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**W poszukiwaniu determinant i uwarunkowań
wysokiej efektywności organizacji: teoria i praktyka**

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THE FUNCTIONAL DEPENDENCE OF THE ACCOUNTING AND INTERNAL CONTROL IN MANAGEMENT OF AGRICULTURAL ENTERPRISES

Abstract: The main components of the processes of accounting and internal controls (sources, objects and methods) were defined that contribute to the effectiveness of the control function of accounting in the management of the economic entity. It is noted that the accounting function of management and accounting control function and contribute to each other systematically and methodologically related.

Outlined effectiveness of internal control of the company in the context of relationship management to control measures performers. The influence of vertical relationship to discipline employees, efficiency and effectiveness of accounting and internal control implementation.

Determined that the control environment is the foundation elements of the system of internal control. The organizational basis of the highest body management of agricultural enterprises, provides a choice of teaching methods of accounting and internal controls.

Keywords: Accounting, control, function, internal control, management information

Introduction

The need of increasing requirements for management systems at all levels of businesses increases in conditions of European integration of Ukraine.

In the process of managing economic and financial activities of enterprises appear problems that are caused by insufficient use of information, control and

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prognostic functions of accounting, the implementation of which may be ensured by a comprehensive approach to accounting and control system, which is essential for good governance.

Significant contribution to the development of scientific thought on accounting and control in the management system made such leading foreign and native scientists: Butynets F.F., Vahrushyna M.A., Ivashkevich V.B., Lytvyn Y.Y., Lenn V.S., Georgieva N., Maslov B.G., Mishin A., Napadovskaya L.V., Needles B., Foster Dzh., Hornhren CH.T., Sheremet A.D. In terms of features made their research Bilukha N.T., Voronina L.I., Hutsalenko L.V., Zielinska H., Ilyuschenko O.V., Kireytshev G.G., Kojarskuy V.V., Miherda B., Sopko V.V., Fadeev G.M. and other economists.

However, a number of organizational issues concerning interdependence of functions of accounting and internal control are still debatable and need further investigation.

The purpose and methodology of the study is to determine the functional dependence of accounting and internal control management system.

The results **of the study**. Accounting and control are defined as important, closely related but independent to the same management features that are part of administrative relations.

The effectiveness of the control of economic activities as one of the functions of accounting, depends on its efficient organization and clearly formulated methodology, which provides for a list of consistent steps, methods and techniques of control and their appropriate working papers package designed controller for internal control and the selected object is based the list to systematic sources².

The control can be organized quite effectively if it integrated with other information systems units of the organization and clearly define the internal control relationship with other parts of the device management (accounting services, departments of sales, supply planning and economic department, etc.) and about the objects of control³.

The task of internal control and accounting is considered as a function of management and other tasks equated to their functions - the control, although these features in your control aspects and determine one another and methodically and methodologically related. Therefore, the exercise of control functions in the accounting system actualizes research compliance monitoring system to modern requirements management entrepreneurship⁴.

² V.V. Mushinsky, *the Problem of on-farm monitoring of the implementation of commitments: temporary space* [Electronic resource] [in:] V. Mushinsky, access mode: <http://eztuir.ztu.edu.ua/3377/1/66.pdf>.

³ S.M. Koncevaya, *the Organization of subsystems and assessment of the effectiveness of internal control in agriculture* [in:] M. S. end, R. end S., "Economics of agricultural and processing enterprises" 2007, No. 5, p. 51-54.

⁴ U.A. Marchuk, *the Role of the functions of accounting and control in the governance of enterprises* [Electronic resource] [in:] W.A. Marchuk, access mode: http://www.ej.kherson.ua/journal/economic_06/298.pdf.

The peculiarity of internal control is that it operates at the time of registration and business operations. Its lack is the fact that is practically not developed its methodical techniques, and the fact that it is given farmed out intuition and experience of professionals who perform control functions on your own. In this connection the issue of control did not pay the necessary attention, it formally only after conducting operations in the period of submission of documents to the accounting⁵. And the organization of accounting is the prerogative of the owner (manager) in cooperation with the accounting workers.

The need of owners to complete and accurate information about the state of economic activity and the results of a separate entity can not be fulfilled without the introduction of control at the enterprise level⁶.

Accounting is the responsibilities of the accounting workers and consists in application accountant agreed with the company's management methods and technology reflected in the accounting of business transactions and preparation of financial statements. Management, in turn, provides internal business control over the proper accounting which included the rights and duties of the chief accountant, accounting subordinate employees, and controls the interaction with other departments of the company.

Internal control is actually performed at each enterprise, but there is no definition of internal control of the enterprise in the Ukrainian regulatory framework entrepreneurship and its corresponding elements. As a result, the practical application of internal control is identified with administrative, accounting control activities of the Audit Commission and others⁷. It should be noted that the determination of the internal control depend on the size of the entity and the characteristics of its activities.

