

INTERNAL CONTROL SYSTEM AND FINANCIAL PERFORMANCE OF BILLS PAYMENT CENTERS: THE CASE OF BAYAD CENTERS IN SAN JOSE, OCCIDENTAL MINDORO

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Available Online: May 2023
Revised: April 2023
Accepted: February 2022
Received: January 2022

Volume I Issue 2 (2023)
DOI: 10.5281/zenodo.8031646
E-ISSN: 2984-7184
P-ISSN: 2984-7176
<https://guildofeducatorstesolinternational.com/research/>

Abstract

Bills payment centers (bayad centers) are the industry's trailblazers and pioneers in the over-the-counter bill payment processing sector in the Philippines. However, scammers lure victims into making money to phony bills payment center (bayad center) accounts rather than paying bills at approved outlets. It is undeniable that this occurrence has had a substantial connection with their financial success. The major goal of this study was to explore the elements that had an association with financial performance of bills payment centers (bayad centers) in order to prevent the sector from falling. A descriptive-correlational research approach was employed in this study. The research was carried out in San Jose, Occidental Mindoro. The 55 employees of the 22 registered bills payment centers (bayad centers) in San Jose, Occidental Mindoro were the study's respondents. They were chosen using the systematic random sampling. The weighted mean was employed in the study of internal control system and financial performance. The Pearson r Correlation Coefficient (Pearson's r) was also performed in this study to determine the relationship between the internal control system and financial performance. The findings of this study revealed that there was a significant positive relationship between internal control system and financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

Keywords: *Internal Control System, Financial Performance, Bills Payment Centers, Bayad Centers*

INTRODUCTION

The current COVID-19 pandemic is causing financial distress for many people. As a result, more utility firms, such as electric companies, telecommunications and internet providers, government services, and insurers, are allowing their customers to pay their bills in a variety of ways. In the Philippines, bills payment center (bayad center) is the trailblazer and pioneer in the over-the-counter bill payment processing industry. It continues to evolve by offering a dependable bill collection solution for its corporate partners as well as a simple bill payment alternative for all Filipinos. It is a market leader in outsourced payment processing, money remittance, e-loading, and application adoption. However, based on the news article from ABS-CBN (2019), bills payment center (bayad center), a local remittance company, has issued a public alert about a new bill payment scheme that has been circulating online in which fake agents or companies entice the public to deal with them. In an advisory, the operator of bills payment center (bayad center)

stated that scammers trick victims into sending payments to bogus bills payment center (bayad center) accounts rather than paying bills in designated outlets. Undeniably, it is an admitted fact that this event has negatively affected their financial performance. To prevent the declining performance of bills payment centers (bayad centers), it was the primary aim of this study to investigate the factors which were associated with the financial performance of the said industry. Based on the study of Mafiana (2013), it was claimed that the lack of adequate internal controls, as a result of regulatory deficiencies and inadequate corporate governance, among other factors, may have led to the financial performance crisis.

Internal controls are the procedures and strategies used by a business to ensure that its actions are safe and reliable, that its financial records are correct and complete, and that the company is conducting business in compliance with the applicable laws and regulations (Malinina, Karpova, & Dontsova, 2021). Internal monitoring, to ensure that financial reports are accurate, requires the use of internal assessments, surprise reviews, and the division of financial obligations. A fraud could go undetected if the management overrides the controls and cancels an internal audit to save time or resources. Quite naturally, several studies have been undertaken to understand the internal control system and financial performance, but there is still a scarce number of studies relating this concept to bills payment centers (bayad centers).

To fill the gap, this study, for the first time, investigated if there is a relationship between internal control system and financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

Objectives

Generally, this study determined the internal control system and the financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

Specifically, this study was able to:

1. Determine the extent of internal control system implementation of the respondents in terms of:
 - a. control environment;
 - b. risk assessment process;
 - c. information system;
 - d. control activities; and
 - e. monitoring of controls.
2. Determine the level of financial performance of the respondents in terms of:
 - a. profitability;
 - b. liquidity; and
 - c. solvency.
3. Determine the relationship between internal control system and financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro?

