

Томчук Виктор Васильевич
bravestheart@rambler.ru

ОРГАНИЗАЦИЯ КОНТРОЛЯ ФИНАНСОВОГО ПОТОКА НА СЕЛЬСКОХОЗЯЙСТВЕННЫХ ПРЕДПРИЯТИЯХ

В данной статье исследовано понятие контроля, задачи и требования внутреннего контроля, предложена классификация контроля на сельскохозяйственных предприятиях.

Ключевые слова: денежный поток, внутренний контроль, классификация контроля.

Tomchuk Viktor
bravestheart@rambler.ru

ORGANIZATION OF CASH FLOW CONTROL AT AGRICULTURAL ENTERPRISES

The concept of control, objectives and requirements of internal control is studied in the article; classification of control at agricultural enterprises is suggested.

Keywords: cash flow, control, internal control, classification of control.

Formation of market relations in modern conditions requires from agricultural enterprises to adapt the constantly changing demands: to improve quality, reduce prime cost and prices, to optimize the structure of costs. However, Ukrainian agricultural enterprises have not appeared to be able to move safely from the vendor's market that functioned under administrative system of management to the consumer's market.

Global economic crisis, reduction of the purchasing power, inflation and inefficient decision-making – all these are the factors of the financial crisis of agricultural enterprises. In our opinion, one of the key factors that leads to inefficient decision-making in the financial sector of agricultural enterprises is lack of effective planning, proper coordination of activity of various agencies, information management, accounting and control [11].

Nowadays production, sales, earning a profit, efficient use of funds and other business transactions directly depend on external factors. Therefore, management of funds should be done promptly taking into account constant effects of various factors. Ability to adapt to changes is complicated by the specific conditions of economic activity at agricultural enterprises and features of the industry. Ensuring efficiency and effectiveness of business processes is possible if their implementation is timely monitored. However, the role of rapid response to the facts and reasons of deviations from the specified parameters is growing. Consequently, it is necessary to check quickly the information received, identify and assess its relevance and quality. Thus, the demand of users and managers at various levels for current timely data on cash flows is provided by the system of control. The nature of the social system, ownership forms, key features of the economy at a particular stage of its development caused formation of the economic content of control. However, its properties and specific features were revealed in practice after foundation and evolution of economic relations. The increasing complexity and diversity of various operations, calculations and procedures caused changes in methodical techniques and methods of control [7].

Any modern agricultural enterprise cannot do without a control system integrated into its business, both externally (tax control or auditor's control) and from the inside (control conducted by the owner through a specially formed department). Control is a component of any business process including the movement of the company's cash flows. Efficiency of control is provided by the following factors: the first one is a level of the organization and the second one is an advanced methodological support for individual procedures and the system as a whole. Lack of a clear control system is the cause of unreasonable costs, reduced efficiency of the enterprise as a whole, which results in the reduced motivation of employees. Current reforms in the economic sector, particularly in agriculture, changes in the business functioning, convergence of the domestic accounting standards with international counterparts encourage to introduce new forms of control organization aimed at improving the methods of its organization and implementation.

Theoretical and applied aspects of the methodology and organization of control have been studied in the scientific works of numerous domestic and foreign scholars such as E.A. Ahrens, D. Han, R. Aitken-Davies, I.A. Blank, M.T. Biluha, F.F. Butynets, J.K. Lobbek, M.Y. Demyanenko, V.M. Zhuk, E.A. Kocherin, G.G. Kireytshev, E.V. Kalyuha, L.V. Napadovska, V.S. Rudnytsky, O.A. Petrik, M.S. Pushkar, P.T. Sabluk, P.A. Khomyn, B.F. Usach and others. Researchers have paid attention to the study of the advantages and disadvantages of control, theoretical and historical aspects of its development. However, some questions on this issue require further study considering constantly changing legislation. In particular, it concerns the organization of cash flow control at the agricultural enterprises.