A significant contribution to the definition of the functions of keeping the mechanism of production management was made by a famous professor H.H. Kireytsev, who is well known in Ukraine and abroad, who noted that the functions of accounting are considered, usually with other research on the theory and practice of accounting, control and production management etc.⁸

L.V. Gutsalenko believes that control is not only a function of management, but also an effective tool to ensure proper organization of work and evaluation of any process or activity that allows predict a certain period of individual components and overall enterprise to produce financial results⁹.

⁵ U.A. Marchuk, *Internal control in the system of management of agricultural enterprises*: dis. candidate. Econ. Sciences: 08.00.09, "Accounting, analysis and audit". And. Marchuk K., 2013, p. 284.

⁶ U.A. Marchuk, *the Development and effectiveness of social control functions in accounting*. "Yale Review of Education and Science", 2015, No.1. (16), (January-June). Volume VI. "Yale University Press" 2015, p. 269.

⁷ A.Is. Unkow, *The need for the establishment of internal audit as the subject of the on-farm control* [in:] A.Is. Unkow, "Investments: practice and experience" 2010, Veres. (No. 17), p. 60.

⁸ G. Kireytsev, *Functions of accounting in the governance of agricultural production: monograph*, K., uskha Publishing house, 1992, p. 47.

⁹ L.V. Gutsalenko, *Strategic control in the management system. Accounting and control at the enterprises of agroindustrial complex: state and development prospects. In 2 hours part 1* [in:] L.V. Gutsalenko, Materials of III Intern. Sciences.-practical. Conf. 10-11 Oct. 2008, resp. for vol. M.M. Kotsupatryi. K., KNEU, 2008, p. 45-47.

Today, unfortunately, the legal provisions regarding the rule of law in the area of internal regulation of relations in the agricultural enterprises is expected. Note that statute, and sometimes even inner rules agricultural enterprises is one of the few organizational and administrative acts taken in agricultural enterprises, while others, although they are no less important to the efficient operation of agricultural enterprises, completely absent¹⁰.

The activities of economic entities will be effective only if the subjects of the internal control standards guided by the relevant national regulations, which are the basis for the formation of internal organizational and administrative acts farms. These measures will help expanding economic independence rights of agricultural enterprises and create appropriate conditions for the effective operation of which will be focused on their sustainable economic development.

The system of internal control agricultural enterprise includes corresponding control subjects who are endowed with functional responsibilities and rights and act within the law of Ukraine and internal organizational and management regulations.

The effectiveness of all functions and objectives of internal control an agricultural enterprise will be provided subject to the allocation of responsibilities and avoid duplication employee performance both accounting and control typical the economic value of business processes.

Relationship management personnel and workers in the internal control system with feedback, through which they get the necessary information about the real state of the object, checking and performance management solutions (Figure 1).

The information in Fig. 1 indicates that internal controls are: structural and systematic activities of higher management and executives of the company; the final stage of the management process, which is provided through a feedback mechanism to obtain data subject and is an integral part of decision-making and implementation from its beginning to the end. All information flows on the results of the internal control moving in a vertical relationship between subjects and various levels of management a reason for the owner to take operational decisions in order to avoid or to forestall adverse effects that can affect the business.

Subjects of accounting and control agricultural enterprises of different legal forms, should be sufficiently qualified to be experienced professionals and adhere to the principles of professional ethics to ensure proper implementation of their duties.

It should be noted that the system of internal control of the enterprise cannot be absolutely perfect, because it has certain limits: collusion of two or more employees cause considerable difficulties to detect violations; the abuse of control by management, the concentration of power in his hands; pressure on workers to achieve extremely high rates of production, blackmailing staff (both internal and external); human factor - limited in time, haste or carelessness can lead to errors or prevent their detection during verification of documents¹¹.

¹⁰ V. Panchenko, *Local regulation of on-farm agricultural relations in the enterprise*, [in:] V. Panchenko, "Legal Ukraine" 2010, № 6 (90), p. 65.

