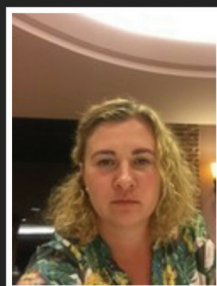
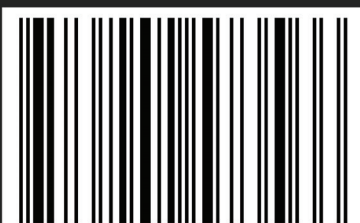


Formation of the system of internal financial control over ATP activities

Subject of study - financial results of the enterprise activity; Object of study - internal financial control of ATP activity; Purpose of study - development of the methodological approach concerning improvement of the internal financial control system of ATP. The task of the study is to describe the current state and problems of financial control of enterprises, define types and spheres of activity of financial control; to reveal the meaning and essence of types of financial control; to detect problems of modern methods of financial control, evaluate efficiency of its various types; to find out the task, goals and character of application of internal financial control at an enterprise; to identify problems of modern system of internal financial control at an enterprise and propose ways to improve its efficiency. The scientific result is the increase of efficiency of the internal financial control system at the enterprise. The novelty of the scientific result will ensure the transformation of control from a formal statement of facts and results of enterprise activity into an efficient and effective means of effective management.



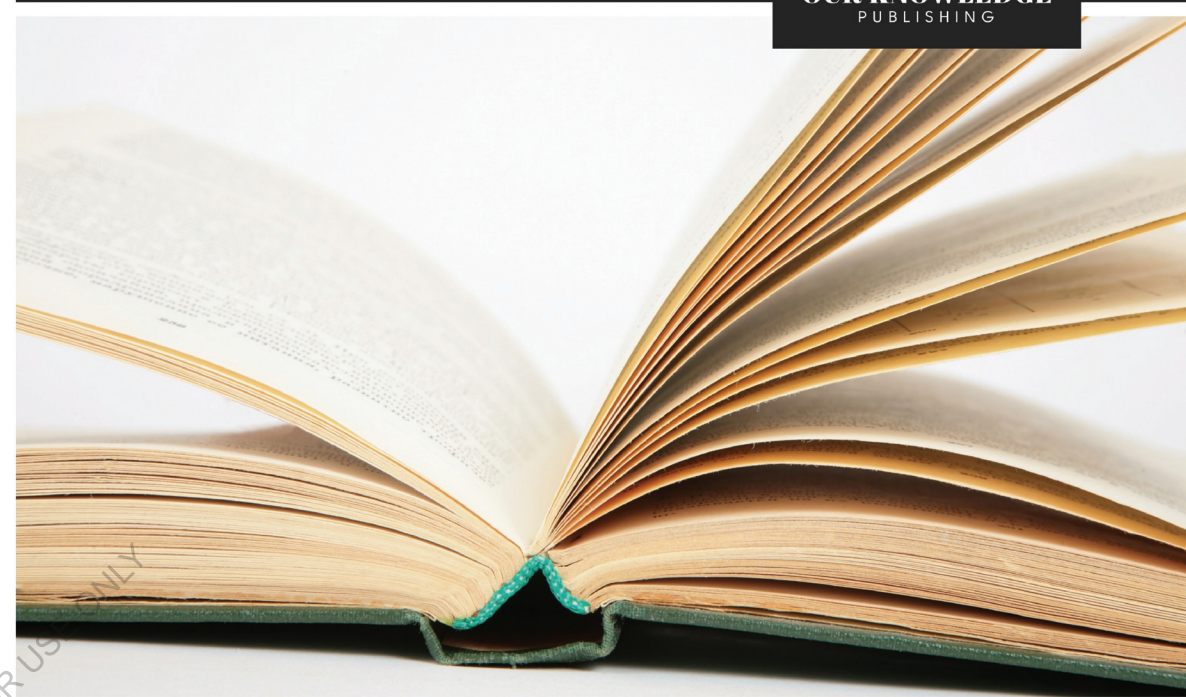
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Formation of the system of internal financial control over ATP activities

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Abstract

The subject of research - financial results of the enterprise activity;

The object of investigation is the internal financial control of the ATP activity;

The purpose of the study is to develop a methodological approach to improving the internal financial control system of ATP.

The task of the study is to describe the current state and problems of financial control of enterprises, to determine the types and spheres of financial control; to reveal the meaning and essence of types of financial control; to discover the problems of modern methods of financial control, to evaluate the effectiveness of its various types; to find out the task, objectives and nature of the application of internal financial control at the enterprise; to highlight the problems of modern system of internal financial control at the enterprise and propose ways to improve its effectiveness.

The scientific result is an increase in the efficiency of the internal financial control system at the motor transport enterprise.

The novelty of the scientific result - will ensure the transformation of control from a formal statement of facts and results of the enterprise to an effective and efficient means of effective management.

Practical importance of the obtained results - the development of methodological guidelines for the formation of an internal financial control system will increase the level of efficiency of the management system, ensure its flexibility, dynamic development of the enterprise.

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Introduction

The activity of a modern enterprise is undoubtedly based on the main goal - making profit. But no less important is the liquidity of the enterprise, its flexibility and financial management. The use of commodity-money relations determines the introduction of control over the correct use of financial expenditures. Without the correct organization of control over the distribution, use, preservation and planning of financial resources, it is impossible to ensure the effective functioning of the enterprise, increase productivity, the coordinated work of all shops, subdivisions of the enterprise.

With the help of financial control, compliance of natural and value indicators, compliance of production activities with legislation, and correctness of settlements with the budget are checked. The methods of economic management and control that were used during the period of the administrative and command management system of our company, can no longer produce good results. From now on, the interests of owners of commercial organizations, their shareholders and labor collective are first of all taken into account.

That is why the urgency of implementing an internal control system at the enterprise is quite high nowadays. The internal control is regulated by the internal documents of the enterprise the activity directed on revealing deviations of various elements of business from standard indicators that is carried out by representatives of special control division of the enterprise.

The internal financial control is organized by the enterprise itself for the purpose of check of level of performance of administrative decisions in the field of management of its finance. Issues related to the development of theoretical and practical principles of internal control at the enterprise are studied in the works of such economists as R. Adams, S. Ya. Zubilevich, S. F. Golov, Marchenko, N. P. Kuzik, M. T. Belukha, V. Rudnitsky and others.

In spite of this, control capabilities as a control function are not used enough today. In some cases the internal control system does not meet the requirements of scientific management for methodological, methodical and organisational reasons. In

this connection there is a need to develop methods of optimization of the enterprise control system. Among methods of increase of efficiency of functioning of the internal control system, in modern enterprises, it is possible to apply the following: a method of distribution of powers and responsibility between employees, rotation of personnel, realization of control of separate directions of enterprise activity, improvement of control at planning of sale, gathering of the information and formation of files, on buyers and customers, diagnostics and forecasting of problems.

The development of methodological guidelines for the formation of an internal financial control system will contribute to the qualitative solution of practical tasks concerning the improvement of management system efficiency, ensuring its flexibility, dynamic development of the enterprise, its economic growth. Application of the received results of work in practical activity will provide transformation of the control from formal statement of the facts and results of activity of the enterprise into an effective and effective means of effective management of it, that is will promote the qualitative decision of practical tasks concerning dynamic development of the enterprise, its economic growth.

1. Financial control as an economic category

1.1 The concept and meaning of financial control

Financial control is used where and when finance is operating. As an instrument of distribution and redistribution of gross domestic product in the process of its movement, finance provides for the creation and use of cash funds to meet economic and social needs.

Control is the final step in the management model. It is a kind of process of achieving the goals of the organization. "By its economic nature, it is a management function, which includes a set of observations, inspections of the activity of the management object in order to assess the justification and effectiveness of decisions made and the results of their implementation. In general, financial control is a universal phenomenon; it is used in different spheres of public life - economic, political, social, scientific, etc. Its essence is revealed in relation to the sphere of use and functioning of finance" [12]. The following definition is also acceptable:

Control - a management function that determines the degree to which the targeted decisions made correspond to the actual state of the system, identifying deviations and their causes [4]. The purposes of the control can be formulated as follows:

- recognition and evaluation of the results achieved and the related findings;
- adjusting the organization's operations and eliminating uncertainty;
- recognition and evaluation of the activities of people contributing to the results obtained;
- Formation of feedback in order to assess, encourage, inform employees;
- crisis forecasting.

Thus, financial control is twofold. On the one hand, it is one of the final stages of financial management and on the other it is a prerequisite for effective financial management. The complexity of understanding the category of finance itself makes it difficult to study the concept of financial control. Finance is the basis of any sphere of

public activity. They reflect their material effectiveness. At the same time, financial control is a criterion of efficiency and effectiveness of the entire process of movement of financial resources, starting from the stage of formation of financial resources necessary to start activities in any sphere, and ending with obtaining financial results of these activities.

Financial control is a set of actions and operations to verify the financial and related issues of enterprises of any form of management and administration using specific forms and methods of its organization.

In order to determine the optimal and modern interpretation of the concept of "financial control", we will draw up a table reflecting the opinions of different authors.