METHODS

Research Design

In this study, a descriptive-correlational method of research was used. It is a form of non-experimental study in which the researcher analyzes two variables and evaluates the statistical relationship among them with little or no way to manipulate for extraneous factors. It is also the method of recording, evaluating, classifying, and tabulating data on all factors on existing circumstances, activities, attitudes, procedures, patterns, and relationships to reliably analyze data obtained with the assistance of statistical techniques.

The research was carried out in the municipality of San Jose, Occidental Mindoro. It is one of the province's eleven municipalities. It covers a total land area of 55,192.94 hectares and is divided into 38 barangays in the province's south. The municipality also offers the most banking, business, eating, and commercial enterprises in Occidental Mindoro, and has emerged as the MIMAROPA region's commercial hub.

Records from the Business Permit and Licensing Office of the Local Government Unit of San Jose, Occidental Mindoro reveal that there are 22 registered bills payment centers (bayad centers) in the municipality. The researcher used the Raosoft to calculate the sample size, where N is the population size, r is the fraction of answers the researcher is interested in, and $Z(c/100)$ is the confidence level c 's critical value. As a result, a minimum sample size of 55 respondents is required for the study.

This study used the systematic random sampling in selecting the respondents. The respondents of the study were the 55 employees of the 22 registered bills payment centers (bayad centers) in San Jose, Occidental Mindoro. In the selection of the respondents, the researcher considered the respondents' length of service in bills payment centers (bayad centers), which must be at least one year, to ensure that they have sufficient expertise and understanding of their bill's payment centers (bayad centers) activities.

A written request for authorization to conduct the study was also made to the managers of the select bills payment centers (bayad centers). A face-to-face administration of questionnaires was performed with the respondents. To ensure safety, the Inter-Agency Task Force for the Management of Emerging Infectious Diseases protocols were strictly followed. However, prior to taking part in the study, the respondents were informed by a consent agreement indicated in the questionnaire that they would voluntarily participate in the study. In addition, the consent agreement would inform the respondents that even if they agreed to participate in the study, they were free to withdraw at any stage of the study without giving reasons. The researcher was able to get the completed survey questionnaires within the day. After retrieving the material, the researcher addressed queries and/or clarification in order to obtain more trustworthy and genuine data.

This study compiled, classified, tabulated, and encrypted data using the IBM Statistical Package for the Social Sciences 20 software. Weighted mean was employed to evaluate a specific data set by supplying values in a data set that has a greater influence based on characteristics. Weighted mean was applied to measure the extent of internal control system implementation and the level of financial performance of select bills payment centers (bayad centers) for

Objectives 1 and 2. Because the variables are abstract and cannot be tallied sequentially, the average was calculated using the weighted mean, which the researcher would assess using a 4-point Likert scale for Objectives 1 and 2. For Objective 3 in correlating the internal control system and financial performance of select bills payment centers (bayad centers) in San Jose, Occidental Mindoro, Pearson r Correlation Coefficient (Pearson's r) was employed.

RESULTS and DISCUSSION

Extent of Internal Control System Implementation

Control Environment. Table 1 presents the weighted mean interpretation of the extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of control environment.

The data below show an overall mean of 3.72 equivalent to a verbal interpretation of 'To a Very Great Extent'. As such, the indicator 'Members of the management and employees get frequent training on the organization's operations, as well as on trends and developments.' garnered the highest weighted mean 3.78 equivalent to a verbal interpretation of 'To a Very Great Extent'. This supported the study *The importance of training new employees (2017)* which stated that employees are typically open to innovative perspectives and knowledge about how their new business functions. Therefore, safety and health training must commence as soon as they are recruited.

Other indicators such as 'When it comes to recruiting personnel, educational credentials and industrial experience are strictly determined and taken into account.' and 'Management members are aware of their roles and responsibilities.' both garnered the weighted mean of 3.73 equivalent to a verbal interpretation of 'To a Very Great Extent'. However, the indicators 'The members of management have the required education, experience, and skill to carry out their responsibilities.' and 'Employees are aware of and follow the code of conduct.' both had the lowest weighted mean of 3.69 which was still equivalent to a verbal interpretation of 'To a Very Great Extent'.

