring that information is accessible to decision-makers at critical moments. Clear communication and well-organized internal reporting directly improve understandability by making complex financial information more accessible and digestible. Organizations that consistently prioritize these elements through effective internal controls create greater transparency, which strengthens trust with stakeholders and helps the broader financial system work more efficiently.

### **Internal Control and Financial Reporting Reliability**

Many scholars have investigated how internal control affects the reliability of financial reporting.

Nguyen et al. (2023) examined the impact of internal control systems on accounting information quality in Vietnamese listed companies. Their 2021-2022 quantitative study based on 193 responses from directors and chief accountants applied exploratory factor analysis and multiple linear regressions. Internal control elements were found to positively affect the usefulness of accounting information. Control environment contributed most, then monitoring activities. Nonetheless, risk assessment and information and communication have positive but not significant impacts. Their study showed that control environment reduces earnings management and enhances financial statement credibility.

Chen et al. (2017) hypothesized that the earnings response coefficient is positively influenced by an improved quality internal control index. Investors will react favorably to the earnings announcement of the firm when the firm has good internal controls and has more confidence in the accuracy and reliability of the reported financial numbers. Their study determined that internal control works to have a significant positive impact on the credibility of financial reporting. Firms with better internal controls not only enhance the quality of financial reporting but also increase investor confidence.

Boulhaga et al. (2022) investigated the role of internal control quality in affecting financial reporting reliability. The researchers examined a sample of 686 firm-year observations of French listed non-financial firms on the SBF 120 index for the period 2012-2018. The research revealed that internal control quality plays a determining role in financial reporting reliability, demonstrating that proper internal controls can decrease earnings management and enhance the overall integrity of financial reports. The research findings have practical implications for various stakeholders like financial analysts, auditors, and investors. The stakeholders were advised to

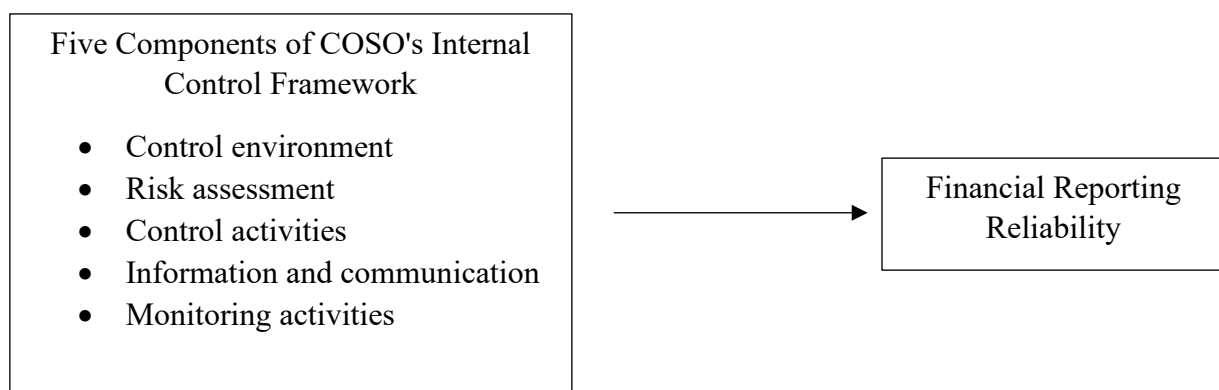


carefully record the efficacy of internal controls in their assessment of the credibility of financial reports.

Kulić (2018) investigated and analyzed the effectiveness of the COSO Integrated Framework in increasing internal control processes, focusing specifically on the reliability of financial reporting. The study concluded that the COSO Integrated Framework is highly effective in establishing strong systems of internal control. It points out that the five interrelated components of the framework—control environment, risk assessment, control activities, information and communication, and monitoring—play a crucial role in enhancing the reliability of financial reporting. Organizations that utilize these elements are better able to manage risks and produce reliable financial reports. Successful risk management of financial reporting risks leads to better decision-making and resource allocation, which contributes to the institution's success.