Table 1.1 - Definition of "financial control" by various authors

№	Definition .	Author
1	2	3
1	"Financial control is the activity of financial, credit and economic bodies (organizations) regulated by legal norms and aimed at ensuring financial, budgetary, credit, settlement and cash discipline in the process of plan execution and consists in checking the legality, feasibility and rationality of monetary expenditures".	Maleyin N.S. Credit and settlement legal relations and financial control. - Moscow: Nauka, 1964. p.103
2	"Financial control in a capitalist society is supervision over the proper implementation of the financial policy of the dominant class by management bodies in the process of the latter's implementation of state functions".	Anisimov A. Financial control in capitalist countries. 1966. c.3
3	"Financial control - activities of state bodies and, in some cases, non-state bodies vested with appropriate powers by law with the purpose of establishing the legality and reliability of financial operations, objective evaluation of the economic efficiency of financial and economic activities and identification of reserves for their increase, increase in revenue revenues to the budget and preservation of state property".	Kozyrin A.N. Financial control. // Financial law: Textbook / Under edition of prof. O.N. Gorbunova. - Moscow: Lawyer, 1996. p.48.
4	"Financial control is the control of legality and expediency of actions in the field of education, distribution and use of monetary funds of the state and local authorities for the purpose of effective social and economic development of the country and individual regions".	Konyukhova T.V. Legal acts on bodies, carrying out financial control. (in Russian) // Legislation and economics. 1997. №19/20 c.25

5	"Financial control is first and foremost ruble control in the process of objectively existing monetary relations".	Kovaleva A.M. Finance. 1998. c.16
6	"Financial control is a type of state control over the education, distribution and use of resources of all parts of the financial system. It is aimed at checking the expenditure of public funds, the timeliness and completeness of mobilization of public resources, the legality of expenditures and revenues of all links of the financial system, compliance with accounting and reporting rules".	Gracheva E. Yu. Financial Law. 1999. c.19
7	"Financial control is a multidimensional inter-sectoral system of monitoring of financial and economic activities of enterprises, institutions and organizations with the purpose of objective evaluation of economic efficiency of these activities, establishment of legality and expediency of economic and financial operations and identification of reserves of state budget revenues".	S.O. Shokhin. Problems and prospects of development of financial control in the Russian Federation. 1999. c.6
8	"Financial control - control over the legality of actions in the process of collection, distribution and use of monetary funds of the state and municipal entities in order to implement effective financial policy in society to ensure the rights and freedoms of citizens".	Gracheva E. Yu. Problems of legal regulation of state financial control. Moscow: Jurisprudence, 2000. p.112
9	"Financial control - activity of the state, municipal, public and other economic subjects regulated by norms of law on check of timeliness and accuracy of financial planning, validity and completeness of receipt of incomes in corresponding funds of money resources, correctness and efficiency of their use".	Gracheva E. Yu., Sokolova E.D. Financial Law: Textbook. - Moscow: Jurisprudence, 2000. p.34.
10	"Financial control: 1) Strictly regulated activities of specially established supervisory bodies for compliance with financial legislation and financial discipline of all economic entities; (2) An integral element of financial and cash management at the macro- and micro-level to ensure that financial transactions are appropriate and efficient".	Bashkatova T.A. Essence and functions of financial control. / In textbook Finance, edited by Professor L.A. Drobozina. 2001. c. 385
11	"Financial control as a type of state control is aimed at checking the expenditure of public funds, timeliness and completeness of mobilization of state resources, legality of expenditures and incomes of all links of the financial system, compliance with accounting and reporting rules".	Gracheva E. Yu. Sokolova E.D. Tax law: Questions and answers. 2001. c.89

12	"Financial control is the activity of state, municipal, public and other economic subjects regulated by norms of law on check of timeliness and accuracy of financial planning, validity and completeness of receipt of incomes in corresponding funds of money resources, correctness and efficiency of their use".	Zheludkov A., Novikov A. Financial Law (abstract of lectures). 2001. c.15
13	"Financial control is an inspection by specially authorized bodies of compliance of participants of financial relations with legislative requirements, norms and rules established by the state and owners".	Ovsyannikov L.N. The game without rules. // Finance. -- 2001. -- №12. -- c.56-57
14	"Financial control is a set of measures taken by the subjects of control to check financial and related operations and actions of state authorities, municipalities, enterprises, institutions, organizations, as well as the population using specific forms and methods of organization".	Somoev R.G. Tasks, forms and methods of financial control. / In textbook Finance, money circulation and credit, edited by M.V. Romanovsky, O.V. Vrublevskaya. 2001. c.104
15	"Financial control is one of the functions of the system of management of financial relations, the main task of which is to monitor the correct functioning of these relations at the level of a specific managed object in order to determine the validity and effectiveness of management decisions and the degree of their implementation, to identify deviations, which are expedient to inform the bodies capable of improving the situation".	Rodionova V.M., Shleynikov V.I. Financial control. 2002. c.16
16	"Financial control (external) - activities regulated by legal norms, carried out by legislative bodies of state power and special institutions created by them to control the receipt, movement and spending of state financial and material resources, efficiency of the use of all types of state resources, benefits and advantages provided by the state, as well as the use of state budgetary and extra-budgetary funds and other state property".	Stepashin S. Treasury likes the account. 2002
17	"Financial control is a special function of finance, the purpose of which is to discover deviations from accepted standards of lawfulness and efficiency of financial resources management, and if such deviations occur, to take appropriate corrective and preventive measures in a timely manner".	Fadeikina N.V., Voronov V.A. Financial control in the public sector of economy. 2002. c.11
18	"Financial control - control over the legality and expediency of action in the field of education, distribution and use of state funds for the effective social and economic development of the country".	A.L. Apel. Basics of Financial Law. 2003. c.17

19	"Financial control is a set of actions and operations to verify financial and related issues of business entities and management using specific forms and methods of its organization".	Shevlovkov V.Z. Organizational Principles of State Financial Control. (in Russian) // Audit and financial analysis. 2002. №1. c. 5
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Based on these definitions, let's give our own point of view:

Financial control is one of the functions of financial management, organized by both the state and the enterprise itself with the purpose of controlling the legality of expenditure of funds, as well as the formation, distribution and use of resources of all parts of the financial system, ensuring an objective assessment of the economic efficiency of financial and economic activity and identification of reserves for its increase.

Despite the obvious importance of the function of control over financial activities, enterprises do not pay due attention to it. The imperfection of control organization is in the fact that in many enterprises it has not developed into a coherent, well-functioning system of complex nature. Control often does not extend to all centers of material costs and centers of responsibility, and therefore does not identify the causes and perpetrators of overspending.

To carry out financial control, special control bodies are established, staffed by highly qualified specialists. Their rights, duties and responsibilities are strictly regulated, including by law.

The control system is not based on a structural analysis of its object and the formulation of the main objectives, which are designed to implement certain parts of the object. Meanwhile, the objects belonging to the field of intraproductive self-accounting have an extremely complicated internal structure and are oriented to a rather ramified "tree" of economic goals. Ignoring this circumstance, solving organizational and methodical tasks of control on the basis of experience and intuition leads to the fact that the control system turns out to be inadequate to the natural composition of organizational and economic objects that make up the sphere of application of the mechanism of intraproductive self-accounting. The control system which is not

distinguished by necessary variety is not able to cover many important aspects of activity of shops, departments, services, its functioning is connected with many missed opportunities.

At many industrial enterprises the organization of control is not ordered. The traditional approach which is based on idea of assignment of control function mainly on the accounting device, excludes possibility of creation of branched out system of revealing of deviations from a regulated course of works and their regulation in preventive, current and subsequent modes. The problem consists in that processes of use of resources and creation of materially-material results of manufacture is carried out under the influence of all basic departments and services. That is why the purely accounting approach to the control function seems to be unconstructive, dramatically reducing the responsibility of technical, commercial and other services in this area.

Of course, P. is right. V. Chernomord, asserting that duplication and parallelism in the work of planned, production, supply, accounting and other services generates serious shortcomings in the organization of financial control. The control function is obviously not approached enough to the centers of use of resources and creation of material and material results, the centralization of planned and accounting work has considerably reduced information, and, hence, control possibilities not only at the level of industrial divisions, but also in departments of supply, sale and other, being centers of decision-making and responsibility in corresponding spheres of activity. Figure 1.1 shows the classification of financial control at the microeconomic level.

Application of modern means of computer technology to a certain extent weaken negative influence of thoughtless centralization as the technology of processing of the initial data on the computer provides an opportunity to use the resultant information in all centers of decision-making, in all control centers. However, heads of services and departments, loaded with purely production issues, do not always have the opportunity to work out different options for economic solutions. They need qualified assistants with planning, accounting, analysis methods and the ability to perform the control function on a professional basis.

Financial control is a specific area of control that involves the use of single-pillar value categories, so control has a specific scope of application as well as an appropriate target focus. Financial control is aimed at tracking and monitoring of the enterprise's monetary processes. Thus the basic objects are distribution processes which proceed at formation and use of financial resources.