The results proved that control environment is the groundwork for all the other component parts of internal control system and supported the findings of Sheng (2018) that it establishes the tone of an establishment and is the fundamental basis for all the other elements of internal control system, supplying self-control, and composition.

In addition, Margaret (2019) noted that the control environment is a widespread component that influences all other areas of internal control system when it pertains to adopting or enhancing internal control system inside a company. As a result, if the board of directors or senior management sets a negative tone, the other components of internal control system are probably to be hampered or damaged.

Table 1. Extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of control environment.

Indicators	Mean	Interpretation
1. When it comes to recruiting personnel, educational credentials and industrial experience are strictly determined and considered.	3.73	To a Very Great Extent
2. Members of the management and employees get frequent training on the organization's operations, as well as on trends and developments.	3.78	To a Very Great Extent
3. The members of management have the required education, experience, and skill to carry out their responsibilities.	3.69	To a Very Great Extent
4. Management members are aware of their roles and responsibilities.	3.73	To a Very Great Extent
5. Employees are aware of and follow the code of conduct.	3.69	To a Very Great Extent
Total	3.72	To a Very Great Extent

Legend: 1.00-1.75 To a Minimal Extent; 1.76-2.50 To a Moderate Extent; 2.51-3.25 To a Great Extent; 3.26-4.00 To a Very Great Extent

Risk Assessment Process. In terms of the risk assessment process, Table 2 shows the weighted mean interpretation of the extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

Based on the data below, results show the overall mean of 3.49 equivalent to a verbal interpretation of 'To a Very Great Extent'. The indicator 'Internal organization risks are identified, measured, and monitored using effective methods.' had the highest weighted mean of 3.56 equivalent to 'To a Very Great Extent'. This aided the study of Pan et al. (2018) which asserted that major risk occurrences are discovered using an uncertain significance measure for operations and significant risk situations are produced using the critical operations assessment of a business.

However, the indicator 'The organization planning process involves a diverse group of people with extensive understanding of all aspects of the business.' garnered the lowest weighted mean of 3.42 equivalent to 'To a Very Great Extent'.

These results supported the study of Deatherage (2021) that risk management enables a company to not only detect possible hazards ahead of time, but also to respond appropriately and reduce or even avoid losses. A firm cannot set objectives without first recognizing hazards through risk management. Moreover, Blanchard (2021) reiterated that a firm should experience an improvement in performance by not squandering time and money, as well as security from any potential legal ramifications, by limiting or even avoiding risks.

Table 2. Extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of risk assessment process.

Indicators	Mean	Interpretation
1. Management recognizes risks associated with each of the organization's goals.	3.51	To a Very Great Extent
2. Management has put in place processes to detect the risks that come with entering new markets or delivering new products and services to the business.	3.51	To a Very Great Extent
3. Internal organization risks are identified, measured, and monitored using effective methods.	3.56	To a Very Great Extent
4. The organization planning process involves a diverse group of people with extensive understanding of all aspects of the business.	3.42	To a Very Great Extent
5. During the organization planning process, risks are assessed and handled.	3.44	To a Very Great Extent
Total	3.49	To a Very Great Extent

Legend: 1.00-1.75 To a Minimal Extent; 1.76-2.50 To a Moderate Extent; 2.51-3.25 To a Great Extent; 3.26-4.00 To a Very Great Extent

Information System. Table 3 displays the weighted mean interpretation of the extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of information system.

The data below show the overall mean of 3.73 equivalent to a verbal interpretation 'To a Very Great Extent'. The indicator 'The company has processes in place to ensure the correctness of data in management and monitoring reports.' had the highest weighted mean of 3.82 equivalent to a verbal interpretation of 'To a Very Great Extent'. This result supported the study of Carter (2021) that in order to meet the targets and accomplish the control tasks, management must determine what information is required at each level of the company.

