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Own Financial Control - Advance Operation the Relevance of Financial - Accounting Information to Public Enterprises

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Abstract

Irrespective of typology and manifestation, control is the managerial tool through which the public enterprise benefits from efficient management of its own assets, debts and households, and at the same time it protects its public and private wealth. Moreover, control is the overall decision support, although the actions are individual. Between corporate governance, own financial control and relevant financial and accounting information a relationship of interconditionality is created so that the relevance of financial-accounting information enhances the quality of corporate management through economic and financial control and, in the context of substantiating its decisions and operationalising, the financial and accounting information relevant governance determines good governance that ensures both the protection and the harmonization of economic interests.

Key words

Proprietary financial control, public enterprise, relevance of financial-accounting information, corporate governance, efficient management, corporate governance, assets, debts and equity

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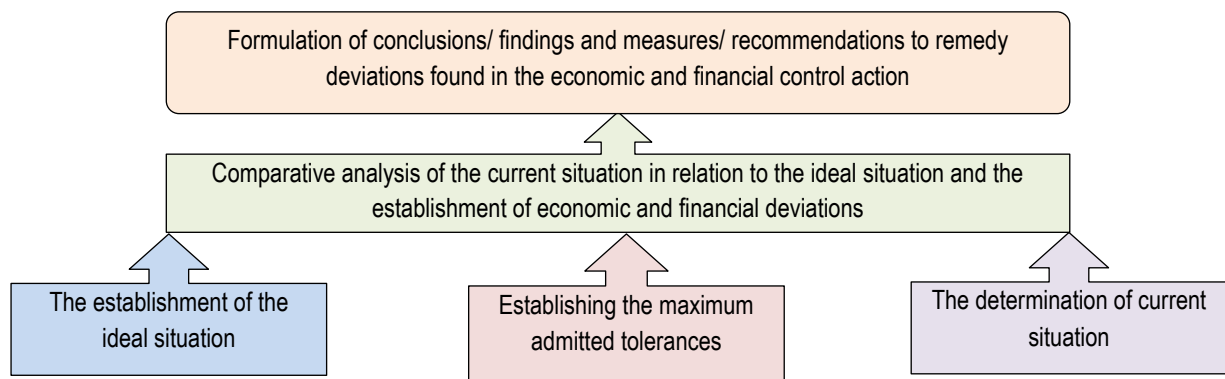
1. Introduction

Knowledge stage - theoretical and methodological fundamentals; the role and place of the economic and financial control in the management of the activity of the public enterprise

Starting from the fundamental principle of the functioning of any democratic society, namely "property consolidation and development" (Florea *et al.*, 2011), the control of business in general and of economic, financial and fiscal activity is focused in particular on the efficient management of the assets and liabilities of the public enterprise, and on the protection of its public and private wealth. Thus, through the economic and financial control, the *relevance of the financial and accounting information in the performance evaluation of the public enterprises* results from the management of the patrimony and resources of any kind is highlighted. At the same time, the economic and financial control allows the assessment of the quality of managerial decisions as management acts, based and implemented on the basis of the financial-accounting information, the economic-financial indicators analyzed either individually or in correlation.

Through the economic and financial control, the public enterprise manages to know in detail the environment in which the economic, financial, fiscal and, last but not least, social reality manifests itself. At the same time, the public enterprise benefits from a series of judgments related to conformity or value, interpretations of deviations and their consequences from the normative and legislative framework, but also from the targets established by the short, medium and long term strategies. The "Le contrôle interne dans l'entreprise" (Vaes, 1964) presents, in general, a model of actions in the step-by-step control activity, as shown in the Figure 1. Establishing the ideal situation from the economic and financial perspective is achieved through the detailed knowledge of the normative, legislative and functional framework taking into account the external financing of the conditionality contained in the Agreements and Memoranda of the European and international financing institutions.

The current situation is determined by the sustained study of the economic and financial events as a whole and the exigent examination of the way the tasks, through the connection of the activities with the decision-making powers indispensable in carrying out the activity. One of the specialized works in the field, points out that the types of control such as "Economic, financial and management control ... performs an active social role, contributing to the defense and consolidation of the public and private patrimony, to the establishment of order and discipline in business world, correct mutual information, stimulation of economic performance and profitability of economic entities" (Munteanu *et al.*, 2018).