Previous research establishes the COSO framework as the predominant standard for internal control systems designed to ensure reliable financial reporting. Although existing literature acknowledges the importance of all COSO components, a significant research gap exists regarding the specific influence of individual components across different regional environments. This research fills this gap by studying what accounting professionals in Bangkok, Thailand experience with each COSO component. The study aims to provide concrete evidence of specific patterns and relationships that may be unique to the Thai business environment and have not been identified in studies from other countries.

The researcher has defined the research conceptual framework based on the concept of the COSO Internal Control – Integrated Framework (COSO, 2013), with the following details:



*Figure 1. Conceptual Framework*

## **Research Methodology, Population and Sample**

The population for this research comprised accountants working in Bangkok, Thailand. The city was chosen as the research site due to its substantial number of accounting practitioners, which provided a comprehensive and accessible sample pool for data collection. The study population consisted of 150 accountants. The sample size was determined using Taro Yamane's (1973) formula with a 0.05 error level and 95% confidence level, resulting in a required sample size of approximately 110 accountants. Simple random sampling was employed as the sampling method to ensure that everyone in the target population had an equal chance of being selected. The researcher generated a list of email addresses from all 150 accountants and assigned each a number. Using a random number generator, 110 selected numbers were selected to identify the participants.

### **Data Collection Methods**

The primary research instrument was a questionnaire divided into three main sections: (1) general demographic information about the accountants, including gender, age, education level, work experience, monthly income, and affiliated organization; (2) opinions regarding COSO internal control covering five aspects - control environment, risk assessment, control activities, information and communication, and monitoring; and (3) opinions on financial reporting reliability. Respondents' attitudes toward COSO internal control and financial reporting reliability were assessed using a five-point Likert scale, where 1 represented "Strongly Disagree" and 5 represented "Strongly Agree." The interpretation of mean scores followed established intervals: 1.00-1.80 (Very Low Agreement), 1.81-2.60 (Low Agreement), 2.61-3.40 (Moderate Agreement), 3.41-4.20 (High Agreement), and 4.21-5.00 (Very High Agreement).

The researchers validated the questionnaire for content validity by three experts who assessed the Index of Item-Objective Congruence (IOC). Items scoring above 0.50 were deemed valid and aligned with research objectives. The experts evaluated each question to ensure it was appropriate, clear, and aligned with the research objectives before the questionnaire was finalized for data collection.

A pilot study was conducted using the questionnaire with 30 respondents from a non-target population to evaluate the instrument's quality. Reliability testing was performed using Cronbach's alpha coefficient. The results showed an overall reliability coefficient of 0.929 for the entire questionnaire, which exceeded the acceptable threshold of 0.80, demonstrating that the instrument possesses adequate reliability and is appropriate for data collection (Cronbach, 1990). The questionnaires were distributed electronically. The response rate for the survey was 110 of distributed questionnaires. All participants were provided with a clear consent form outlining the study's purpose, confidentiality protocols, and voluntary participation.

### **Data Analysis and Statistics**

Data analysis was conducted by the following techniques: 1. descriptive statistics i.e. frequency, percentage, mean, and standard deviation in order to examine level of opinion and demographic information; 2. Pearson's correlation coefficient in order to determine the



relationship between independent variable, COSO internal control components and dependent variable, financial reporting reliability; and 3. inferential statistics to test hypotheses, for instance, multiple regression analysis in order to determine the relationship between COSO components of internal control and financial reporting reliability by setting the statistical significance level at 0.05, the regression equation model is as follows.

$$Reliability = B_0 + B_1Environment + B_2Risk + B_3Control + B_4Information + B_5Monitoring + \varepsilon$$

Where reliability = financial reporting reliability, environment = control environment, risk = risk assessment, control = control activities, information = information and communication, monitoring = monitoring activities, B = the coefficient that indicates the influence of the internal control implementation based on the COSO framework and financial reporting reliability, and  $\varepsilon$  = the error term.

## Research Finding

The researchers analyzed data collected from accountants in Bangkok, Thailand to study the relationship between internal control based on the COSO framework and the reliability of financial reporting. The analysis results are divided into general demographic information of the respondents, correlation analysis, and multiple regression analysis, to demonstrate the influence of COSO components on the reliability of financial reporting.