Moreover, the indicators 'Management follows up on communications received from staff and members in a timely and suitable manner.' and 'Employee roles and control responsibilities are effectively communicated by management.' had weighted means of 3.80 and 3.78, respectively. These weighted means were also equivalent to a verbal interpretation of 'To a Very Great Extent'. However, the indicators 'Management gives adequate detail and timely information to employees to enable them to carry out their tasks efficiently and successfully.' and 'The organization's administration reacts to the concerns and ideas of its employees.' both garnered the lowest weighted mean of 3.62 equivalent to a verbal interpretation of 'To a Very Great Extent'.

Trenholm (2020) stated that the institution's purposes, internal control policies/procedures required to accomplish those purposes, and the responsibility of personnel at all levels to effectively communicate critical internal control concerns to relevant parties must all be addressed in organization-wide discussions.

Table 3. Extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of information system.

Indicators	Mean	Interpretation
1. The company has processes in place to ensure the correctness of data in management and monitoring reports.	3.82	To a Very Great Extent
2. Management gives adequate detail and timely information to employees to enable them to carry out their tasks efficiently and successfully.	3.62	To a Very Great Extent
3. Employee roles and control responsibilities are effectively communicated by management.	3.78	To a Very Great Extent
4. The organization's administration reacts to the concerns and ideas of its employees.	3.62	To a Very Great Extent
5. Management follows up on communications received from staff and members in a timely and suitable manner.	3.80	To a Very Great Extent
Total	3.73	To a Very Great Extent

Legend: 1.00-1.75 To a Minimal Extent; 1.76-2.50 To a Moderate Extent; 2.51-3.25 To a Great Extent; 3.26-4.00 To a Very Great Extent

Control Activities. In terms of control activities, Table 4 shows the weighted mean interpretation of the extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

The data below show the overall mean of 3.41 equivalent to a verbal interpretation of 'To a Very Great Extent'. The indicators 'Receiving and issuing inventories are reported on a timely basis.' and 'There is a system in place for locating inventories, and the amounts ordered correspond to the amounts billed and received.' both had the highest weighted mean of 3.55 equivalent to a verbal interpretation of 'To a Very Great Extent'. This indicates that the respondents were on time with their reports and had a system in place to manage their inventories.

Other indicators like 'There is a mechanism in place for sourcing inventory, and the amounts ordered match those invoiced and received.' and 'The treasurer/cashier and other employees have access to cash but should not have access to the books of accounts.' garnered the weighted means of 3.42 and 3.35, respectively, equivalent to a verbal interpretation of 'To a Very Great Extent'. However, the indicator 'During the day, cash revenues are deposited the next banking day.' had the lowest weighted mean of 3.20 equivalent to a verbal interpretation of 'To a Great Extent'.

The study of Seyam and Copper (2020) revealed that control activities are rules and regulations which assist and guarantee that management's directions to reduce risks are followed. Brennan (2020) discussed further that control activities are carried out at all stages of the organization, at all phases of business operations, and throughout the technological landscape. They can be proactive or reactive, and they might include human and automated processes including approvals and certifications, confirmations, consolidations, and organizational performance evaluations.

Table 4. Extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of control activities.

Indicators	Mean	Interpretation
1. The treasurer/cashier and other employees have access to cash but should not have access to the books of accounts.	3.35	To a Very Great Extent
2. During the day, cash revenues are deposited the next banking day.	3.20	To a Great Extent
3. Receiving and issuing inventories are reported on a timely basis.	3.55	To a Very Great Extent
4. There is a mechanism in place for sourcing inventory, and the amounts ordered match those invoiced and received.	3.42	To a Very Great Extent
5. There is a system in place for locating inventories, and the amounts ordered correspond to the amounts billed and received.	3.55	To a Very Great Extent
Total	3.41	To a Very Great Extent

Legend: 1.00-1.75 To a Minimal Extent; 1.76-2.50 To a Moderate Extent; 2.51-3.25 To a Great Extent; 3.26-4.00 To a Very Great Extent

Monitoring. Table 5 depicts the weighted mean interpretation of the extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of monitoring.

The results below show the overall mean of 3.69 equivalent to a verbal interpretation of 'To a Very Great Extent'. The indicator 'Management keeps an eye on procedures to ensure that transactions are recorded as soon as possible.' had the highest weighted mean of 3.82 equivalent to a verbal interpretation of 'To a Very Great Extent'. This merely implies that the respondents were strictly adhering to the procedures in their commercial dealings.