Source: Vaes (1964)

Figure 1. General overview of main activities within the control actions

1.1. The role and place of its own financial control in managing the business of the public enterprise

1.1.1. The role of its own financial control in public enterprise management

The specialized literature in the field studied in the interest of the scientific approach emphasizes that the control activity in general and the economic one in particular is a function of the management along with the other functions, planning, organization, coordination and motivation. In the financial field, the control activity takes three important forms folded on the nature of the activities that take place in the public enterprise, as follows: (a) Technical or professional aspect; (b) The economic side, refers to all the means used in carrying out the activity; (c) The financial side aims at providing the necessary resources, making production more efficient and, last but not least, the results obtained.

In the context of the three sides of the aforementioned control, the main tasks of control "aim at the discerning measurement of efforts and effects, the prevention of imbalances and the realistic appreciation of qualitative states" (Florea *et al.*, 2011). The economic and financial control groups for the purpose of verification a series of activities of an economic nature, enumerating here the way of using the material and human resources, the organizational capacity related to the labor productivity, the costs in level and structure, the contractual discipline, these being not limiting, while financial control is exercised on the segments of fiscal, crediting, revenue generation and use, foundation and execution of BVC etc., all of which are addressed within the public enterprise.

1.1.2. Place and Principles of Own Financial Control in Public Enterprise Management

The conceptual approach to control generally notes that its action is unlimited in the sphere of public enterprise management, which can be exercised in any sector of activity. Control, is the main attribute of management, supporting it in improving decisions in a unitary and overall context, although the actions are individual. It is worth noting that, regardless of the organizational level of the public enterprise, control is embedded in the management structure.

The dynamics of the market economy and of the economic circumstances created over the public enterprises require the unitary approach of the economic and financial control with the clear establishment of the area subject to verifications, the way of exercise, the purpose and the results of the control actions so that the interests of the state in contradiction with the actions and interests of those public enterprises. In Florea *et al.* (2011), four principles are generally accepted in the organization of economic and financial control, as follows: (a) "The principle of providing and organizing economic and social activities [...]; (b) Principle of autonomy, competence and control authority [...]; (c) Principle of adaptability of control to organizational and functional structures of controlled units or activities [...]; (d) The Principle of approach to Control of where decisions are made and where responsibilities are responsible for *Heritage Management*".

Its own economic and financial control is a phenomenon of great magnitude, being connected to the size and diversity of the economic and financial activities, the economic circumstances in which the public enterprise manifests in the context of an explosive dynamics of the economic and capital market. Its own economic and financial control should not be treated as a goal of the public enterprise but as a "way of improving the economic and financial activity, being an objective and subjective necessity" (Munteanu *et al.*, 2018), as it allows the understanding of the phenomena, acting as a participant in the performance of the activity, deficiencies or irregularities when they manifest themselves as a tendency, intervening operatively for prevention and removal.

3. Methodology of research

Achieving the article is based on diverse research methodologies. In the first place, he turned to the deductive method, from international to local, focusing especially on the approach of his own financial control and, especially, his link with the relevance of financial-accounting information to the public enterprises. During the research, fundamental, interpretative, empirical and positivist methodologies are used, an important role being played by the legislation in force. It also uses deductive and inductive research mechanisms. The research was based on both the theoretical analysis of *own financial control* forms and on qualitative (empirical) methods - analysis of internal control reports, supported by: bibliographical references, specific corporate governance and financial control, specialized articles and books, as well as studies in the field of reference.

Methods and methodologies of economic and financial control

The methods and methodologies used in the economic and financial control activity are aimed at the rational approach of implicit economic, financial and fiscal reality, in the manner of creating the possibilities of knowing the state of fact, the influences and the consequences determined by its disturbing factors and defining the directions to improve the impact of the factors in question on the activity and results of the public enterprise. In order to obtain a higher quality of the economic and financial control activity it is necessary to develop and consolidate it by identifying the appropriate tools, techniques, methods and methodologies through which the control bodies can realistically base their findings, conclusions, opinions and not last actions to remedy deficiencies, irregularities or deviations in order to remove them.

Method vs. methodology

The method is the rational route to achieve a desideratum that can understand the actions of the employees in the course of their own activity, in a context of valuable concepts and judgments that compete with the real interpretation of the economic phenomena within the public enterprise.

Methodology is the set of all methods and instruments used in the economic and financial control activity, and the practice involuntarily developed working procedures addressed on control sub-activities, namely methodologies of planning, organization, exercise, reporting, capitalization, these being not limitative and applicable in function the specificity of the activity.

The method of economic and financial control allows the approach to control in a successive manner, on four levels, respectively, of information, verification, analysis and synthesis, as can be seen in the following:

The methods used in the economic and financial control activity are: documentary verification, inventory and means of confirmation and recording of deviations of economic and financial nature. Each of these methods is implemented through a series of harmonized techniques depending on the purpose and mode of implementation, the most relevant of which are: documentary check, inventory, confirmation and recording of deviations of an economic and financial nature.