### General information of the respondents

Table 1 presents the analysis of general information about the survey respondents, specifically 134 accountants in Bangkok, which can be summarized as follows:

Gender - the sample consisted of 60 female accountants (54.5%) and 50 male accountants (45.5%), showing a slightly higher proportion of females in the accounting profession in Bangkok.

Age - the largest age group was 24-29 years with 38 respondents (34.5%), followed by age group 30-39 with 35 respondents (31.8%). The 40-49 age group had 22 respondents (20%), while those 50 years and above had 9 respondents (8.2%). The youngest age group were the respondents aged less than 23 years with 6 respondents (5.5%). This means most accounts in the sample (66.3%) were within the age group of 24-39 years.

Education - most of respondents (89 people or 80.9%) held bachelor's degrees, 12 respondents (10.9%) had master's degrees. As many as only 8 respondents (7.3%) held diplomas (vocational certificates), while only 1 respondent (0.9%) held a doctor's degree. This shows accountants in Bangkok predominantly hold university-level education.

Work Experience - most of the participants (68 participants or 61.8%) had significant work experience of 5 years and more. The second largest group had 3-4 years of experience (28 participants or 25.5%), followed by those with 1-2 years of experience (10 participants or 9.1%). Just 4 participants (3.6%) had less than 1 year of experience. This indicates that the sample was mostly made up of experienced accounting professionals.

Monthly Income - 20,001-30,000 Thai baht per month was the most common income level (36 participants or 32.7%), followed by over 40,001 baht (21 participants or 19.1%). The number of participants was the same in the 15,001-20,000 baht and 30,001-40,000 baht groups (19 each or 17.3%). The least number of participants were 15 participants (13.6%) who had less than 15,000 baht per month.

Table 1

## Demographic Information of Accountants in Bangkok

Demographic Characteristics	Number	Percentage
1. Gender		
Male	50	45.5
Female	60	54.5
Total	110	100
2. Age		
Less than 23 years	6	5.5
24-29 years	38	34.5
30-39 years	35	31.8
40-49 years	22	20.0
50 years and above	9	8.2
Total	110	100
3. Education Level		
Vocational Certificate	8	7.3
Bachelor's Degree	89	80.9
Master's Degree	12	10.9
Doctoral Degree	1	0.9
Total	110	100
4. Work Experience		
Less than 1 year	4	3.6
1-2 years	10	9.1
3-4 years	28	25.5
5 years and above	68	61.8
Total	110	100
5. Monthly Income		
Less than 15,000 Baht	15	13.6
15,001-20,000 Baht	19	17.3
20,001-30,000 Baht	36	32.7
30,001-40,000 Baht	19	17.3
40,001 Baht and above	21	19.1
Total	110	100

### Pearson's Correlation Coefficient Analysis

Table 2 shows the relationship among five components of the COSO framework—control environment, risk assessment, control activities, information and communication, and monitoring activities and financial reporting reliability. All six are statistically significant at the 0.01 level ( $p < 0.001$ ), with values between 0.672 and 0.812. The strongest relationship is between information and communication, and monitoring ( $r = 0.812$ ), and the weakest between risk assessment and financial reporting reliability ( $r = 0.672$ ). Control environment is strongly correlated with control activities ( $r = 0.799$ ) and risk assessment ( $r = 0.797$ ), which shows these three are closely related to each other. Monitoring activities also share strong correlations with information and communication ( $r = 0.812$ ) and financial reporting reliability ( $r = 0.731$ ). These consistently high correlation coefficients indicate that these six variables are greatly interrelated and probably signify different aspects of an integrated construct or system in which increasing one would be correlated with increasing the others. Multicollinearity resulting from independent variables are highly correlated with each other can compromise the precision of individual regression coefficients by inflating their standard errors, but it does not diminish the model's ability to explain variance in the dependent variable or its overall predictive validity (Hair et al., 2018).