Other indicators like 'Management keeps an eye on procedures to guarantee that all of the organization's economic activity for the time is reflected in the financial statements.', 'Financial reports are reviewed by management on a regular basis.', and 'External audit reports are reviewed by management, and recommendations/deficiencies are addressed.' garnered weighted means of 3.69, 3.67, and 3.64, respectively. All these weighted means were equivalent to a verbal interpretation 'To a Very Great Extent'. However, the indicator 'When evaluating financial reporting operations, management looks at key performance indicators.' had the lowest weighted mean of 3.62 equivalent to a verbal interpretation 'To a Very Great Extent'.

This is also in accordance with the study of Persaud and Dagher (2021) stating that management must examine the internal control system on a regular basis. Management ensures that internal control efforts have not become outmoded or abandoned due to turnover or other causes by conducting periodic assessments. They must also be improved to ensure that they stay adequate for the present level of hazards.

Table 5. Extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of monitoring.

Indicators	Mean	Interpretation
1. When evaluating financial reporting operations, management looks at key performance indicators.	3.62	To a Very Great Extent
2. Management keeps an eye on procedures to ensure that transactions are recorded as soon as possible.	3.82	To a Very Great Extent
3. Financial reports are reviewed by management on a regular basis.	3.67	To a Very Great Extent
4. External audit reports are reviewed by management, and recommendations/deficiencies are addressed.	3.64	To a Very Great Extent
5. Management keeps an eye on procedures to guarantee that all the organization's economic activity for the time is reflected in the financial statements.	3.69	To a Very Great Extent
Total	3.69	To a Very Great Extent

Legend: 1.00-1.75 To a Minimal Extent; 1.76-2.50 To a Moderate Extent; 2.51-3.25 To a Great Extent; 3.26-4.00 To a Very Great Extent

As seen in Table 6, the results on the extent of the internal control system implementation of bills payment centers (bayad centers) reveal the grand mean of 3.61 equivalent to a verbal interpretation of 'To a Very Great Extent'. The information system had the highest overall mean of 3.73 equivalent to a verbal interpretation equivalent to 'To a Very Great Extent'. This, therefore, indicates that bills payment centers (bayad centers) in San Jose, Occidental Mindoro mostly use this component of internal control system in their day-to-day transactions.

The control environment, risk assessment process, and monitoring garnered the overall means of 3.72 equivalent to a verbal interpretation of 'To a Very Great Extent', 3.49 equivalent to a verbal interpretation of 'To a Very Great Extent', and 3.69 equivalent to a verbal interpretation of 'To a Very Great Extent', respectively. However, control activities had the lowest overall mean of 3.41 equivalent to a verbal interpretation of 'To a Very Great Extent'. This shows that bills payment centers (bayad centers) in San Jose, Occidental Mindoro least likely to use this component of internal control system.

Information system, being the highest overall mean, explains the findings of Singleton (2017) that relevant data should be discovered, recorded, and delivered in a manner and time period that allows individuals to execute out their duties. Efficient communication should cascade down, laterally, and up the company in a wide sense. Accordingly, Thurston (2021) said that top management should provide a strong message to all employees that control duties must be handled carefully. They must be aware of their own position in the internal control system and therefore how their actions interact with the work of everyone else. They should be able to communicate important information immediately.

Table 6. Summary of the extent of the internal control system implementation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

Internal Control System	Mean	Interpretation
1. Control Environment	3.72	To a Very Great Extent
2. Risk Assessment Process	3.49	To a Very Great Extent
3. Information System	3.73	To a Very Great Extent
4. Control Activities	3.41	To a Very Great Extent
5. Monitoring	3.69	To a Very Great Extent
Total	3.61	To a Very Great Extent

Legend: 1.00-1.75 To a Minimal Extent; 1.76-2.50 To a Moderate Extent; 2.51-3.25 To a Great Extent; 3.26-4.00 To a Very Great Extent

Level of Financial Performance

Profitability. In terms of profitability, Table 7 shows the weighted mean interpretation of the level of financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

The data below show the overall mean of 3.50 equivalent to a verbal interpretation of 'Very Good'. The indicator 'The business can cover its operational and other costs while also planning for the future.' had the highest weighted mean of 3.58 equivalent to a verbal interpretation of 'Very Good'. This supported the study of Alexander (2018) that operating expenditures are significant because they may be used to evaluate a company's cost and inventory management effectiveness. It emphasizes the degree of investment that a business must make in order to create income, which is the firm's primary aim.