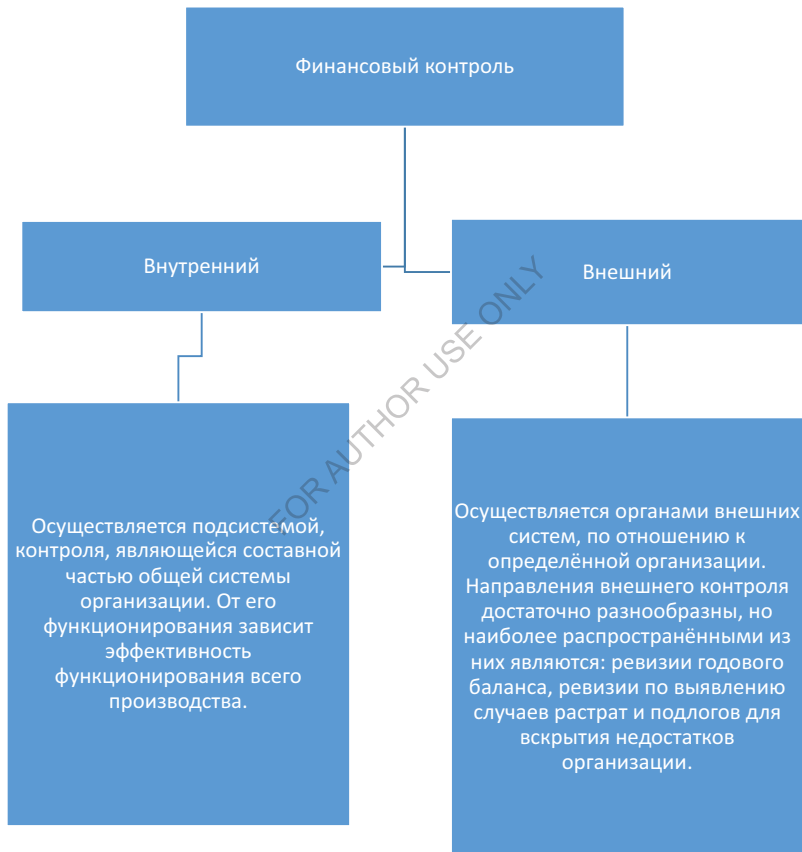


Fig. 1.1. Types of financial control at the microeconomic level

The subject of control checks are the following financial indicators: income, profit, profitability, VAT, costs, prime cost, contributions to various funds. These are

the most important indicators of financial activity of any enterprise, so the control over their implementation is so important. It covers all sides of production and commercial activities of enterprises, institutions, organizations, and also monitors the effectiveness of establishing financial and credit relations.

The sphere of financial control is all production operations performed at enterprises with the use of money, and in exceptional cases without it (barter transactions, etc.).

All enterprises are subject to control, not just badly performing organizations. Even effectively operating enterprises need to be monitored.

In the conditions of functional division of labour on management of economy it is extremely important to use in this area the principle of system ordering, however, as researchers fairly note, to solve this problem is not easy, because in the organization of financial control there is no uniform methodological and methodical management, there is no normative document regulating the basic organizational questions of control.

Thus, financial control is a control over the expediency of actions, as well as their legality, in the use of state funds, their formation and movement, for the purpose of effective socio-economic development of the country and its regions.

1.2 Classification, functions and principles of financial control

In the literature it is possible to find absolutely different approaches to the classification of the control system, caused by the individual authors' own understanding of the essence of control functions, consideration of it from the positions of the socialist society as a whole, construction of classifications detached from real objects of control. Classification of control is the area of its theory, in which the inconsistency of numerous views and decisions is most clearly manifested.

The control function is classified by many attributes. If we generalize the existing classifications and exclude the same but differently called "attribute-doublers", such as control implementation bodies, sources of information used and data

to be checked, ways of perception of controlled phenomena, scope of control and its completeness, ways of checking and implementation of control, the other attributes provide classification of control by: 1) objects of control; 2) subjects of control; 3) relations to the time of carrying out the economic operation; 4) duration of control actions; 5) relations to the functions of the subject's activity; 6) completeness of control; 7) forms of control; 8) elements of the control method.

Classification of control by source is not advisable. Division it into documentary and factual opposites them to each other. The paradox consists in that the actual control is not based on documents, and the documentary check of various objects does not contain actual actions. The rights of the researchers who point out that at realization of the actual and documentary control the set of the same sources of information is used, that there are no receptions and methods of purely actual, as well as purely documentary control. Classifications of control functions are given in Fig. 1.2.

It is important to understand the principles of financial control. General principles:

- 1) mass, compulsory and wide participation of workers in it;
- 2) ubiquity, universality, universality;
- 3) development of positive experience;
- 4) business and efficiency, legality and expediency;
- 5) autonomy and independence;
- 6) wide publicity.

Further development of the basic principles of financial control made it possible to formulate the following components:



Fig 1.2. Classification of the control function by the set of basic features

1. The principle of systematic order of control organization. Complexity of cumulative industrial process and organizational structure of the enterprise demands adequate complexity of the control organisation, allowing to "cover" with corresponding elements of this function all centres of use of resources and creation of materially-material results. The system disordered organisation of the control, not coordinated with natural structure of organizational and economic objects, cannot cope with this problem.

2. The principle of proximity of control to the object. The control organization should be designed in such a way that it can be as close as possible to the centers of resource use and creation of results. Ways of realization of this principle can be different: it will be effective to assign the control function to accounting workers in the conditions of its decentralization, real results will be achieved by involving public control, important tasks can be solved by employees of technical services, line and functional managers, and finally, by the executors themselves. The organization of control should not be equally complicated for enterprises that are different from each other by the complexity of production and management. However, in all cases, the control function should be carried out with an orientation to a reasonable approach to its objects.

3. The principle of hierarchy of control. It is generally accepted that it is the main principle of the general theory of systems and is most directly related to the organization of control, in fact, initially determines its purposefulness and effectiveness. The modern industrial enterprise is a complex multilevel system, so the organizational scheme of control should be multilevel, i.e. it should provide for the performance of the control function at all levels - from administration to individual employees.

4. Principle of delegation of authority and responsibility. Real use of the hierarchy principle is possible in the conditions of transfer of certain rights and responsibilities to the lower levels of management by the General Directorate. In large-scale complex productions the director, chief manager, deputy director, chief accountant, heads of departments and services are not able to control all activities of

self-accounting departments of the enterprise. Practically this work is performed by heads of groups, sectors, bureaux, heads of workshops, foremen, foremen. It is expedient to legalize the established practice in regulatory documents, clearly define in them the rights and responsibilities of managers of all levels and ranks.

5. The principle of interaction with other functions. The function of the control should create possibilities of conducting and perfection of intraproductive self-account at the expense of clear revealing of deviations from planned tasks, norms, standards by means of intervention in the field of planning, the account and the analysis for the purpose of an establishment of lacks, omissions and the infringements reducing quality of these functions and, hence, negatively influencing system of intraproductive self-account. Being necessary management functions, control and planning of the organisation organically complement each other. The difference between them lies in the content of tasks performed in the process of management. If planning establishes the perspective of economic development, then control determines the efficiency and correctness of planning. The totality of accounting objects covers all spheres of self-accounting activity, which makes it possible to quickly assess its legality and expediency. In other words, accounting creates favorable conditions for effective control. In its turn, the control raises the values of accounting, fills this activity with meaning and provides, in the end, obtaining practical conclusions necessary for the development of economy on its basis. Control is closely linked to all control functions, both general and specific. It must interact with the functions of planning, accounting, regulation, analysis in three time modes: preliminary, current and subsequent. This is an extremely important condition for it.

6. The principle of reasonable interaction of control function elements. In order to achieve accurate performance of the tasks facing the control and improve its life with its other control functions, it is necessary to coordinate in space and time all the components of the control. This possibility is created by the matrix of interrelations of all its elements.

7. The principle of continuity of control in time. The implementation of this principle presupposes the creation of a system in which the results of the preliminary

control can be used in the current control, the current control - in the subsequent one - in the preliminary one. In other words, it should be cyclical when we look at it from a time perspective. The implementation of functions and principles of financial control is carried out with the help of such methods as analysis, synthesis, induction, deduction, abstraction, system approach and others. But they are not the prerogative of the control function and are widely used in research in all spheres of human activity.

It is possible to include in the arsenal of control modeling, statistical, mathematical and other methods of research of economic objects. However, this will inevitably lead to the setting of tasks that are not peculiar to it and the expansion of the field of its activity, to the merging of control with economic analysis, and maybe with planning.

The system of financial control is inconceivable without such interconnected elements as subject and object, object of control. The main polemic has unfolded around the concepts of an object and object of control. The subject of financial control is generally referred to as the bodies exercising this control: special state control bodies (departments, departments, commissions, committees, chambers and others), divisions and services of the enterprise (accounting, control services, internal audit, planning and economic department and others), audit organizations and individual auditors, credit organizations, public organizations, as well as managers and employees of the economic entity or department.

There are various opinions on the definition of the object of control and control activities in the scientific literature. For example, according to the concept of some authors, "the object of control is the behavior or actions of people" [E.A. Voznesensky, I.A. Belobzhetsky], and according to another position "as an object of control should be considered the activities of organizations, enterprises, management bodies, officials". [Yu.A. Danilevsky, T.M. Mezentseva, V.M. Rodionova, V.I. Shleinikov], the third consider that the object of the control function of finance is "...financial performance of enterprises, organizations, institutions" [A.M. Kovaleva], the fourth consider the object of control property, sources of its formation and economic processes that cause changes in property and sources of its formation [V.V. Burtsev,

M.S. Burtsev]. Shidlovskaya, A.S. Polovinkin], others argue that "the direct object of financial control are the processes of formation of monetary funds and their use, expressing the distribution value of a public product or its distribution in kind and by value" [E.Yu. Gracheva], as well as monetary relations [R.G. Somoev in his textbook under the editorship of M.V. Romanovsky, O.V. Vrublevskaya]. Along with definition of the object of financial control it is very expedient to allocate in its system such element as a subject of financial control. In economic literature there are various approaches to the definition of the subject of financial control. Y.A. Danilevsky and T.M. Mezentseva define the subject of financial control as "economic relations of controlled objects". R.G. Somoev asserts that "the direct subject of control are: budget indicators at all stages of the budget process (compilation, consideration, approval and execution of the budget, compilation and approval of the report on its execution); financial indicators of economic entities (profit, income, depreciation, cost, profitability, fixed and circulating funds, etc.); tax payments to the budget and non-budgetary funds; indicators characterizing monetary relations; insurance market, other operations and actions, etc.". V.V. Burtsev approaches the analysis of the subject of financial control, in our opinion, from indeterminate positions, characterizing the subject as some "... state and/or action of some link in the system of its objects". For example, he points to such objects of state financial control as correctness of calculation and timely payment of taxes and duties; timely receipt, movement and spending of financial resources; correctness of accounting, etc. O.A. Nogina believes that "...the objects of tax control are documentary, tangible and digital media about the taxpayer's transactions, his actions (inaction).