Control emerged together with a society as a necessary condition of cooperation (business activity) to get instruments of labour [2, p. 11]. In the early stages of the development of economic relations their subjects did not set objectives to choose the approaches and methods of control. But they knew the exact purpose and concrete results of control.

At all stages of the evolutionary processes control provided accuracy of the information aimed at decision-making, though its organizational and methodical structure was modified, new types and classifications were formed, economic essence was refined. We agree with the opinion of N.V. Vyhovsa that «the need to control dates back to the earliest stages of human development and exists in different social and economic formations».

Control (from the French «contrôle») literally means «a list in duplicate», «review», «check of something» [8, p. 5]; it is a special kind of the company's activity focused on monitoring of the management process and its evaluation. Control is the ultimate function of management, and its errors and shortcomings lead to poor economic results. However, proper control contributes to the achievement of the set goals.

Control is a kind of enterprise management that enables to detect problems, develop and implement measures aimed at the adjustment of the pace and content of the organization till the problems acquire characteristics of the crisis. At the same time control enables to reveal and promote positive initiatives, to support the most effective trends of the company's activity. The purpose of control is to facilitate the convergence of actual and desired results of activity, i.e. to achieve the goals of the enterprise [9].

One of the most important tasks of control at agricultural enterprises is to check compliance with legislation as well as orders, instructions and other local regulations issued by the company's leaders.

The process of control consists of setting standards, measuring actually achieved results and implementation of adjustment [5]. If necessary, the system of control compares an actual level of the company's performance and a desired one. In a broader sense, control is associated with the process due to which a company adapts to the external environment.

Control at the agricultural enterprise deals with both strategic issues, i.e. how a company interacts with the internal and external environment, and operational challenges, i.e. effective implementation of plans designed to achieve common goals. It can be defined as an activity aimed at detecting and eliminating deviations from accepted goals and norms (technological, behavioral and others) of the organization. In practice, control is conducted in two stages:

1. Assessment of the existing object and its comparison with the standard (e.g., regulatory or planned figures);

2. Introduction of the sanctions aimed at bringing an object of control in a state close to or coinciding with a regulatory or planned one.

Control provides a company with the means for adaptation to environmental changes, reduces accumulation of organizational errors and helps to overcome them, minimizes losses. A properly designed system of control helps managers to operate, monitor and respond to changing conditions [2].

Special attention should be paid to the function of internal control in managing cash flows of the enterprise that completes the process of planning and analysis and, therefore, provides formation and distribution of cash flows to administrative decisions. In this regard, an enterprise must form a system of internal control that defines objects and subjects of control, methods of delegation of authority and responsibilities of the company's head to other professionals, regular checks, compliance with the legislation. We believe that the most exact definition of control of the company's cash flows was given by I.A. Blank, «Internal control of cash flows is an organized process of verifying implementation of all administrative decisions in the area of their formation and in order to implement planned policies of their development and set targets of the current and operational plans» [3].

According to this definition, internal control of cash flows should perform primarily a feedback function that provides revealing of the deviations of actual data on the cash flows of the enterprise from the set of values of these indices in the process of planning, budgeting. Internal control should also reveal causes of the deviations on the basis of conducted studies. In our opinion, it is a fundamental purpose of internal control of cash flows of the enterprise.

In our opinion, the main task of internal control of cash flows can be defined as provision of the top management of agricultural enterprises with the information that allows them to coordinate their activity on cash flow managing, respond and adapt to changing internal and external conditions of the enterprises.

Internal control is carried out in order to assess the performance of the enterprise and its divisions, develop recommendations on the improvement of both accounting and financial activities in general.

Internal control serves as one of the primary functions of management, it is a system that includes ongoing monitoring and control by all officials of the enterprise, within their competence, effectiveness of approved managerial decisions, identification of inefficient solutions, tax compliance, accuracy and completeness of the registration of financial activity in the primary documents, prevention of errors and distortions in the accounting and reporting, rational use of productive resources. It is a form of feedback that enables a governing body to receive necessary information about the actual state of the managed object and implement management decisions. Control is performed by various services, so you cannot always identify its role in production management.