Table 2

Correlation Coefficient Summary

Variable	Environment	Risk	Control	Information	Monitoring	Reliability
Environment	1					
Risk	.797** (0.000)	1				
Control	.799** (0.000)	.791** (0.000)	1			
Information	.761** (0.000)	.769** (0.000)	.723** (0.000)	1		
Monitoring	.698** (0.000)	.726** (0.000)	.725** (0.000)	.812** (0.000)	1	
Reliability	.724** (0.000)	.672** (0.000)	.688** (0.000)	.716** (0.000)	.731** (0.000)	1

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

### Multiple Regression Analysis

Table 3 shows the relationship between the five elements of the COSO model and the reliability of financial reporting. The model is highly explanatory with  $R^2 = .634$ , which indicates that these elements collectively explain 63.4% of the variance in financial reporting reliability. Among the five COSO components, the control environment ( $\beta = 0.287$ ,  $p = 0.010$ ) and monitoring activities ( $\beta = 0.314$ ,  $p = 0.004$ ) individually show a statistically significant positive correlation at the 0.05 level with the reliability of financial reporting. The monitoring has the

strongest effect as reflected by its larger coefficient and t-value ( $t = 2.984$ ). The other three factors—risk assessment ( $\beta = -0.002$ ,  $p = 0.985$ ), control activities ( $\beta = 0.103$ ,  $p = 0.345$ ), and information and communication ( $\beta = 0.136$ ,  $p = 0.219$ )—have no statistically significant correlations with financial reporting reliability. These findings suggest that, if anything, organizations looking to enhance the reliability of financial reporting would do well to invest in a stronger control environment and monitoring practices, while the returns on investment in the other three COSO components are less predictable.

Table 3

Association between Five Components of the COSO framework and Financial Reporting Reliability

Variable	Coefficient	Std. Error	T	p-value
Environment	0.287	0.110	2.620	0.010
Risk	-0.002	0.097	-0.018	0.985
Control	0.103	0.109	0.948	0.345
Information	0.136	0.110	1.238	0.219
Monitoring	0.314	0.105	2.984	0.004
Dependent variable = Reliability R = .796 R Square = .634				

From the research's objective, which aimed to examine the relationship between internal control based on the COSO framework and the reliability of financial reporting from the perspective of accountants in Bangkok, Thailand. Correlation analysis, as shown in Table 2, indicated that all five components of the COSO framework—control environment, risk assessment, control activities, information and communication, and monitoring activities—were significantly and positively correlated with financial reporting reliability. Results from the multiple regression analysis, as shown in Table 3, indicated significant positive relationships between financial reporting reliability and two specific COSO components. Monitoring activities showed the strongest association ( $\beta = 0.314$ ,  $p = 0.004$ ), while the control environment also demonstrated a significant positive influence ( $\beta = 0.287$ ,  $p = 0.010$ ). In contrast, risk assessment, control activities, and information and communication components were not demonstrated statistically significant relationships with the financial reporting reliability. The comprehensive model explained 63.4% of the total variance in financial reporting reliability, indicating substantial predictive capability.

## Discussion and Conclusion

This study investigated the relationship between the application of internal controls grounded in the COSO framework and the reliability of financial reporting, as perceived by accounting professionals in Bangkok, Thailand. The research findings provide detailed insights

into the varying effects of separate COSO components within this environment, contesting the presumption that all five components equally enhance reporting quality.

The findings of this study show the significant influence of some of the elements of the COSO model on the financial reporting reliability of Thai accounting professionals in Bangkok, Thailand. Findings show that monitoring activities and control environment are significantly and positively related to financial reporting reliability, while risk assessment, control activities, and information and communication did not find any significant relations. These findings corroborate Nguyen et al. (2023), who examined Vietnamese listed corporations and reported similar results. Their investigation showed that control environment and monitoring activities served as the principal determinants of accounting information reliability, with control environment exhibiting the greatest influence, followed by monitoring activities. The control environment, as the foundation of internal controls, determines the organizational framework, integrity levels, and ethical principles that govern accounting processes. Properly implemented, it generates a culture of accountability that naturally enhances the reliability of financial reporting. Monitoring activities ensure constant examination of internal control systems such that weaknesses are spotted and addressed on time before they risk reporting reliability. Monitoring activities highlights the critical role of continuous evaluation and timely correction of deficiencies in maintaining the integrity of financial information over time, aligning with theories emphasizing feedback mechanisms in control systems.