The subject matter of the study is the internal financial control of the road transport enterprise and the financial results of the road transport enterprise.

1.3 Internal financial control

Internal control is exercised by the subjects of the organization itself (owners, administration, personnel). The efficiency of functioning of economic entities

(economic units) depends on the efficiency of internal control, while the efficiency of functioning of economic entities in the aggregate is one of the conditions for the efficiency of all public production. In modern conditions, internal control, as a management function, should be carried out at all levels of management. The system of internal control should be oriented at:

- The organization's stable position in the markets;
- Recognition of the organization by market participants and the public;
- Timely adaptation of production and management systems of the organization to the dynamic external.

At any stage of the management process deviations of the actual state of the control object from the planned one are inevitable. For timely information about the quality and content of such deviations, internal control is required.

V.V. Burtsev believes that "internal control of an organization is the implementation of such actions as:

- a) Determination of the actual state of the organization (control object);
- b) Comparison of actual data with planned data;
- b) Evaluation of the deviations identified and the degree of their impact on aspects of the organization's functioning;
- r) Identification of the causes of deviations" [5, p. 45].

Let us give some other definitions of internal control by different authors:

The purpose of internal control is to inform the management system to enable effective decision-making.

Internal control is "an independent assessment of the conformity of the enterprise's activities to its objectives. The task of internal control is to check economic operations in production facilities to prevent overspending of material and financial resources, the implementation of production and financial plans, the rational use of labor, etc. " [3, p.131], [7, p. 40].

O.D. Vasilik notes that "internal financial control is a self-control exercised by organizations, enterprises, institutions over their own financial activities of the subdivisions that are part of them. It is a component of the organization's management

and therefore is carried out at its discretion, based on the decisions of the organization". [12, с. 347].

Belobzecki gave the following concept to internal control: "accounting internal control as one of the management functions performed by the accounting department of the organization is a system of monitoring and verification of financial and economic activity of the enterprise, its internal production and other structural subdivisions for the purpose of objective evaluation of economic feasibility, financial performance and legality of managerial decisions taken and results of their implementation, as well as for the purpose of revealing deviations from the requirements of these decisions, elimination of unfavorable economic sieves." Summing up under various definitions, we can say the following:

The internal financial control is a self-control which is carried out by subjects of the organization itself for check of economic operations in industrial objects, estimation of revealed deviations and degree of their influence on aspects of functioning of the organization and revealing of reasons of these deviations, thus providing possibility of effective management of the enterprise.

The value of internal control is schematically shown in Figure 1.3.

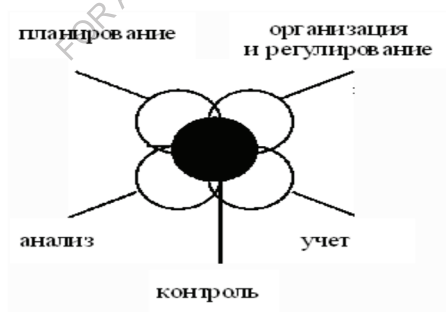


Fig. 1.3. Place and role of internal control in the management process of the organization

Control in modern economic theory and practice is a complex synthesized concept with many different definitions. For example, Albrecht Daly and Beata Steigmeyer see "controlling as the subject of activity of any manager, regardless of the step he occupies in the hierarchical ladder of management of the organization. In

Germany, controlling is often understood as the system of accounting and analysis of costs and results of the financial and economic activities of a company". One of the biggest specialists in the field of controlling D. Hahn in his controlling concept "focuses on the tasks of company-wide planning and control of results on the basis of internal production accounting information. According to the American concept (Financial Executives Institute - FEI), the tasks of the controller include internal company planning, reporting on the execution of plans, consulting, tax policy development, reporting for public services, auditing, public - economic research. Thus, controlling summarizes the concepts of various elements of management; but control cannot be considered as a form of internal control" [1].

The classification by type of internal control takes a special place. The typology, as it is known, should be based on an essential feature. On V.V. Burtsev believes that "the typology of internal control should be based on an essential feature - the level of automation of control, which determines the level of productivity (expressed in terms of the volume of work on control to the time spent). Can the level of automation determine the form of internal control of an organization (it is known, for example, that one of the forms of accounting is automated)? The form of control of the organization is a way of expressing control procedures of all objects (including systems) of the commercial organization, whereas automation of control procedures is possible only at the level of separate objects or systems. It is impossible, for example, to fully automate all aspects of control over the qualitative and quantitative safety of material assets of the enterprise; automation of control over relationships in working teams is currently not possible. On this basis, the level of automation should be considered a determinant of not forms, but the types of internal control" [5, pp. 46-47].

The following types of internal controls are known:

- non-automated;
- is not fully automated;
- fully automated.

The above classification is based on a sign of the significance of internal control subjects. In theory (under the conditions of an ideal system of internal control) and in

real life, the significance of a specific subject may increase (decrease) depending on its personal contribution to the aggregate control action.

Table 1.2 - Classification of Internal Control

Character of classification	Elements of the internal control class
1	2
Form of control	<ol style="list-style-type: none"> 1. Structural-functional form of internal control 2. Internal Audit
Methodological methods of control	<ol style="list-style-type: none"> 1. Specific techniques of adjacent economic sciences (techniques of economic analysis, economic and mathematical methods, methods of probability theory and mathematical statistics) 2. Own empirical methods of control (inventory, control measurements of works, control launches of equipment, formal and arithmetic checks, counter-checks, method of reverse counting, method of comparison of homogeneous factors, official investigation, examination of different types, scanning, logical inspection, written and oral interviews, etc.). 3. General scientific methods of control (analysis, synthesis, induction, deduction, reduction, analogy, modeling, abstraction, experiment, etc.).
Level of control automation (sign of internal control typology)	<ol style="list-style-type: none"> 1. fully automatic internal control 2. partially automatic internal control 3. manual internal control
Hierarchy of objects of control	<ol style="list-style-type: none"> 1. Control of individual objects 2. Control of subsystems of the object system 3. Control of the system of objects as a whole (the whole commercial organization, enterprise)
Significance of internal control subjects (in terms of control activities)	Control exercised by internal control subjects of the 1st, 2nd, 3rd, 4th and 5th levels

Continuation of Table 1.2.

1	2
Stages of Control	<ol style="list-style-type: none"> 1. Preventive control (preventive) 2. Intermediate control (operational) 3. Final control (follow-up)
Nature of the relationship between the controlling and supervised employees	<ol style="list-style-type: none"> 1. Control that is not conditioned by a reporting relationship (independent) 2. Controls arising from relationships of subordination
Functional orientation of the control	<ol style="list-style-type: none"> 1. Control aimed at ensuring the safety of the commercial organization (enterprise) 2. Administrative Control 3. Accounting control 4. Personnel Control 5. Technological control 6. Technical Control 7. Legal control 8. Control of financial results
Timeline of control	<ol style="list-style-type: none"> 1. Strategic Control (long-term) 2. Tactical Control (Medium Term) 3. Operational control (short-term)
Spatial aspect	<ol style="list-style-type: none"> 1. Input Control 2. Process control 3. Output Control
Value (complexity) of the control object	<ol style="list-style-type: none"> 1. Integrated Control 2. Thematic control 3. Individual control

End of Table 1.2.

1	2
Way of interacting with employees	1. Functional and coercive control 2. Bilateral or multilateral control
Stages of obtaining information	1. Primary control (initial) 2. Consolidated control (output)
Control data sources	1. Documentary control 2. Automated control
The nature of the attitude towards the object	1. Directional Control 2. Filtering (stepwise) control
Nature of control measures	1. Planned control 2. Sudden control (unplanned)
Frequency of control activities	1. Systematic control 2. Periodic control 3. Occasional control
Completeness of control object coverage	1. Incomplete control (selective) 2. Continuous monitoring
Intensity of control	1. Reinforced mode control 2. Control carried out in normal mode 3. Light-mode control
Time for control actions	1. Preliminary control 2. Ongoing control 3. Subsequent control
Reproduction Cycle Phases	1. Control of production activity 2. Control of supply and procurement activities 3. Control of financial and sales activities

To sum up, an effective internal control system will be possible:

- To ensure effective functioning, sustainability and maximum (according to the set objectives) development of the organization in a competitive environment;
- Effectively implement all management functions at the enterprise;
- Maintain and make efficient use of the organization's resources and capabilities;
- Strengthen the search for production reserves and develop measures for their use in future production cycles;
- Timely identification, minimization or elimination of commercial, financial and intra-company risks in the management of the organization;
- To form a system of information support of all levels of management adequate to the modern constantly changing conditions of management, allowing timely adaptation of the organization's functioning to changes in the internal and external environment.

In this connection, the tasks of developing standard programs of the organization, development and improvement of the internal control system (for various organizations in terms of legal forms, types and scope of activities, size, organizational management structures) become particularly relevant. These programmes should be diverse. They should be developed taking into account: different initial conditions and possibilities of organizations; tendencies of development of the country's economy as a whole and existing mechanisms of its functioning; established national and local traditions; staff mentality.

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2. Methodological bases of formation of the system of internal financial control at ATP

2.1 Information support of control at the enterprise

In modern conditions of development of economy of Ukraine functioning of the enterprises at interaction with an environment is impossible without use of information maintenance at any stage of management of the enterprise. Therefore, the provision of the necessary level of awareness of responsible persons in the control of ATP activities is of special importance.