Own financial control of the public undertaking

3.1. Financial Management Control (C.F.G.)

3.1.1. Legislative Approaches and Rules Governing C.F.G.

Currently, financial management control has as its source O.U.G. no. 94 of November 2, 2011, which envisaged the "strengthening of the economic and financial discipline and the elimination of all the dysfunctions and blockages ..." by legalizing the economic-financial inspection realized by internal structures or own control bodies of the economic operators a syntagm that also includes public enterprises. Under art. 26, par. (2) from O.U.G. 94/2011, the Government of Romania issues Decision no. 1.151 of 27 November 2012 (H.G. nr.1.151 din 27.11.2012) defining the guidelines for the organization and the exercise of the financial management control function.

Thus, the main, legal and specific objectives of C.F.G. are defined as follows:

C.F.G takes two forms, namely the preventive and the operative ones, which concern the following aspects:

- *From the preventive perspective* through the activity of C.F.G it is ensured the verification and analysis of the way in which the elements of income and expenditures included in the Public Enterprise Income and Expenses Budgets were based; *From the operative perspective*, C.F.G. concerns the verification of the economic and financial operations carried out within the current financial year.

The control methods governing C.F.G. are: general control and specific control. Thus, the overall control is aimed at verifying the economic and financial operations in their entirety within the control period, and through partial control it is intended that the verifications should concern certain economic-financial operations in direct connection with the legal control objectives and specific requirements. In order to carry out the actions of C.F.G., the internal control bodies use a series of instruments that highlight the following: budget system, standard costs, financial statements, information systems, systematic control and, last but not least, mutual control.

3.1.2. Financial Management for a Public Enterprise (IP) - Practical Application

For a better understanding of C.F.G. a summary of a control action is presented briefly, the results of which are recorded in a Report addressed to management. At the same time, a model of Reporting to the Board of Directors of a public enterprise is presented.

The C.F.G. highlights the connections between the results recorded in it, respectively deficiencies proven by a series of documents of a financial-accounting nature. It is also apparent from the content of the Report in question that it is structured in three sections, as follows:

- *The introduction* specifies in particular a series of elements including: the legal basis, the controlled period, the control period, the control team;

Section dedicated to *Findings*, economic and financial consequences, legal basis violated persons responsible for deficiencies found; Measures to remedy/remove/mitigate economic and financial deviations.

Objectives to be implemented under the C.F.G. are derived from the legal objectives specified in the Decision no. 1151/2012. At the same time, the objectives to be audited were linked to the accounting accounts whose debit or credit balances were subject to the analysis, associating them with the activities generating the supporting documents that were the basis of the entries in the accounting records of the public enterprise.

- *The effectiveness* of C.F.G. both from the perspective of the measures formulated and the diminution of the number of deficiencies, as well as from the perspective of economic and financial deviations.

REPORT

on control over the management and management of material and monetary resources
as well as the way of organizing and exercising preventive financial control
to a public enterprise

• Introduction

According to ___, O.U. no. 94/2011 on the organization and functioning of the economic and financial observation of the economic operators, Decision no. 1.151 / 2012 for approving the Methodological Norms regarding the way of organizing and exerting the financial management control and the Strategy of C.F.G. for year ___, approved by ___ and registered under no. ___ and Control Delegation no. ___ approved by ___, the control team consisting of: ___ carried out a general control over the management and management of the material and monetary means as well as on the way of organizing and exercising the preventive financial control at ___.

The control was carried out during the period ___, the period under verification was ___ and the objectives were established and approved by the Control Strategy.

During the verified period of the public enterprise management were: ___.

Checks were made by survey / total and based on documents provided to the control team by the verified structures within the framework, and the results of the checks were appropriated by the management of the structure by signature.

II. Findings and Measures

Sub-Objective: II.1. Recuperation from the guilty of the value of the penalties, fines, locations and compensations paid, as well as damages from substitutions, diversions, alterations, damages, grievances and evasion of material values due to non-compliance with the packing rules, loading, transport, unloading, security, reception and storage.

Finding: The survey of the way of recovering the damages caused by scams or destructions during the period January - December 2018 was checked, and from the presented situations, it was ascertained the following:

- There are cases in which no accounting loss is recorded in the accounting records of the public enterprise;
- There have been identified situations where damage is recorded for damage caused by means of third-party vehicles for which the registration numbers are known but for which no recovery has been made from the insurance companies that issued the policies RCA

for those;

- The exploitation sector has been theft and destruction for which a "x" damage figure has been drawn up, the amount not recovered until the date of this check and for which there are complaints registered with the Police;
- The commercial sector has been theft and destruction for which a number of "x" damages has been drawn from which the amount of ___ lei has been recovered, remaining to be recovered ___ lei for which there are complaints registered with the Police.