Internal control serves as a measure of security applied in order to ensure property protection, accuracy and reliability of accounting records, coordinated and efficient performance of the operations, compliance of the approved decisions with the economic policy of the enterprise management.

Internal control is «control of business transactions performed by production associations and enterprises» [1, p. 292].

The term «internal control» is more deeply defined by the French Association of Accountants and Auditors. Internal control is «a process performed by the management and staff to provide reliable confirmation that financial information is accurate, laws, regulations and directives are kept, transactions have been performed, their accuracy is ensured, and allows the organization to achieve its main tasks: protection of property, profitability and efficiency». To achieve the goals (such as ensuring profitability and efficiency as well as protection of property), the objectives of internal control, except the above-mentioned goals, should include confirmation that approved managerial decisions are reasonable and effective.

The objectives of internal control of cash flows are as follows:

1. monitoring of implementation of all targets on the flow of cash assets adopted by the enterprise;
2. determination of the level of deviation of actual indicators characterizing cash flows, from the planned (standard) one, and identify the main reasons of such deviations;
3. compliance with current laws and regulations as well as internal regulations and orders of the enterprise regarding cash flow;
4. ensuring appropriate safety of financial resources and detection of shortages or losses;
5. ensuring target, economical and rational use of funds that are at the disposal of the enterprise;
6. ensuring timely payment of taxes;
7. identifying factors of both internal and external environment that affect cash flow factors [8,10,11].

It is appropriate to identify key functions of control in the system of management of cash flows at the enterprise:

- informational — aimed at supply of the leaders and managers of the enterprise with the information necessary for the regulation of cash flow management;
- preventative — aimed not only at identifying shortcomings that have occurred in the management of cash flows, but avoiding them in the future;
- educational — providing a clear and conscientious performance of the duties by all employees of the company [8].

The issue of control classification in order to get better understanding of the the nature, principles, forms and methods of its implementation at agricultural enterprises is still actual. Taking into account considered classifications of control in various economic sources [6, 10] we offer our own scheme of classification of the types of internal control of cash flows at the agricultural enterprises (Figure 1).

For effective implementation of the system of internal control of cash flows shown in Figure 1 types of control, techniques and methods must be carried out simultaneously and continuously during the entire process of control for a more detailed study of the control objects.

It is important to develop a system of controlled parameters that includes quantitative characteristics and priority of these parameters in the process of internal control of cash flows. To monitor cash flows data of the strategic, financial and managerial accounting are applied. It is necessary to monitor performance of the targets, which includes monitoring of the controlled parameters, determination of the deviation of actual results from the targets, identification of the causes of these deviations.

As a part of monitoring, forms of reports and terms of their submission to internal users of the enterprise should be determined. In our opinion, the form of such reports is largely subjective, it depends on the purpose of leaders, but it must comply with the form of the appropriate controlled plan or budget and provide data on the horizontal and vertical analysis of controlled parameters.

Therefore, special attention is paid to the organization of control of cash flow, cash flow structure, balance of the income and expenditures, control and management

of paying capacity efficiency of the use of payment resources of the enterprise, monitoring of flows of income and expenditures, cash flow by the types of activity, centers of responsibility, approach of the strategic activity and the like.

Development of the system of control of cash flows of the enterprise is caused by the need to ensure payment relations, effective use of payment instruments, prevention of the payment crisis and avoiding bankruptcy.

General principles of control are aimed at ensuring the legality, objectivity, independence and openness, and it is especially important to adhere to these principles in the areas of payment relationships and penny circulation.