Information *is information* about events, processes taking place in the economic activity of people, nature and society. Information is the object of storage, transfer and transformation for use in any sphere of human activity. A distinction is made between sound, text, digital and other information.

The task of information support is to inform the participants of the control process about the condition of the objects under control, their functioning and compliance with legal acts and legislation in the economic mechanism of enterprises. In addition, information support is a means of communication between auditors and auditors on issues related to their professional activities.

Information support of the economic mechanism becomes more complicated in accordance with the growth of social production in the conditions of market relations and acceleration of scientific and technical progress. First of all, the volume of economic information about the activities of enterprises, concerns, corporations, joint ventures, containing data for research audit and audit is increasing. The growth in the volume of information complicates the organization and method of control of financial and economic activities.

Economic information *is* a set of information that characterizes production and financial and economic activities.

The efficiency of management of financial activities of an enterprise largely depends on the quality of its information support. Comprehensive, reliable, timely and

understandable information is the guarantee of making optimal financial decisions aimed at reducing the cost of financial resources, increasing profits and market value of the enterprise.

The information base of financial management is formed at the expense of external and internal sources.

External sources of information include:

- indicators that characterize the macroeconomic development of the country and the development of the industry in which the enterprise operates;
- indicators that characterize the stock and money markets;
- indicators that characterize the activities of counterparties (banks, insurance companies, suppliers and buyers of products) and competitors.

Two main groups of indicators are formed from internal information sources:

1. Financial accounting indicators of the company. They form the basis of the information base of financial management, on the basis of which the analysis, forecasting, planning and operative decision-making from all directions of financial activity is performed.

This group of indicators includes indicators from existing reporting forms:

- the balance sheet of the enterprise (Form 1);
- Statement of Financial Performance (Form 2);
- of the statement of cash flows (Form 3);
- equity report (Form 4);
- notes to the financial statements.

2. Indicators of management accounting are a commercial secret of the enterprise and are used by financial managers to control current financial activities and assess its effectiveness, the formation of financial strategy and policy from individual aspects of the financial development of the enterprise.

In the process of management accounting organization in accordance with international standards are formed blocks of indicators of individual costs and financial results in the section:

- fields of activity;

- types of products;
- areas of activity;
- separate structural units and subdivisions of the enterprise.

Users of the financial statements of the enterprise are legal entities and individuals who need information about the activities of the enterprise for decision-making. Users of the financial statements can be divided into internal and external, directly and indirectly interested in the results of financial and economic activity of enterprises. Classification of users of financial statements by these characteristics is shown in Figure 2.1.

Regardless of the group to which users of financial information belong, they are all interested in its completeness, truthfulness, impartiality and timeliness. In order to meet these user requirements, the information provided in the financial statements is appropriate:

- be understandable and unambiguously interpreted by users provided they have sufficient knowledge and are interested in the perception of this information;
- contain only relevant information that affects users' decision-making, provides an opportunity to assess past, present and future events, confirm and adjust their past data;
- to be credible. Information in the financial statements is reliable unless it contains errors or misstatements that could affect the users of these statements.

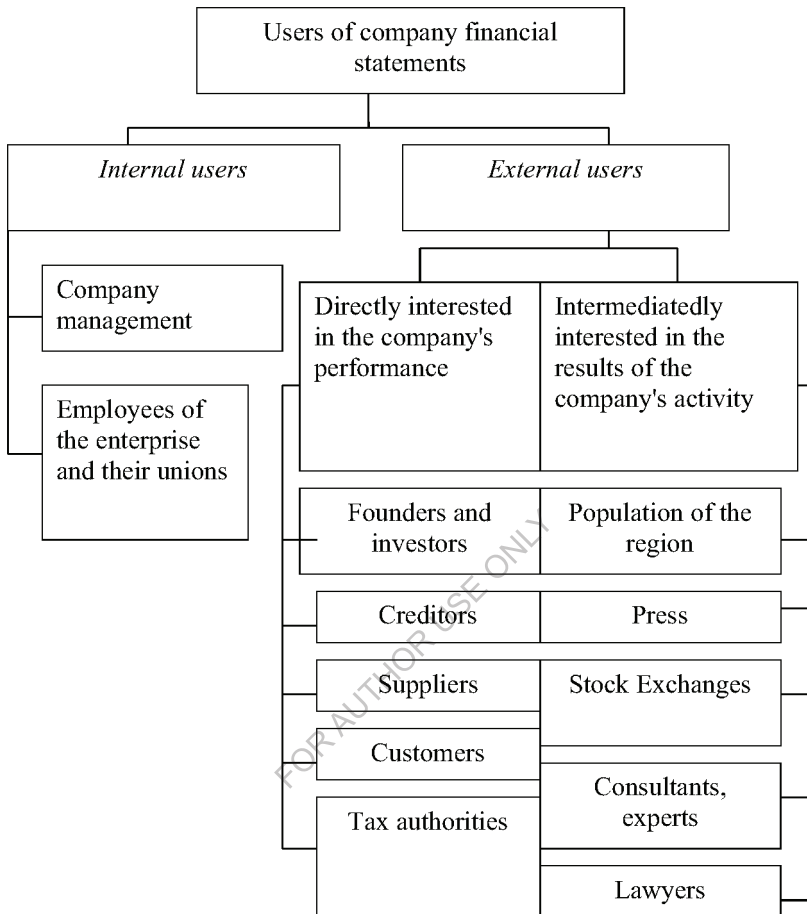


Fig. 2.1. Classification of users of enterprise financial statements

Exactly such principles of formation of financial statements are the basis of the national accounting system according to the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" dated 16.07.99. The main purpose of introduction of the national Provisions (Standards) of Accounting (abbreviated P(C)BO) is harmonization of the financial accounting system in Ukraine with the International Accounting Standards (IAS) developed by the Committee on International Accounting Standards.

The accession of Ukraine to the international accounting system is not an end in itself. However, international experience shows that the principles set out in international standards, on the one hand, best meet the interests of potential users of financial information, and on the other hand, provide an opportunity to unify financial reporting and make it convenient to use.

It should be noted that the application of new accounting principles significantly expands the functionality of financial managers and enhances their role in the management of financial processes of enterprises.

An important advantage of the new principles of information support of financial management is the control of financial reporting indicators of subsystem management accounting and control, which guarantees systematic and complete accounting of assets, liabilities and capital of enterprises. As a result, a more reliable assessment of the market value of the enterprise is provided and, accordingly, its rating in the capital market increases, as does the rate of securities issued by the enterprise.

The accounting and reporting system is the foundation of the information base of internal control in the motor transport enterprise. It is a kind of information flow on the condition and movement of ATP's funds, its property, income and expenses, as well as on changes in the financial results of the enterprise. At the same time the specified flow is formed both in the interests of satisfaction of the needs of external users of information (controlling bodies, investors, creditors) and internal users (owners, managers, controllers) for implementation by the latter of the ATP management process including implementation of control functions.

According to the regulations, the list of main tasks of accounting is quite wide. It includes: a) formation of detailed, reliable and substantial information on the activity of the enterprise and its property status; b) keeping detailed, complete and reliable accounting of all financial operations; c) identification of internal reserves to ensure financial stability of the enterprise; d) use of accounting for making managerial decisions.

When comparing accounting tasks with internal control tasks, it is not difficult to find much in common. At the same time, the relationship between accounting and

internal control manifests itself not only in this. Maintaining accounting is impossible without implementing internal control functions in the process of accounting work. On the other hand, performing internal control functions is also impossible without relying on accounting data - its information base.

In combination with effective internal control, the new financial reporting system should work to increase the level of profitability of business operations and create prerequisites for large-scale application of financial management methods and levers.

The main advantages of the new system of information support of management decisions should be attributed to:

- 1) improving the quality of the financial information presented in the reporting forms, ensuring its reality and greater suitability for the economic justification of decisions and risk prevention in the production and financial activities of the enterprise;
- 2) the ability to independently select an enterprise accounting policy and present information in a way that is most convenient for users;
- 3) Adapting Ukraine's reporting system to international standards and creating prerequisites for Ukraine's integration into the international division of labour system;
- 4) the possibility to present information on the results of financial and economic activities of enterprises and the direction of their development not only to national but also to foreign investors in order to attract additional investments.

Proper organization of financial and management accounting in accordance with international standards allows effective monitoring of financial activity of the enterprise. Generally, monitoring of financial activity of the enterprise consists in ensuring constant control over the most important current results of this activity in conditions of changing market conditions.

The main purpose of the development of the system of monitoring of the financial activity of the enterprise consists in timely identification of deviations of actual results from the planned ones, establishment of the reasons and development of proposals regarding normalization of the financial activity of the enterprise and improvement of its efficiency.

Strengthening of the control function of financial management at the stage of operational management of current economic operations will contribute to improving the efficiency of financial activities and timely prevention of undesirable scenarios of economic processes at the enterprise.

In the systematized form the stages of building a system of monitoring of financial activity are shown in Fig. 2.2.