Cause: Not doing all legal action to recover damages to the public enterprise.

Economic and financial consequence: additional costs of repairs as a result of theft, destruction and non-recovery from persons guilty of their production.

Legal provisions or legal provisions violated: Internal Provisions ___ on measures to prevent and reduce the number of cases of evasion or destruction.

Responsible persons: Employees within the specialized structures who did not intend to sign the damages estimates by all the staff involved in the endorsement process.

MEASURE no. __: To track the recovery of damages produced by the public enterprise in 2017 through devastation / theft to the depletion of all legal channels, the recording of damages in the account 461 "Various Debtors" in the case of destructions / allegations with known authors and in the off-balance sheet accounts in the case those with unknown authors.

Deadline: ___ / Responsible: ___ / Track: ___

Sub-objective: II.2. Verify compliance with legal provisions relating to home operations, including cash, payments, payments, advances, increases, penalties, etc.

Finding: The verification of the cash documents from the period ___ made available by the employees of the Economic sector was as follows:

- Settlement of the commodity transport costs is considered erroneous and is recorded in account 542 "Advances for settlement" because the employees in question did not raise these amounts from the cashier for the purchase of subscriptions or travel tickets;
- The value of the holiday tickets was paid without respecting the Protocol concluded between the public enterprise and the trade union organizations, in which the employees declared that they had benefited from the mentioned tourist services in the invoices and requested the granting of half of the amount paid on the invoices or at most ___ lei before making a holiday and enjoying the services;
- There are cases where default penalties are not calculated for undue advances in time as provided for in the internal procedure devoted to this activity.

Causes:

- misinterpretation of the conditions in which half of the value of the rest / treatment tickets is granted or a maximum of 1,000 lei to the employees;
- failure to comply with the protocol concluded between the public enterprise and the trade union organizations regarding the settlement of the rest and treatment tickets;
- misinterpretation of the period within which the advances made by the cash desk must be justified

Economic and Financial Consequences:

The possibility for employees to receive advance payments settled without effective payment of the holiday leave during the period specified in the own-liability statement and the non-payment of penalties for delayed justification of advances received;

- Decrease financial resources and availability by not complying with internal regulations.

Legal violations: Accounting Law no. 82/1991, O.M.P.F. no. 1.802 / 2014 for the approval of the Accounting Regulations on individual annual financial statements and consolidated annual financial statements and Decree No.209/1976 and internal procedures.

Responsible Persons: Employees who have paid payouts, employees targeted for C.F.P. and employees who have requested payment in advance of half of the value of tourist services bills or up to 1,000 lei.

MEASURE no. __: The payment of the value of half of the value of the tourist services invoices or the maximum amount established by the protocol will be made only after the employees of the public enterprise have benefited from the tourist packages justified by the invoices (the formal processing of all the employees involved).

Deadline: ___ / Responsible: ___ / Track: ___

Sub-objective: II.3. Verifying the tracking and timely collection of rights from customers, debtors, tenants, etc. and payment or full payment in due time of the amounts due to the budget, banks, tutors, social insurance, creditors, suppliers etc.

Finding: Account 167.03 "Goodwill Guarantees" presents as at 31.01.2018 according to the verification balance a creditor balance amounting to ____ lei, which represent amounts constituted under the title of performance guarantees and not included in the accountancy accounts dedicated to works executed, delivered services and product deliveries.

The balance sheet analysis presented by the Accounting Service found that amounts exceeding three (3) years in value of ____ lei were recorded, validated by the structures involved for several companies, which no longer have business relations with the enterprise public.

Cause: not all measures have been taken to resolve issues related to debts that resulted from the business relations of the entity with economic agents whose registration term exceeds the age of 3 (three) years.

Economic and Financial Consequence: Non-registration of incomes of more than 3 (three) years of age that meet the legal requirements.

Inappropriate legal provisions or internal regulations:

- O.M.F.P. no. 1.802/29.12.2014 for the approval of the Accounting Regulations on the individual annual financial statements and the consolidated annual financial statements;
- Accounting Law no. 82/1991, updated;
- Civil Code on Extinctive Prescription.

Responsible persons:

- Employees of the Accounting Service who were responsible for the pursuit and analysis of the amounts registered in the audited account;
- Employees within ____ who have not communicated to suppliers in excess of 3 (three) years with which the public company no longer has contractual relations and have not requested the recovery of the performance guarantees.