Other indicators like 'The company's operating expenses are lower than the collections.', 'The daily sales exceed the daily overhead expenses of the company.', and 'The sales do not vary much from one period to the next.' garnered weighted means of 3.56, 3.45, and 3.51, respectively, equivalent to a verbal interpretation of 'Very Good'.

However, the indicator 'The company already recovers the initial investment.' had the lowest weighted mean of 3.38 but still equivalent to a verbal interpretation of 'Very Good'. According to the study of Collis, Holt, and Hussey (2017), reclaiming or repaying the initial expenditure of a venture or transaction should be accomplished as soon as possible. Nevertheless, because not all projects and investments have the very same time perspective, the lowest payback period must be considered in the perspective of the whole-time horizon.

Table 7. Level of the financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of profitability.

Indicators	Mean	Interpretation
1. The company's operating expenses are lower than the collections.	3.56	Very Good
2. The daily sales exceed the daily overhead expenses of the company.	3.45	Very Good
3. The business can cover its operational and other costs while also planning.	3.58	Very Good

4. The sales do not vary much from one period to the next.	3.51	Very Good
5. The company already recovers the initial investment.	3.38	Very Good
Total	3.50	Very Good

Legend: 1.00-1.75 Poor; 1.76-2.50 Moderately Good; 2.51-3.25 Good; 3.26-4.00 Very Good

Liquidity. Table 8 represents the weighted mean interpretation of bills payment centers (bayad centers) in San Jose, Occidental Mindoro's level of financial performance in terms of liquidity.

Based on the results, liquidity had the overall mean of 3.25 equivalent to a verbal interpretation of 'Good'. The indicator 'The company observes the cash flow for settling current obligations as they become due.' had the highest weighted mean of 3.38 equivalent to a verbal interpretation of 'Very Good'. This greatly aided the study of Šteinberga and Šneidere (2019) that micro businesses can employ the cash flow statement to manage monetary assets and forecast insolvency since it gives evidence facts that other financial statements do not give as effectively.

Other indicators like 'The company is able to pay its short-term debt.', 'Without selling its inventories, the firm is able to meet its obligations.', and 'Current assets exceed current liabilities of the firm.' had weighted means of 3.29 equivalent to a verbal interpretation of 'Very Good', 3.22 equivalent to a verbal interpretation of 'Good', and 3.22 equivalent to a verbal interpretation of 'Good', respectively. However, the indicator 'Current assets are reasonably converted to cash in one year.' garnered the lowest weighted mean of 3.13 equivalent to a verbal interpretation of 'Good'.

Bigio and Schneider (2017) reported that management would be in a good position to identify good and well-informed actions that will benefit to their company's profitability and development if they are able to routinely check their company's liquidity. Moreover, the study of Hees and Verschoor (2021) agreed that managers could consider growing their firm if their organization has too much liquidity. But resist the urge to spend money on things that are not part of their company's long-term strategy. The bottom line is to prevent allowing funds to sit idle and be wasted.

Table 8. Level of the financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of liquidity.

Indicators	Mean	Interpretation
1. The company can pay its short-term debt.	3.29	Very Good
2. Current assets are reasonably converted to cash in one year.	3.13	Good
3. Without selling its inventories, the firm can meet its obligations.	3.22	Good
4. Current assets exceed current liabilities of the firm.	3.22	Good
5. The company observes the cash flow for settling current obligations as they become due.	3.38	Very Good
Total	3.25	Good

Legend: 1.00-1.75 Poor; 1.76-2.50 Moderately Good; 2.51-3.25 Good; 3.26-4.00 Very Good

Solvency. Table 9 indicates the weighted mean interpretation of the level of financial performance in terms of solvency of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

The data reveal the overall mean of 3.49 equivalent to a verbal interpretation of 'Very Good'. The indicator 'Even with long-term commitments, the firm can continue to function.' had the highest weighted mean of 3.65 equivalent to a verbal interpretation of 'Very Good'. Based on the study of Sakouvogui and Shaik (2020), when the valuation of a firm's assets falls short of the value of its obligations, or when interest rates rise, the need for liquidity decreases, a solvency crisis occurs. But this is not the case, the result essentially indicates that bills payment centers (bayad centers) can continue to operate in the long run.