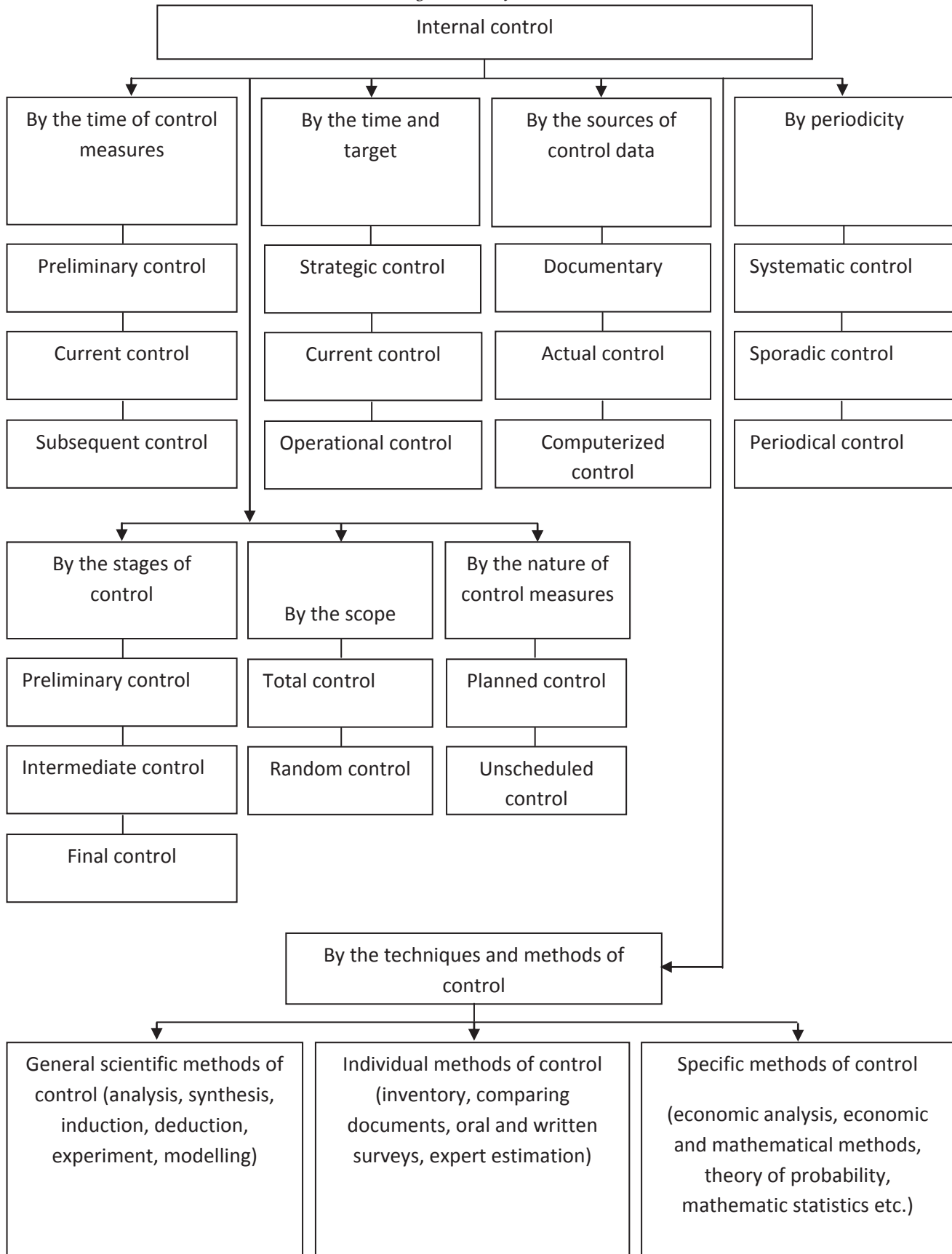
Control requires application of the integrated approach to the formation of accounting and control information on cash flows of the agricultural enterprise, and on the basis of which it is possible to make effective decisions on cash flow management.

Accounting and control of cash flows at the agricultural enterprise (Fig. 2) is formed due to continuous accumulation and processing of information that can be obtained from the accounting records of various departments and divisions.

A complex of accounting tools integrated into computer programs can provide necessary analyticity of the integrated accounting. Accounting and economic, structural and organizational as well as functional characteristics of cash flows of the enterprise allow us to assess the state of payment and cash flow potential of the enterprise online.