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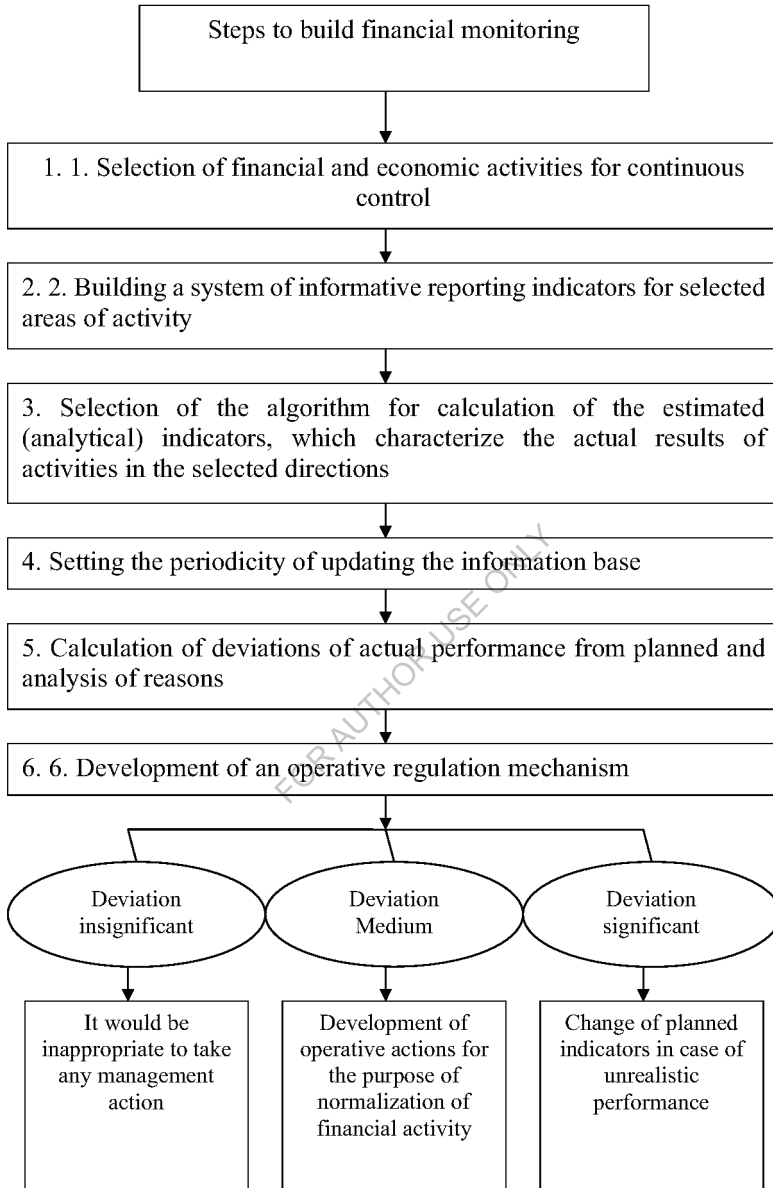


Fig. 2.2. Sequence of financial monitoring system development



Fig. 2.3. Information support of financial and economic control

Thus, the use of information support is a necessary condition to ensure efficiency of control over financial activities of the ATP.

2.2 Establishment of an internal financial control system

The internal financial control system of the road transport enterprise should be a continuous process, in which certain actions should be taken:

- collecting information on the financial situation;
- to check her compliance with the law;
- comparing the reporting to the planned ones;

- analysis of identified deviations, development and implementation of measures to improve financial performance;
- calculation of financial indicators for the next period;
- monitoring the implementation of developed activities to achieve the planned targets.

Subject to compliance with the procedure and quality implementation of the abovementioned stages of financial control, it is possible to form an effective system of internal financial control, develop financial plans and budgets of the enterprise and improve the financial policy of ATP.

The process approach is the management of various processes of the organization and their interrelationships. To develop an effective internal control system, it is seen as a process consisting of certain stages, which in turn are divided into lower level processes. The correct sequence and organization of such processes will allow to regulate accurately the process of internal financial control and to develop the methodology of its conducting.

By process we mean any kind of movement, modification, transformation, reconstruction or "evolution", any change of a given logical subject in time, whether it concerns a change of its place in space, or the modification of its quantitative or qualitative aspects.

Any process to be called one must include the following components: 1) logical subject - unit, i.e. what is changing or in process; 2) time relations; 3) spatial relations; 4) direction.

The work of such a process occurs due to the presence of certain components of the enterprise, which are formed with the help of so-called "inputs" to the financial control process. The process is implemented in the presence of a certain process control and the presence of the process mechanism. As a result of the process work, we get the "Exit" - what the enterprise strives for. The process of financial control at the ATP is shown in Fig. 2.4.

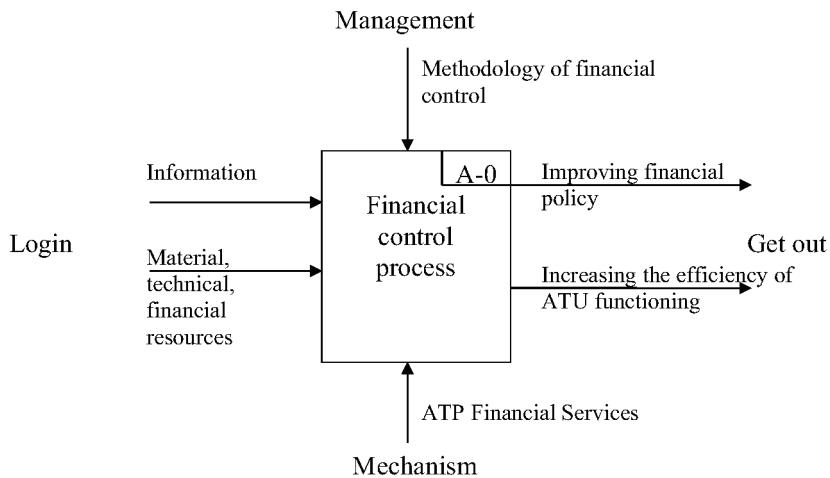


Fig. 2.4. Context diagram of the ATP internal financial control process

The financial control process consists of three parts: preliminary, ongoing and final control. On the basis of this division we can form the process of internal financial control at the road transport enterprise. Let us present this process in the form of diagrams presented in Figure 2.5. -- 2.8.

The stages of internal financial control are shown in Figure 2.9.

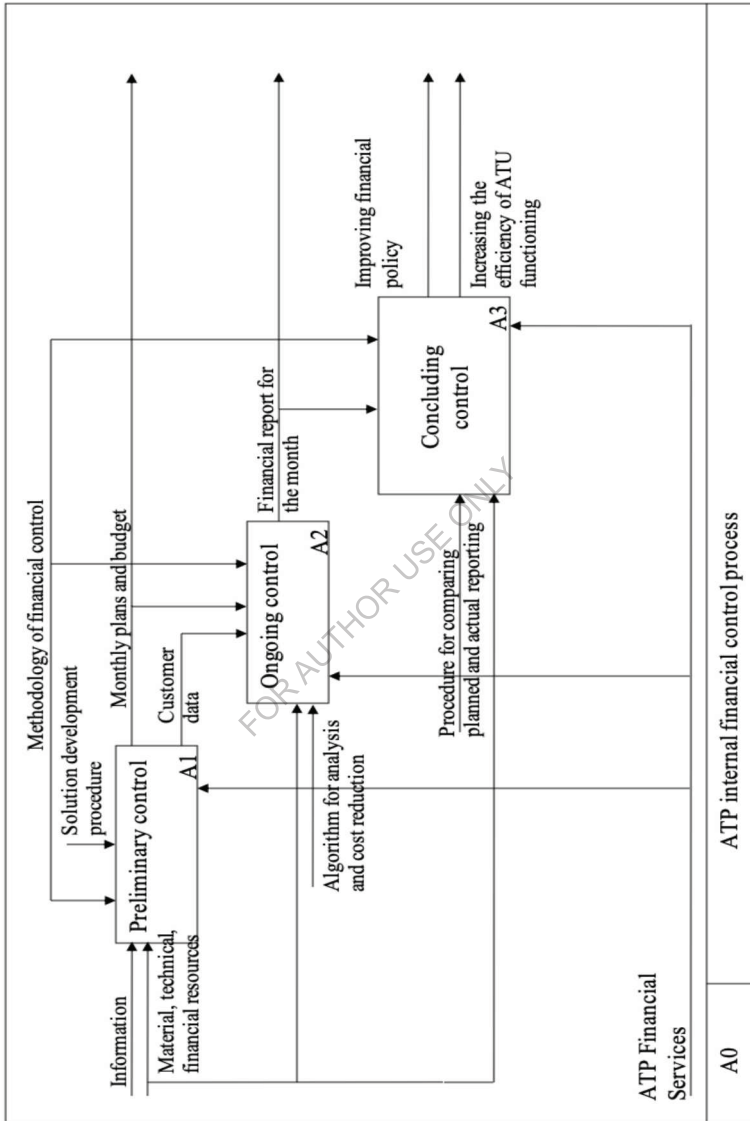


Fig. 2.5. Decomposition diagram of the process of internal financial control of ATP Level I

