REPORTS OF THE NATIONAL ACADEMY OF SCIENCES OF THE REPUBLIC OF KAZAKHSTAN
ISSN 2224-5227
Volume 2, Number 318 (2018), 153 – 158

Lena Huanysh

National Research Nuclear University "Moscow Engineering Physics Institute", Moscow s.
huanyshlena@mail.ru

PLACE OF THE INTERNAL CONTROL IN MANAGEMENT SYSTEM AND THE FORM OF ITS ORGANIZATION

Abstract. The article discusses the concept of the internal control system, its object, subjects, and elements of the internal control system. There is a place of the internal control system in the organizational structure of the company and lists the steps of forming a system for small businesses. The tendency of the wide introduction of international accounting standards, changes in the legislation of the Republic of Kazakhstan, make transformations in management inevitable, while requiring improvement in the organization of accounting and control.

The lack of scientifically sound recommendations on the organization of the internal control system requires an in-depth study of this issue, which determines the relevance of the topic of the article. In this regard, the proposed organizational basis for the formation of an internal control system acquires scientific and practical importance, and is adequate to the needs of a modern enterprise.

Key words: control, internal control system, elements of the internal control system, the form of internal control, co-sourcing.

Introduction. In any enterprise, the role and importance of control are also significant, as accounting, management, economic analysis of economic activity. The normal activity of an economic entity is absolutely impossible if there is no properly organized control in it [14], which is intended not only to disclose errors or abuses, but also to consider the expediency of the operations being performed. "Control-objectively necessary component of the economic mechanism for any mode of production" [10].

At present, more and more enterprises pay special attention to internal control, since it is an important element of a well-functioning management mechanism. The issue of checking the internal control system was considered in Kazakhstan's auditing standards, and therefore "auditors began to pay more attention to internal control issues of customers" [14].

Methods of research. In the economic literature, there is no unambiguous concept of control in general and internal control in particular. Given this fact, let us consider some theoretical issues related to control. In French, "control" means checking something. In a large economic dictionary, control is defined as "a system of observations and verification of the conformity of the process of functioning of a managed object to the management decisions taken, the identification of the results of administrative influences on the managed object" [9].

Among the types of control, internal control takes a special place. Internal control penetrates deep into the management functions, organizational activities of the enterprise, provides information on the quality of management activities, presents management with analysis data, estimates, recommendations, advice, and financial forecasts about the sites being inspected.

The system of internal control is given various definitions by researchers and practitioners. Internal control is a system of measures organized by the management of an enterprise and carried out at the enterprise with a view to the most effective performance by all employees of their duties in the performance of economic transactions. Internal control determines the legality of these operations and their economic feasibility for the enterprise.

Internal control, according to foreign scientists, "is a control that is carried out by checking and assessing the adequacy and effectiveness of other types of control" [3].

A.K. Makalskaya believes that "the internal control system includes a proper accounting system, a control environment and separate controls. The work of internal control services can be referred to individual controls". V.D. Andreev defines internal control as a system of "control procedures, organization plan and management methods of the object in order to effectively conduct business, protect assets, prevent errors, accurate accounting entries and timely submission of financial information" [4]. V.V. Burtsev considers internal control from two positions: "The concept of internal control can be interpreted in a broad sense as a system (included in the organization's management system), consisting of a number of elements. Internal control in a rather narrow sense is one of the stages of the management process [11].

According to the information of the Ministry of Finance of Kazakhstan [2], internal control is a process aimed at obtaining sufficient confidence that an economic entity provides:

a) the efficiency and effectiveness of its activities, including the achievement of financial and operational indicators, the safety of assets;

b) reliability and timeliness of accounting (financial) and other reporting;

c) compliance with the applicable law, including in the case of committing economic life and keeping records.

A.M. Bogomolov and N.A. Goloshchapov note: "Intraeconomic monitoring includes not only accounting, but all financial and economic activities of structural units and enterprises in general" [8]. We adhere to this point of view.

According to Yu. A. Mishin, the subject of internal control is production and economic activity [13]. Burtsev writes that "the subject of internal control is the presence, condition and (or) the effect of a managed link in the organization's management system" [12].

Objects of internal control are property, liabilities related to production, economic relations, "i.e. the whole complex of cause-effect relationships and relationships arising as a result of the activity of the economic entity.

As subjects of internal control, authors identify "accounting, financial, other functional services of enterprises and associations within the established competence" [6] or "employee or participant (owner) of the organization performing control actions in the performance of the duties assigned to it, or only on the basis of the relevant rights "[12].

The objectives of the organization of internal control at the enterprise are: information support of the management system for obtaining the possibility of making effective decisions; ensuring the effective functioning of the organization, its sustainability and maximum development in conditions of multifaceted competition; ensuring compliance with the management policies of each employee of the enterprise; ensuring the safety of the property of the enterprise and the effective use of its resources and potentials; timely adaptation of the enterprise to changes in the internal and external environment.

Discussion. In order to increase the efficiency of the management process in the enterprise, it is necessary to implement control procedures at each stage. At the planning stage, the following control functions are implemented: an assessment of the rationality of possible options for planned decisions; the compliance of planned decisions with the adopted installations and the intended targets, as well as with the overall strategy. At the stages of organizing and regulating the implementation of management decisions, control of the correctness of the process of implementing the planned decisions to achieve the necessary results. At the accounting stage, control must be provided: for the presence and movement of property; rational use of production resources in accordance with approved norms, regulations and estimates; status of issued and received obligations; feasibility and legitimacy of economic operations of the organization, etc. At the analysis stage, information on the results of the management decisions is evaluated on the basis of its decomposition into various components and their correlation among themselves.

Thus, the internal control of the organization is:

- an integral element of each stage of the management process;
- "isolated" stage, providing information transparency for the quality of the management process at all other stages [12].

Internal control includes a certain set of elements that are determined by the nature of management of affairs and integrated with the mechanism of the functioning of the enterprise into a single whole. Foreign