Cash management provides constant comparison of receipts and expenditures. When control of cash flows is organized it is appropriate to take into account the direction of cash flow (incoming and initial cash flow), the amount of cash flow, time, value of cash flow (nominal, current and predicted value), interest rates of service charges and related risks.

Figure 1. Classification of internal control of cash flows of the agricultural enterprise
Source: generalized by the author

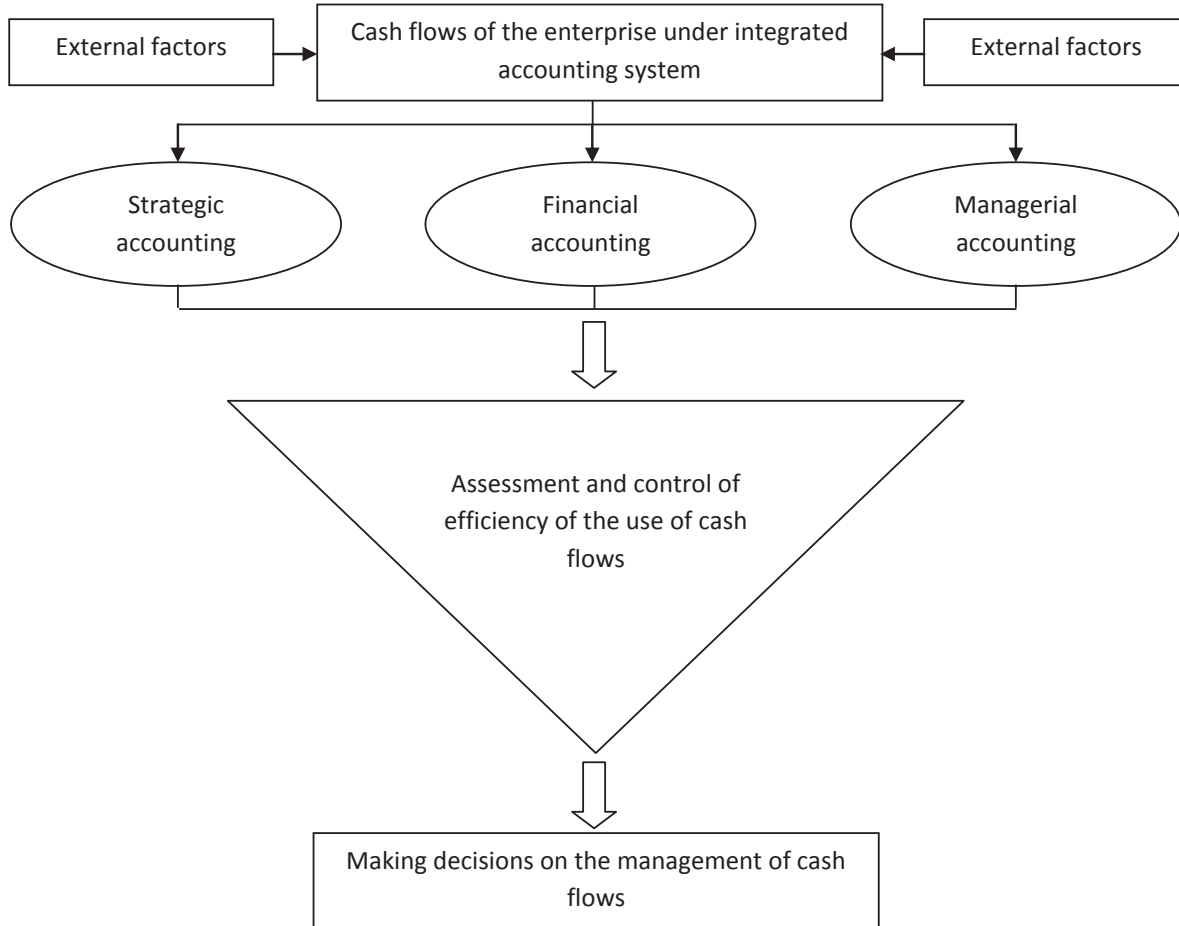


Key principles of control of cash flows of the agricultural enterprise are as follows:

