

INTERNAL CONTROL ORGANIZATION AS AN ELEMENT OF ENTERPRISE FINANCIAL AND ECONOMIC SECURITY MANAGEMENT

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Efficient internal control system organization is determined as an important influencing factor on general activity results of certain production departments. Timely production expenses and cost control enables to determine reserves of income increase, production price decrease, and thus enterprise competitiveness growth.

The necessity of the enterprise efficient control system formation strengthens the dynamism and uncertainty of the market environment.

Actuality of internal control further development is also strengthened by the presence of unprofitable enterprises in Ukraine, structural changes of management elements and managerial decisions analysis requirements.

Considering the fact, that the accounting information is directed to the managerial decisions taking, the expense internal control organization becomes an important mean of influence on activity results of certain production divisions and an enterprise as a whole.

As a result of internal control state analysis performance the following problems of the enterprise business activity are determined: improper level of internal control organization, insufficient control reference to the enterprise development through the absence of planned index application, improper specification of the cost control objects, general sense of information referring production cost control results, discordance of control results application for managerial decision taking. Availability of the determined above problems causes the necessity of internal control form and method improvement at all the levels of enterprise cost management.

Control is an efficient mean of prevention, disclosure and violation prediction; method of managerial decisions realization; systematic constructive managerial activity, directed to actual performance approximation to the target; informational source on positive and negative aspects on all the production process segments; both the function and the element of business management.

Within current enterprise business conditions the internal control organization improvement directed to enterprise competitive benefits increase on account of expenses decreasing reserves becomes of extreme importance.

Rational enterprise internal control organization refers to the meaning, organization principles, objectives, subjects and objects of production cost control determination. Internal control cost management organization is complicated by the presence of unsolved methodological issues of control depending on its aims, directions and objectives, documentary application improvement and control analytical procedures improvement, formation of the means of control results realization and specific methodical decisions development.

Responsibility for internal control performance is assumed by director or chief accountant, in particular the role of executors is managed by structural divisions, which are obliged to perform controlling procedures. Compulsory assignment for the enterprise director is to create conditions for correct accounting performance. Chief accountant assignment is to follow determined unified methodological principles of accounting performance as well as to organize control over information presentation of all the business operations within the Chart of accounts.

In order to monitor proper function performance by all the enterprise bodies, the enterprise directors must organize strict reporting system. It is necessary to determine a person responsible for the use of resources and controlled objects exploration: employees controlling accountable sectors on the one hand and the object of top-manager control on the other hand.

Practical researches approve, that nowadays cost controlling system, based on cost center and responsibility center formation, becomes extremely efficient, which enables to impact enterprise production costs forming during the whole business activity cycle.

Within such system the workplaces and cost centres are determined as the objects of control, with responsibility centres as the subjects. The basis of cost centres separation is joint equipment use, operations or functions performance.

Cost centres as well as the places of their formation create responsibility centres. The range of cost centres is adopted by enterprise directors. N. Dorosh suggests that the rational organization of the cost centre control system requires to meet the following conditions: 1) to determine direction of enterprise business activity and its organizational structure type; 2) to perform enterprise production activity analysis and separate centres, which response production process technology; 3) to separate responsibility centres and determine both their status and interaction model; 4) to determine the list of reports and production efficiency evaluation; 5) to determine responsibility centre rights and duties.

During the process of cost control system creation over responsibility centres attention is focused on internal statement presentation, ensuring control functions performance. International experience proves that such cost control system enables to determine responsibility of certain persons for activity results, to improve staff interest in production results of certain subdivision, to eliminate detected defects timely and promptly.