¹¹ L.A. Belyaeva, *The organizational aspects of on-farm control* [Electronic resource], [in:] L.A. Belyaeva, L.A. Zinoviev, VSN. Kharkov. Naw im. V.V. Dokuchaev. Series: Economic science, 2010,

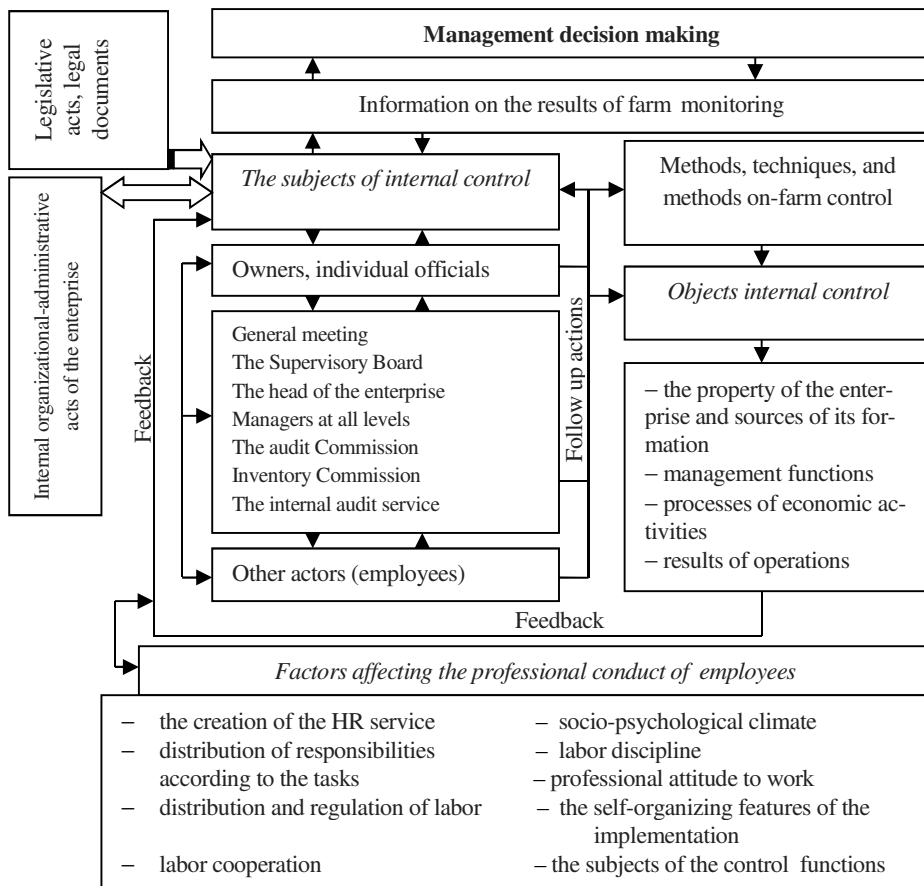


Fig. 1. The relationship of subjects internal control

Some deficiencies in the organization and implementation of internal control in enterprises could be avoided if there were a clear development of specific phenomena in scientific sources, but instead many authors do not pay attention to internal control that does not reveal its methods, which adversely affects the practice implementation of internal control¹².

Fairly role played by vertical link workers in the control environment of agricultural enterprises. The control environment is the foundation elements of the system of internal control, providing organizational framework the supreme body management of agricultural enterprises affects the discipline employees the choice of instructional techniques to ensure the efficiency and effectiveness of internal controls.

No. 11. access mode to Journ.: http://www.nbu.gov.ua/portal/Chem_Biol/Vkhnu_ekon/2010_11/pdf/09.pdf.

¹² T. Kachanova, *on-Farm monitoring: the state and ways of improvement* [Electronic resource] [in:] T. Kachanova, access mode: http://sophus.at.ua/publ/2011_11_15_16_kampodilsk/section_6_2011_11_15_16/vnutrishnogospodarskij_kontrol_stan_i_shljakhi_udoskonalennja/8-1-0-196.

The flow of information in the control environment is moving in a vertical (“top down” and “bottom-up”) and in the horizontal (between structural units).

Internal control is a process of interaction between people in which there is a functioning workers in the control environment of agricultural enterprises. To ensure the effectiveness of the internal control of enterprise and achievement before it the goals and objectives necessary to enlist the vertical relationship in the direction from top management to the performers and vice versa, it will facilitate the proper exchange of information within the enterprise for appropriate management decisions.

With the acquiring of agricultural enterprises mainly privately owned special urgency is the need for control of the owner. However, there is a need not only information about the property, commodities and cash flows, but also the work of managers. These issues are exacerbated at this stage increased competition, lack of resources when it becomes necessary rational and optimum use, the mobilization of hidden reserves¹³.

This duty regulations is the document in which written qualifications, duties and responsibilities of the main objects of control rights and the relationship between workers organizations¹⁴.

The implementation of internal control should be understood that such control, with proper planning it should not require a lot of labor and time should be simple and accessible to business control and acceptable for use in practice. Planning control measures to ensure the sustainable use and conservation of resources should be systematic. The planning process should ensure the completeness and uniformity of the volume control all the objects proper relationship inspections of all services organization, coordinate management plans accounting and control of audit committees, internal audit, accounting and business structural units¹⁵.