Risk assessment, control activities, and information and communication components showed no statistically significant association with financial reporting reliability in the current research. These results differ from several international studies (such as Chen et al., 2017; Boulhaga et al., 2022; Kulić, 2018) that typically report significant effects across multiple COSO components. Chen et al. (2017) and Boulhaga et al. (2022), for example, found that comprehensive internal control systems—incorporating all framework elements—substantially improved financial reporting quality and minimized earnings manipulation in Chinese and French corporate environments, respectively. Similarly, Kulić (2018) demonstrated that implementing the complete five-component COSO framework produces highly effective results across different global markets.

This finding suggests that accounting practices in Thailand work differently from other countries and warrant further investigation. Research into workplace behavior and company culture indicates that Thai accountants, particularly those in Bangkok, appear to place greater trust in informal control systems, respect for hierarchy, and relationship-driven management approaches. This could explain why formal methods like systematic risk assessment, standard control procedures, or official documentation and communication systems might not seem as effective to Thai accountants. It appears that Thailand's distinct cultural values, organizational traditions, and professional standards shape how formal internal controls are understood and implemented, producing different outcomes compared to Western or other Asian countries.

## New Knowledge

This research contributes significant new knowledge to the literature by providing the differential impact of COSO components on the reliability of financial reporting in the Thai accounting system. Specifically, the finding that only control environment and monitoring activities had statistically significant positive correlations with financial reporting reliability ( $\beta = 0.287$ ,  $p = 0.010$  and  $\beta = 0.314$ ,  $p = 0.004$  respectively) misrepresents the assumption that all five COSO components have an equal role to play in reporting quality. Such contextual variation suggests that cultural, organizational, and professional conditions in Thailand are likely to influence the operation of internal control mechanisms. The research provides empirical evidence that monitoring activities have the strongest impact on financial reporting reliability among Thai accountants, with practical implications for organizations intending to invest in internal controls, as shown in figure 1.

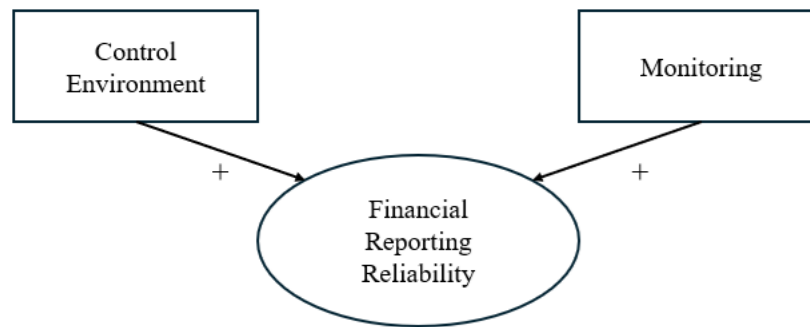


Figure 2. COSO Components Effect on Financial Reporting Reliability (Thailand)

## Recommendation

From the research results, the researchers have suggestions as follows:

### 1. Suggestions for applying research results

1.1 The research findings indicate that implementing internal controls aligned with COSO framework principles enhances the dependability of financial reporting. Organizations are advised to prioritize the development and upkeep of strong internal control systems. Key recommendations include fostering an organizational culture that values internal controls and ensuring consistent application of COSO principles throughout all management levels to improve the accuracy and trustworthiness of financial disclosures.

1.2 The research findings specifically found that the control environment and monitoring activities have a statistically significant positive influence on financial reporting reliability. Organizations should act as follows: prioritize strengthening their control environment by supporting a strong ethical culture, commitment to competence, and effective governance. Concurrently, they should enhance monitoring activities through continuous evaluation,



independent assessments, and timely communication of deficiencies to ensure controls remain effective and adaptable to changing business environments.

## 2. Suggestions for future research

This research has found that the individual components of the COSO framework have varying degrees of perceived direct influence on financial reporting reliability, with the control environment and monitoring activities demonstrating significant influence. The important thing is that while the entire COSO framework is essential, specific focus on these two components can yield more immediate improvements in reliability. For the future research issue, research should be done on issues related to 1) exploring the specific reasons why risk assessment, control activities, and information and communication did not show a statistically significant direct impact in this research, possibly through qualitative studies or by examining mediating factors, 2) conducting comparative studies across different industries or sizes of companies within Thailand to identify context-specific distinction in the application and effectiveness of COSO components.

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