1. Objective – to monitor the nature of cash flow, state of the payment resources of the agricultural enterprise;
2. Types of accounting – financial, managerial, strategic;
3. Object – the balance of income and expenditures of financial resources regarding the amount, terms, interest rates and risks;
4. Subject – structural units that generate cash flows: an enterprise as a whole, types of activity, external and internal segments, strategic areas of activity, centers of responsibility;

5. Frequency — daily, weekly, as required;
6. Organizational structure is reflected in the chart of accounts in terms of the given sub-accounts and analytics;
7. Indices: indices of net assets and net liabilities that reflect the effect of cash flows on the value of the enterprise;
8. Technical support: information systems of the company's resource potential management, integrated computer programs;
9. Methods of data processing are the set of programs for registration, processing, storage and transmission of information;
10. Decision-making according to the results of monitoring — tactical, operational, strategic to overcome a payment crisis regarding system objectives.

Figure 2. Universal block-scheme of accounting and control of cash flows at the agricultural enterprise
Source: generalized by the author



Thus, when developing methods of control at agricultural enterprises it is appropriate to consider three types of control of cash flows: strategic, financial and managerial. It should be noted that without recognition of strategic accounting control and monitoring of strategic objectives will have to be outside the system of financial management. Interrelation of the levels of control, i.e. state level, corporate level, level of audit, internal control, should be taken into account. The system of financial control in our country that is formed on the basis of financial accounting requires changes. In Ukraine control, especially the state one, is at a low level resulting in the fact that about 50% of purchase and sale operations, payroll, purchase of property are displayed using «black cash» and shadow schemes. As a result, there arises a problem of control over the proper use of financial resources. Therefore, cash flow control is based on the precise organization of accounting and transparency of business transactions.

References:

1. Azriliyan A. N. Bolshoy buhgalterskiy slovar / A. N. Azriliyan i dr. – M., 1999. – S. 291 – 292
2. Balabanov I.T. Osnovy finansovogo menedzhmenta: Ucheb. posobie. – M.: Finansy i statistika, 2002
3. Blank I.A. Upravlenie denezhnymi potokami. – K.: Pika-Tsentr, Elga, 2002. – 736 s.
4. Dorozhkina G. M., Riznichenko L. V., Mihno O. V. Formuvannya strategii vnutrishnyogo kontrolyu pidpryemstva. [Elektronnyi resurs]. – Rezhim dostupu: http://www.nbu.gov.ua/portal/Soc_Gum/Vchnu_ekon/2011_1/074-080.pdf
5. Meskon M.H. Osnovy menedzhmenta / Meskon M.H., F. Albert M., Hedouri F.; [per. s angl.]. – M.: Delo LTD, 1994. – 702 s.
6. Nikolaeva S.A. Upravlencheskiy uchet. Posobie dlya podgotovki k kvalifikatsionnomu ekzameni na attestat professionalnogo buhgaltera. – M.: "IPB-BINFA". Infra-M, 2002. – 175 s.
7. Pristupa K. P. Ekonomichna sut ta znachennya operatyvnogo kontrolyu v systemi upravlinnya. [Elektronnyi resurs]. – Rezym dostupu: http://www.nbu.gov.ua/portal/Soc_Gum/Oif_apk/2009_4/14_Prist.pdf
8. Prodanova P.A. Kontrol i reviziya: Konspekt lektsiy / P.A. Prodanova, E.I. Zatsarinnaya. – Rostov n/D: Feniks, 2006. – 317 s.
9. Suhareva L.A., Petrenko S.N. Kontrolling – osnova upravleniya biznesom. – K.: Nika-Tsentr, Elga, 2003
10. Finansovoe planirovanie i kontrol: Per. s angl./ Pod. red. M.A. Poukoka i A.H. Teylora. – M.: IPFRA-M, 1996. – 480 s.
11. Han D. Planirovanie i kontrol: kontseptsii kontrollinga : per. s nem. – M.: Finansy i statistika, 1997. – 542 s.