Control as management function has been developed because of the formation of market relations and the impact of the crisis on economic entities and society as a whole.

To achieve effective management, management system control is one of the important functions because through it is a combination of accounting, analysis, forecasting, regulation of enterprises. On the one hand control can be seen as a function of management, on the other – as a subsystem of accounting.

Increased information, analysis, control and regulatory functions invite account of the need to improve the method of accounting and its elements.

Process of knowledge of economic phenomena using accounting techniques, is a specific form of implementation of scientific and cognitive function of accounting¹⁶.

¹³ L. Malenkova, *Internal control as the basis for effective management of agricultural enterprise* [in:] L.V. Malenkova, “*Ekonomika APK.*”, 2011, No. 10, p. 153-154.

¹⁴ N.V. Kuzennyi, *Formation of internal control in road organizations* [Electronic resource] [in:] M.V. Kuzhelnyi, Tkachuk I. M., Economic science. Series: Accounting and Finance: FR. Sciences. works. Lutz. state technical. Univ., 2008, Vol. 5 (18), p. 1. access mode to Journ.: http://nbuv.gov.ua/portal/Soc_Gum/En/O_FN/2008_5_1/zbirnik_O_FN_5_Ч_1_331.pdf.

¹⁵ V. Ovsyichuk, *Management of agricultural organization: internal control* [in:] V. Ovsyichuk, “Problems of theory and management practice”, 2007, No. 5, p. 77.

¹⁶ S.M. Koncevaya, *the Organization of subsystems and assessment of the effectiveness of internal control in agriculture* [in:] M.S. end, R. end S., “Economics of agricultural and processing enterprises” 2007,

Control as a management function also needs the necessary actions from both the accounting workers and workers of other departments and the management. This is protection (controlling) function. It is present throughout the management process and ensure formulation and implementation of management decisions.

An enterprise unit is closely linked with all other divisions, because he receives from them necessary for accounting and control documentation. Internal control will be effective in cases where control agents execute real control, and heads of the departments that are centers of responsibility for the implementation of standard expenses will count every penny spent on the production and control costs and rationality to analyze what effect will be received.

Assessment of results of test and identified weaknesses by means of control in the agricultural enterprise decision affects the managers.

It should also be noted that the relationship that exists between employees, heads of departments and managers also affects internal business control. Because the foundation of internal control in the company is monitoring the actions of employees for the results of the tasks and performance of the agricultural enterprise is directly related to competence, initiative, organizational skills and feedback between employees working in this field.

Conclusions

In terms of market conditions and potential crisis becomes especially important efficiency management decisions on the basis of the objective accounting information and confirmed the results of effective internal control of agricultural enterprises of different ownership. Accounting and control are the main source of reliable information support for the implementation of various management functions and serves as the basis of uniform accounting and control system to meet the needs of management.

The main criterion for ensuring the effectiveness of internal control is canceling the formal nature of its implementation and adaptability to changes at the micro and macro levels.

Besides control is a process of interaction between agricultural enterprises, which resulted in their activity observed in the control environment. To ensure the effectiveness of internal controls in the company and the achievement of its goals and objectives necessary to introduce vertical relationship of control measures in the direction from top management to the performers, and vice versa to facilitate the proper exchange of information within the enterprise and the adoption of appropriate management decisions.

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Abstrakt

Funkcjonalna zależność podmiotów ewidencji księgowej i kontroli wewnętrznej w zarządzaniu przedsiębiorstwem rolnym

Ustalono główne składniki organizacji procesów ewidencji księgowej i kontroli wewnętrznej (źródła informacji, obiekty i metodyka), które będą sprzyjały zapewnieniu skuteczności kontrolnej funkcji ewidencji w zarządzaniu podmiotem gospodarczym. Podkreślono, że ewidencja księgową, funkcja zarządzania i kontrolna funkcja ewidencji

księgowej wzajemnie się uwarunkowują i są metodycznie i metodologicznie związane między sobą.

Opisano skuteczność kontroli wewnętrznej w przedsiębiorstwie w kontekście wzajemnego związku możliwości dokonywania kontroli przez kierownictwo w odniesieniu do wykonawców. Stwierdzono wpływ pionowej relacji wzajemnej na dyscyplinowanie pracowników, skuteczność i efektywność przeprowadzenia ewidencji księgowej i wykonania kontroli wewnętrznej.

Ustalono, że środowisko kontroli jest fundamentem elementów systemu kontroli wewnętrznej. Organizacyjna podstawa wyższego organu zarządzania przedsiębiorstwem rolniczym jest zapewniona poprzez wybór metodycznych sposobów ewidencji księgowej i kontroli wewnętrznej.

Słowa kluczowe: ewidencja księgowa, kontrola, funkcja, kontrola wewnętrzna, zarządzanie, informacja