The indicator 'The firm not only has the capacity to pay its obligations due on the due date, but it also has the ability to pay debts due in the near future.' also garnered a verbal interpretation of 'Very Good' with a weighted mean of 3.55.

Other indicators such as 'The firm is able to satisfy its financial responsibilities while achieving its long-term development and expansion ambitions.' and 'The firm exercises practices that help them with their obligations.' garnered weighted means of 3.47 equivalent to a verbal interpretation of 'Very Good' and 3.45 equivalent to a verbal interpretation of 'Very Good', respectively.

However, the indicator 'The company's available assets are sufficient to pay down its debts.' had the lowest weighted mean of 3.33 equivalent to a verbal interpretation of 'Very Good'. Based on the study of Alvarez and Rosas (2021), when assessing solvency, it is usually a good idea to look at liquidity as well, because a firm might be bankrupt yet nevertheless create consistent amounts of liquidity.

Table 9. Level of the financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro in terms of solvency.

Indicators	Mean	Interpretation
1. The company's available assets are sufficient to pay down its debts.	3.33	Very Good
2. The firm can satisfy its financial responsibilities while achieving its long-term development and expansion ambitions.	3.47	Very Good
3. The firm not only has the capacity to pay its obligations due on the due date, but it also can pay debts due soon.	3.55	Very Good
4. The firm exercises practices that help them with their obligations.	3.45	Very Good
5. Even with long-term commitments, the firm can continue to function.	3.65	Very Good
Total	3.49	Very Good

Legend: 1.00-1.75 Poor; 1.76-2.50 Moderately Good; 2.51-3.25 Good; 3.26-4.00 Very Good

The results on the level of financial performance of bills payment centers (bayad centers), as shown in Table 10, indicate a grand mean of 3.41, which is comparable to a verbal interpretation of 'Very Good'. The profitability got the highest overall mean of 3.50, which translates to 'Very Good' in verbal terms. As a result, the bills payment centers (bayad centers) in San Jose, Occidental Mindoro are financially profitable. Furthermore, solvency had an overall mean of 3.49, which translates to a verbal meaning of 'Very Good'. Liquidity, on the other hand, had the lowest overall mean of 3.25, which corresponds to a verbal interpretation of 'Good'.

This claim is supported by the study of Yıldız Contuk, Burucu, Kaya, and Güngör (2020) that financial performance is a subjective indicator of a company's ability to produce revenue from its principal way of operation. Ibrahim (2019) also discussed that financial performance is frequently employed as a broad indicator of a company's overall financial soundness over time. This can be measured by various indicators such as profitability, liquidity, and solvency.

Table 10. Summary of level of the financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

Financial Performance	Mean	Interpretation
1. Profitability	3.50	Very Good
2. Liquidity	3.25	Good
3. Solvency	3.49	Very Good
Total	3.41	Very Good

Legend: 1.00-1.75 Poor; 1.76-2.50 Moderately Good; 2.51-3.25 Good; 3.26-4.00 Very Good

Relationship of Internal Control System and Financial Performance

As shown in Table 11, it displays that internal control system was substantially correlated to the financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro with a coefficient of correlation denoted by *r* of .478. Hence, it implies that internal control system was moderately related to the financial performance. Furthermore, it also indicates that the correlation was very significant at .000 level. This, therefore, specifies that there was a significant positive relationship between internal control system and financial performance.

