

## **INTERNAL MANAGEMENT CONTROL APPROACH BY IMPLEMENTATION OF STAGES OF THE INTERNAL CONTROL MANAGEMENT SYSTEM IN PUBLIC ENTITIES**

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### **Abstract:**

*The internal managerial control system of public entity, envisages the realization of three categories of permanent objectives, namely:*

- a) objectives on the effectiveness and efficiency of operations;*
- b) objectives on the reliability of internal and external information;*
- c) objectives relating to compliance with laws, regulations and internal policies.*

*Thus, designing, implementing and further developing a viable system of internal control are possible by developing and updating stages of the implementation process and development of the internal control system management in public entities.*

*It was approached a new aspect of the regulatory framework in internal management control by detailing the duties and responsibilities of the Monitoring Commission's of the public entities to establish and maintain internal management control system stages.*

**Keywords:** *internal management control, internal management control system steps, objectives, the Monitoring commission, tasks, responsibilities.*

**JEL Classification:** *H83*

## **1. General Considerations on the concept of internal management control**

Community legislation in internal management control consists of general principles of good practice accepted internationally and in the European Union.

How these principles translate into internal managerial control systems is country specific conditions being determined by legislative, administrative, cultural.

In the context of the general principles of good practice found in community legislation, internal control is associated with a larger sense this is seen as a management function and not as a verification operation. By exercising control, management finds the results deviations from targets, analyze the causes that determined and has corrective or preventive measures are taken.

## **2. Legal Framework**

Necessity and internal control mandatory for public entities are regulated by Government Ordinance no. 119/1999 *looking internal control / management and preventive financial control, republished, as amended and supplemented.*

According to legal regulations, internal management control is defined as all forms of control exercised at the level of the public entity, including internal audit, established by management in accordance with its objectives and legal regulations in order to ensure management of public funds economically, efficiently and effectively; it also includes organizational structures, methods and procedures.

Despite the definitions of national and international internal control are numerous, they are not contradictory in essence, all stating that it is not a single function, but an assembly of devices implemented by those responsible at all levels of the organization for control over the operation of their activities.

In accordance with the Law no. 174/2015 for approval Government Emergency Ordinance no. 86/2014 *looking the establishment of reorganization measures at central government level and amending and supplementing certain acts*, the General Secretariat of Government has taken over from the Ministry of Finance work in the field of internal management control systems.

Currently, applicable the provisions Secretary General of the Government Order no. 400/2015 *approving the Internal managerial Control Code for public entities*, including the standards of internal management control of public entities and internal control systems development / management, republished. It regulates the organization, implementation,

monitoring and reporting system in public entities internal management control and internal managerial control standards.

Given a correlation of legislative and clarifications and explanations on how to implement a system of internal management control to avoid possible confusion among specialists regarding the requirements and the implementation of internal management control system it amended and supplemented the regulatory framework by Secretary General of the Government Order no. 200/2016.

The purpose of these explanations and clarifications on the implementation of internal control management system is the desire for understanding them by all levels of management and execution of the public entities.

All this is necessary given that in a modern administration Monitoring Committee, coordination and methodological guidance must demonstrate that its system of internal control management provides a guarantee regarding the execution of all activities of the entity.

In this context, in conjunction with the responsibility of the Government development and implementation of policies of internal management control systems, coordination, methodological guidance and supervision of the implementation of internal control management system in public entities was developed Secretary General of the Government Order no. 201/2016 approving the Methodological Norms on the coordination , methodological guidance and supervision of the implementation stage of the internal management control system development of public entities.

The Methodological Norms establish the unit both for the coordination of development and implementation of internal management control and for overseeing the implementation and development of the internal management control system in public entities, in accordance with Secretary General of the Government Order no. 400/2015, as amended and supplemented.

The purpose of these is the methodological norms regulating activity of internal management control system, policy through the verification activities of the reality and accuracy of reporting and methodological guidance of public entities in the implementation and development of internal management control system.