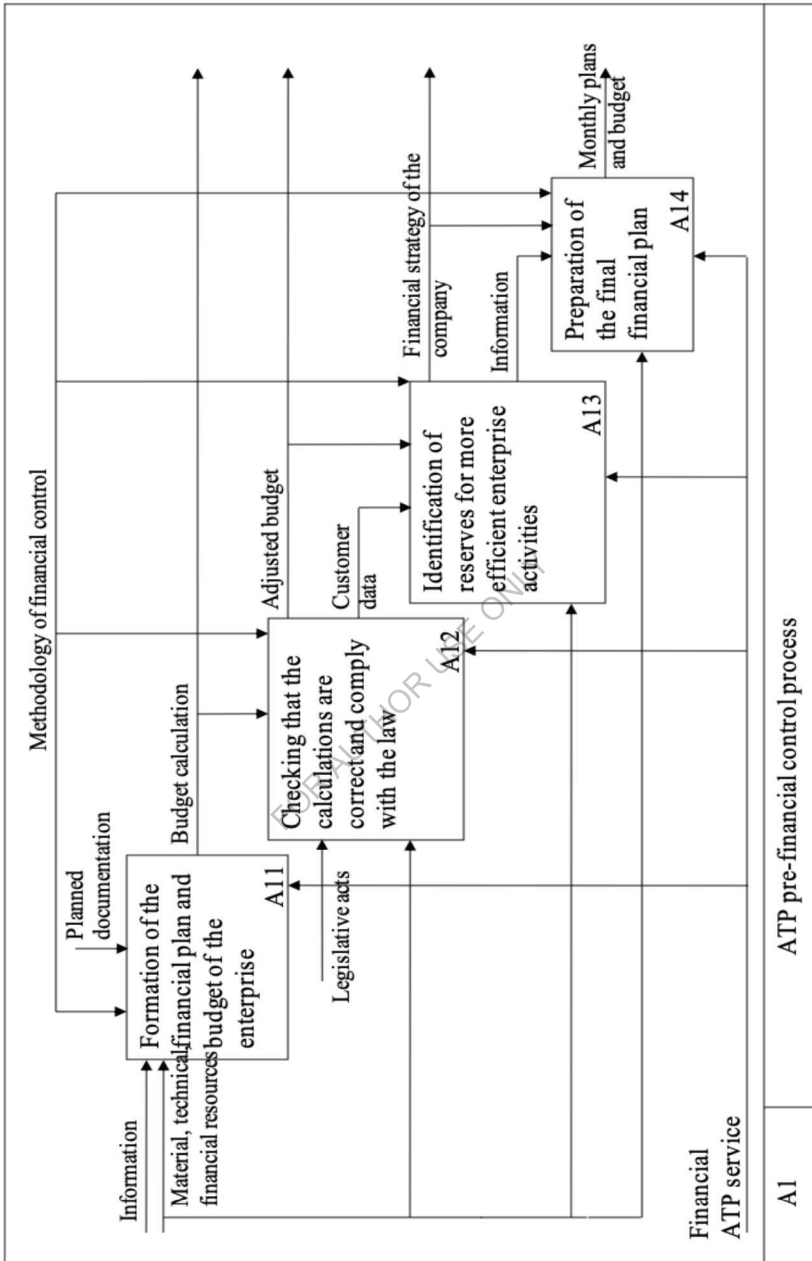


Fig. 2.6. Decomposition diagram of the internal financial control process of ATP II level

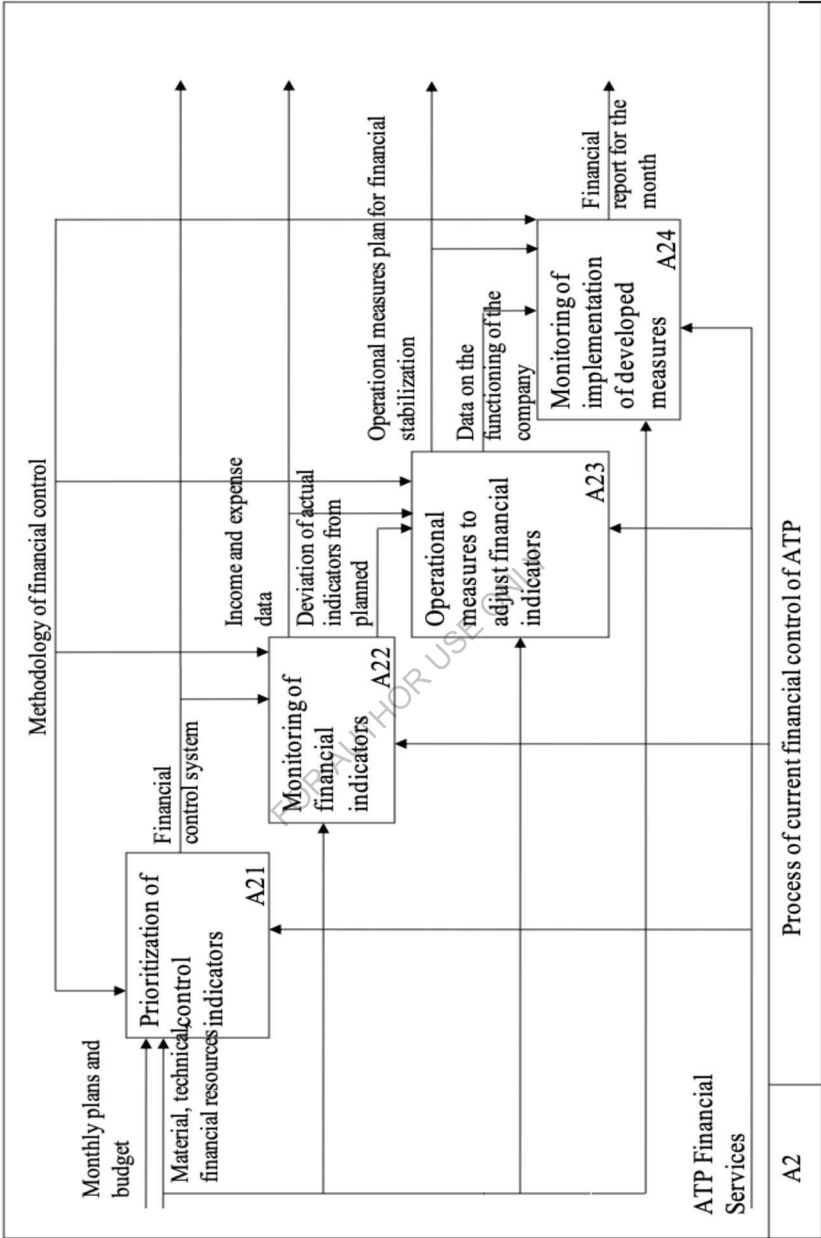


Fig. 2.7. Decomposition diagram of the internal financial control process of ATP II level

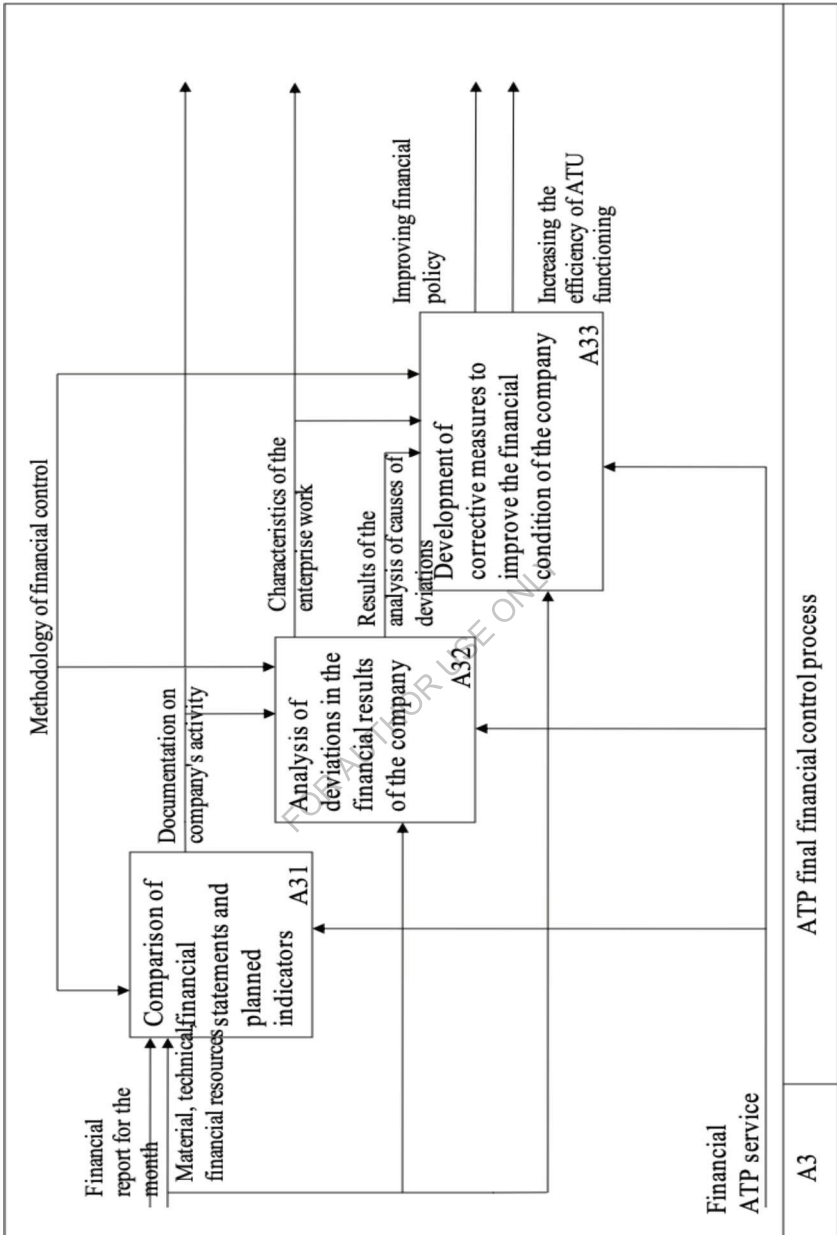


Fig. 2.8. Decomposition diagram of the internal financial control process of ATP II level