Muraleetharan (2010) discovered a highly substantial link between internal control and financial performance in research on the relationship of internal control on financial performance. This conclusion is comparable to that of Mawanda (2008), who investigated the relationship of internal control systems on financial performance in Ugandan higher education institutions. Internal control systems have a substantial relationship to financial performance, according to the conclusions of the study.

Table 11. Relationship of internal control system and financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

Internal Control System	Financial Performance	Correlation Coefficient**	Significance	Interpretation
		.478	.000	Significant

Legend: 0.00 No relationship; 0.01-0.19 Very weak relationship; 0.20-0.39 Weak relationship; 0.40-0.59 Moderate relationship; 0.60-0.79 Strong relationship; 0.80-0.99 Very strong relationship; 1.00 Perfect relationship

***Significance is < 0.01 level
Significance is < 0.05 level*

Table 12 shows the correlation coefficient and significance level of internal control system in terms of control environment, risk assessment process, information system, control activities, and monitoring as well as the financial performance in terms of profitability, liquidity, and solvency.

Based on the results, the control environment was moderately correlated to solvency with a coefficient of correlation denoted by *r*-value at .535. The correlation was very significant at .000 level. Consequently, it had a weak relationship about liquidity with *r*-value at .201. As such, the correlation deemed to be not significant at .141 level. Moreover, there was a weak relationship between risk assessment process and liquidity with *r*-value at .395. The relationship was

significant at .003 level. However, it had a very weak relationship as regards profitability with r -value at .135 and thus its relationship was not significant at .327 level.

Apparently, information system had a very weak relationship as to solvency with r -value at -.053. The relationship was not significant at .702 level. The same goes with liquidity with r -value at -.029 and this also signifies that its relationship was not significant at .833 level. Even though the relationship between control activities and liquidity was weak with r -value at .301, there was still a significant relationship at .025 level between the variables. For monitoring, its relationship to profitability was moderate with r -value at .458. This also means that its relationship was significant at .000 level. Nevertheless, the relationship between monitoring and liquidity was weak with r -value at .228 and was not significant at .094 level.

The results of this study supported the study of Ibrahim, Diibuzie, and Abubakari (2017) which specified that financial performance is measured by the efficiency and effective implementation of internal controls.

Table 12. Internal control system affecting the financial performance of Bills Payment Centers (Bayad Centers) in San Jose, Occidental Mindoro.

Internal Control System	Financial Performance	Correlation Coefficient**	Significance	Interpretation
Control Environment	Profitability	.368	.006	Significant
	Liquidity	.201	.141	Not Significant
	Solvency	.535	.000	Significant
	Overall	.439	.001	Significant
Risk Assessment Process	Profitability	.135	.327	Not Significant
	Liquidity	.395	.003	Significant
	Solvency	.164	.233	Not Significant
	Overall	.285	.035	Significant
Information System	Profitability	.035	.802	Not Significant
	Liquidity	-.029	.833	Not Significant
	Solvency	-.053	.702	Not Significant
	Overall	-.018	.897	Not Significant
Control Activities	Profitability	.044	.751	Not Significant
	Liquidity	.301	.025	Significant
	Solvency	.072	.603	Not Significant
	Overall	.174	.204	Not Significant
Monitoring	Profitability	.458	.000	Significant
	Liquidity	.228	.094	Not Significant
	Solvency	.394	.003	Significant
	Overall	.429	.001	Significant

Legend: 0.00 No relationship; 0.01-0.19 Very weak relationship; 0.20-0.39 Weak relationship; 0.40-0.59 Moderate relationship; 0.60-0.79 Strong relationship; 0.80-0.99 Very strong relationship; 1.00 Perfect relationship

***Significance is < 0.01 level*
Significance is < 0.05 level

CONCLUSIONS

The following conclusions were reached based on the findings:

1. Among the internal control system of bills payment centers (bayad centers) in San Jose, Occidental Mindoro, control environment, risk assessment process, information system, control activities, and monitoring were all implemented to a very great extent.
2. The level of financial performance in terms of profitability and solvency was measured as very good. However, in terms of liquidity, the financial performance was only measured as good.
3. There was a significant positive relationship between internal control system and financial performance of bills payment centers (bayad centers) in San Jose, Occidental Mindoro.

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