### **3. Stages of implementation and development of the internal management control system in public entities**

Public entities in the implementation and development of internal management control system in accordance with the Secretary General of the Government Secretary General of the Government Order no. 400/2015 approving the Internal Control Code management of public entities, as amended and supplemented, take a series of *Stages*, namely:

1. setting goals and targets of the public entity by developing List objectives and targets.
2. setting activities and actions / operations to achieve the objectives by developing specific goals and activities List.
3. risks attaching to the actions and activities of the objectives by developing the list of objectives , activities and risks.
4. development of risk registers compartments , centralization at the entity level and analyze information about the risk management process and implementation of control measures , based on annual reports of departments, prepared by the Secretary Team of risk management at entity level.
5. establish ways to develop the internal control system by developing managerial List objectives, activities and procedures, which involves encoding anticipated formalized procedures.
6. inventory documents , information flows , processes and structures of how communication between the entity and another entity, the situation needed to implement Standard 12 - Information and communication.
7. establishing a system of monitoring their activities from the structure of objectives, based on annual reports to monitor performance indicators at the level divisions.
8. self achieving the general objectives and specific objectives and improve internal management control system, based on information about monitoring performance indicators developed by the secretary of the Monitoring Committee, the entity level.
9. developing procedures formalized the processes or activities, based on System procedure - Procedure for designing procedures, in accordance with Annex . 2 of the Secretary General of the Government Order no. 400/2015.
10. analysis staff training program for developing and implementing the internal control system within the public entity management.

At the all public entities level, internal management control system implementation *Stages* is carried out by the Monitoring Committee.

The organization and working of Monitoring Committee are the responsibility of its president and is determined by the volume and complexity of processes and activities in accordance with the legal provisions

The 10 *Stages* of implementation and development secretary of Monitoring Committee, internal management control system are developed by centralizing and collecting lists and statements from all departments of

the public entity organization chart. Internal management control system implementation process *Stages* is constantly developing and updating by:

- proposed changes to specific objectives from all departments in the organizational chart in order to update the general and specific objectives (*Stage I*)
- modifying activities and actions / operations based on job descriptions in order to update the objectives, activities and actions (*Stage II*)
- review and update risk attached to the actions and activities of the specific objectives of the roster , the List objectives, activities and risk (*Stage III*)
- centralization of risk registers from all departments to update the Registry of risks from the entity (*Stage IV*)
- development of new procedures and update existing compartments, in order to update the objectives, activities and procedures (*Stage V*)
- inventory documents , information flows , processes and structures of how communication between structures and other public entity, to update inventory situation input and output documents (*Stage VI*)
- a system for monitoring their activities by setting goals related to performance indicators or result from departments, proposed to achieve them , in order to update the situation Establishing a system of monitoring their activities from the structure of objectives (*Stage VII*)
- self-assessment on the fulfillment of performance indicators and outcome monitoring based on annual reports from departments in order to update the situation Self achieving the general objectives and specific objectives and improve management control system (*Stage VIII*)
- drafting and updating of formalized procedures or procedures and operational system for each compartment, to achieve develop and update procedures formalized situation (*Stage IX*)
- centralizing the activities of professional training in the field of internal control management system compartments to update the situation develop professional training program (*Stage X*).

Internal management control system implementation *Stages*, shown above, provides an efficient and effective control of the general management to achieve the objectives and targets of public entities.

Internal management control system drafting *Stages* helps assess the implementation status of internal management control system development, which is achieved in all departments of the organizational structure of the entity, including subordinated and / or in coordination.

### **Bibliography**

1. Law no. 174/2015 for approval Government Emergency Ordinance no. 86/2014 looking the establishment of reorganization measures at central government level and amending and supplementing certain acts.
2. Secretary General of the Government Order no. 400/2015 approving the Internal managerial Control Code for public entities, as amended and supplemented.
3. Secretary General of the Government Order no. 201/2016 approving the Methodological Norms on the coordination, methodological guidance and supervision of the implementation stage of the internal management control system development of public entities.