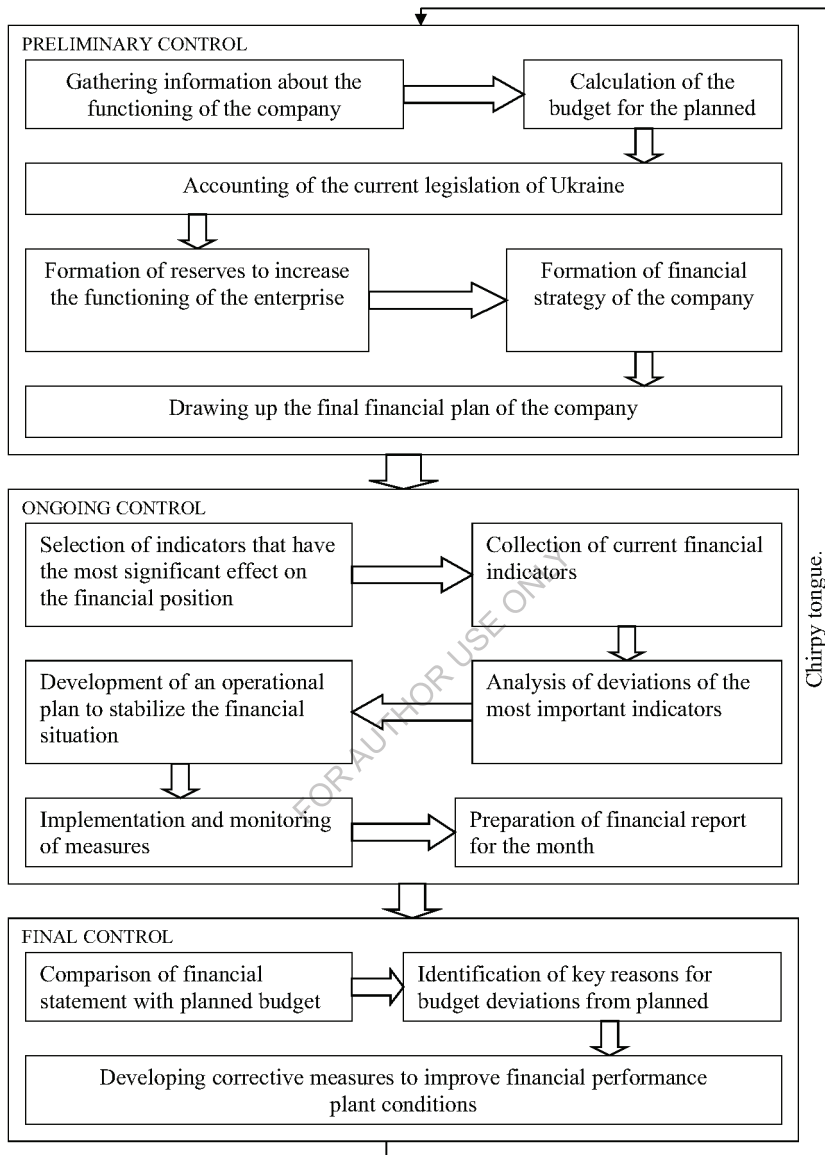


Fig. 2.9. Stages of internal financial control of the enterprise

As can be seen from the figures presented, the main processes of internal financial control are divided into subprocesses. These subprocesses are implemented

by means of a certain methodology and under the guidance of the ATP Financial Service. As a result, financial plans of the enterprise are drawn up, methods of increase of efficiency of functioning of the ATU are implemented and the financial policy of the enterprise is improved. The stages of internal financial control at the ATP and their implementation were presented in Fig. 2.9.

2.3. Implementation of the ATP monitoring process

Let's consider process of carrying out internal financial control on the basis of detailed consideration of all its processes and subprocesses.

1. Preliminary control.

It takes place before financial transactions are made and is important for preventing financial irregularities. It involves evaluating the soundness of financial programmes and projections to prevent waste and inefficiency.

- formation of the financial plan and budget of the enterprise: on the basis of the information about the strategy of the enterprise, its long-term and short-term plans, and also available material, technical, financial resources the financial plan for the reporting period is made;
- Verification of correctness of calculations and conformity to their legislation: the analysis of conformity of financial plans to the real situation in the enterprise and their conformity to the existing legislation is conducted. When discrepancies are identified, the financial plan returns to the previous stage for adjustments;
- Identification of reserves to improve the efficiency of the enterprise: to implement this stage it is necessary to have data on the customers of the enterprise, information about potential customers, the stability of regular customers and the prospects of the industry, data on the prospects of the enterprise (for example, the prospects of introducing new bus routes), reducing the level of taxation. On the basis of these data, it is possible to form reserves for improving the efficiency of the enterprise;

- drawing up the final plan: on the basis of the previous stages of the process of preliminary financial control, all adjustments are formed the final financial plan of the enterprise.

2. Ongoing control.

It is carried out on the basis of the approved financial plan of the enterprise in order to control its implementation, develop and make adjustments in case of deviations from the plan.

- Formation of priority control indicators: to implement quality control it is necessary to identify key indicators for the enterprise. In the road transport enterprise such indicators are the cost of PMM, car repair, income from transportation (especially route, because it is very important to identify inexpedient routes for their correction or replacement), tax payments, depreciation charges;
- Monitoring of financial indicators: conducted to continuously monitor priority indicators for rapid detection of deviations. When conducting monitoring, it is advisable to use computers - this will help reduce the process of data acquisition and processing.
- Operational measures to adjust financial indicators: carried out by specialists of the ATP Financial Service on the basis of obtaining data on income and costs for key indicators. Using a flexible budget to determine the real impact of deviations will help identify the most important deviations. In addition, the deviations should be assessed both in terms of value and relative indicators;
- Control over the implementation of developed measures: should be conducted by the financial service of the ATP to implement corrective measures of the financial plans of the enterprise. In this case, it is necessary to promptly monitor their implementation through obtaining reports on the implementation of corrective measures.

3. Final financial control.

Conducted at the end of the reporting period to assess the financial plan. On the basis of this assessment and development strategy of the enterprise the complex of measures aimed at improving the financial policy of the enterprise is formed.

- Comparison of planned reporting and planned indicators: after the end of the reporting period, it is necessary to compare the overall results of income and expenditure, as well as all their components, with the planned indicators, to identify their deviations in cost and relative measures;
- Analysis of deviations in the financial results of the enterprise: on the basis of the identified deviations it is necessary to identify key indicators that most strongly influenced the final result. For this purpose, it is advisable to use factor analysis. For example, the analysis of changes in the income of the enterprise can be presented as:

$$D_{\text{пер}}^{\text{пл}} = t_{\text{дог}} * Q^{\text{пл}}, \quad (2.1.)$$

where, $t_{\text{дог}}$ - contractual tariff for transportation of 1t of cargo, UAH.;

$Q^{\text{пл}}$ - the planned volume of transportation, t.

Changes due to the tariff and transport volumes are calculated as follows:

$$\Delta I_t = (t_{\text{дог}}^{\text{омв}} - t_{\text{дог}}^{\text{пл}}) \cdot Q^{\text{пл}}, \text{ UAH};$$

(2.2.)

$$\Delta I_Q = t_{\text{дог}}^{\text{омв}} \cdot (Q^{\text{омв}} - Q^{\text{пл}}), \text{ UAH}.$$

(2.3.)

where, $t_{\text{дог}}^{\text{омв}}$ - contractual tariff for transportation of 1t of cargo for the reporting period, UAH;

$t_{\text{дог}}^{\text{пл}}$ - Contract tariff for transportation of 1t of cargo for the planned period, UAH;

$Q^{\text{омв}}$ - reported volume of traffic, etc;

$Q^{\text{пл}}$ - planned transport volume, t.

But for the complete analysis of the reasons for the deviations, the reasons for the deviations in the volumes of cargo transportation should also be determined in the same way. This is the only way to fully identify the causes of deviations.

- Development of corrective measures to improve the financial condition of the company: in order to really assess the possible ways to improve the financial performance of the company should be based not only on data from the reporting period, but also on data from previous years. The data on the profit of the enterprise are evaluated. With the help of these data it is necessary to calculate the possible profit for the next year and the trend in profits in recent years.

An indicative method can be used to forecast profit for the next year. The profit data for the last 5 years are taken. Then a table is built for performing calculations:

Table 2.1 - Data for calculation of profit trend at the enterprise

Year (X)	Profit, UAH (U)	X ²	X·Y
1	Y ₁	X ²	X·Y
...
5	Y ₅	X ²	X·Y
∑ X	∑ Y	∑ X ²	∑ (X·Y)

The forecast for the next year is made by solving the following system of equations and profit function:

$$\begin{cases} a_0 \cdot \sum x + a_1 \cdot \sum x^2 = \sum (x \cdot Y) \\ n \cdot a_0 + a_1 \cdot \sum x = \sum Y \end{cases} \quad (2.4.)$$

x - years of the analyzed period.

$$Y_x = a_0 + a_1 \cdot x \quad (2.5.)$$

De, the Y_x profit function;

$a_0 \dots a_1$ are free members of the equation.

As a result of the profit function solution, the profit for the next year can be found and a graph of the profit trend can be drawn. On the basis of these data we can

draw a conclusion about the functioning of the enterprise and form goals for the next period.

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Conclusions

It is impossible to manage an enterprise of any kind without applying general management functions. The control function has a dual meaning. On the one hand, it is a closing control cycle, the last function. On the other hand, it has a preventive effect, since it can be used to start planning a new control cycle. Therefore, the development and improvement of an internal financial control system is of critical importance to the enterprise.

The work pays much attention to the definition of internal financial control and considers different views on its classification. The place and significance of control function among other functions of enterprise activity management is analyzed. Information support of control in a three-level pyramid is considered. Stages of development of control system at an enterprise are offered. The process approach for development of each stage of internal financial control is applied. Context and decomposition diagrams are constructed. Staged implementation of control process at the enterprise is offered.

Thus, the description of the current state and main problems and trends of financial control of enterprises allows to analyze types and spheres of financial control, as well as to reveal the meaning and essence of types of financial internal control of the enterprise, to offer an improved control system and its phased implementation, as well as implementation at the enterprise.

This will make it possible to identify extensible activities at earlier stages, facilitate planning of the enterprise in the future, as well as improve the efficiency of the enterprise as a whole.

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