MEASURE no. ____: The Accounting Service together with the specialized structures will analyze the amounts registered in account 167.03 "Good Execution Guarantees", and the performance of the legal steps for the actual presentation of the balance.

Deadline: ____ / Responsible: ____ / Track: ____

Sub-objective: II.4. Verifying the tracking and timely collection of rights from customers, debtors, tenants, etc., and payment or timely payment of all amounts due to the budget, banks, tutelary, social security, creditors, suppliers, etc.

Finding: The recording of the receivables of the public enterprise in the relations with third parties was verified. Account 411 'Customers' presents a debit balance of ____ lei, representing amounts receivable from customers, on the balance sheet on 30.09.2018. The analysis of the composition of the senior account balance, respectively 30 days, older than 30 days, 60 days, 90 days and one year, found that no delay penalties were calculated for non-payment of the invoices in due time, which is why on request of the control team were calculated and charged penalties for late payment of ____ lei.

Cause: failure to collect receivables within the due date.

Economic and financial consequences: creation of premises for non-collection of customers, additional expenses for recovery, attraction of penalties and late payments for the payment of invoices to suppliers and lack of money availability due to non-collection of clients.

Responsible persons: Employees within the territorial subunits who have as their job duties the analysis and tracking of receivables in due time.

The legal provisions or internal regulations violated: Accounting Law no. 82/1991 with subsequent amendments and completions, the contractual provisions and the internal procedure.

____: Analyzing the balance of the account in terms of maturity and taking steps to collect invoices within the contractual term.

The responsible structure will aim to collect the penalty invoices issued during the check in the amount of ____ lei.

Deadline: ____ / Responsible: ____ / Track: ____

III. The efficiency of financial management control consists of:

- Economic and financial deficiencies found during the audit amounting to 409,057 lei, structured as follows: the amount of 310,894 lei - delay penalties (when checking the account balances 411 "Clients"); 1,681 lei - differences in stationary non-invoiced operators; 4,850 lei - fines paid on costs without complying with the procedure; 17,238 lei - damage from unrecorded and unrecorded damages in the accounting records; 244 lei - travel per day, paid days off, undue rest leave; RON 74,150 - additional income from good execution guarantees unsolicited within the limitation period and identified when checking the balance 167.03 "Goodwill Guarantees".
- Strengthening the economic and financial discipline by formulating "x" measures to remedy the deficiencies found during the control, as well as establishing the managers and their implementation deadlines.

3.2. Preventive financial control of public enterprises (IP)

3.2.1. General Aspects concerning the Legal Regulatory of Own Preventive Financial Control

The own preventive financial control at the level of the public enterprise is a form of internal legal control through O.M.F.P. no. 923/2014, with all subsequent amendments, and the obligation of organisation and exercise is the sole responsibility of management. The preventive financial control has as its primary purpose the protection of patrimony and public funds by identifying all economic operations that do not meet the requirements of regularity, legality and compliance with the limits and destination of budget credits or commitments and it is exercised over all documents concerning the patrimonial operations that engage the public enterprise, prior to their becoming legal entities as a result of the approval by the right holders in this respect. According to the specific legislation, the operations that employ the public enterprise and ought to complete their own preventive financial control are the following:

Legal and budgetary commitments; the opening and distribution of budget appropriations; changing the allocation by quarter and by subdivision of the budgetary classification of approved credits, including through credit transfers; expenditure ordering; the constitution of public revenues, regarding the authorization and establishment of receipts; the concession or rental of goods belonging to the public domain of the state or to the administrative-territorial units; sale, pledge, concession or rental of property belonging to the domain; these being not limitative, and supplemented, as needed, by the Order of the Minister of Public Finance.

The organization of the own preventive financial control is carried out at the level of the public enterprise within the financial-accounting specialty structures and, by decision of the general manager, this activity can be extended to other structures carrying out activities generating legal acts or financial or patrimonial obligations.

3.2.2. Applicable exposure of preventive financial control

An alternative to capitalizing on financial-accounting information is the exercise of proprietary preventive financial control for the recognition of operations projects that do not meet the requirements of legality and regularity and which would damage the public enterprise's patrimony. The simplest and most relevant applicative exposition in the field of preventive financial control is the study of checklists used as tools in verifying the legality and regularity of economic operations as well as the compliance with the limits and destination of budget and commitment appropriations.

"General Methodological Norms Regarding the Exercise of Preventive Financial Control and the Specific Code of Professional Standards for Persons Performing its Own Financial Preventive Financial Control" propose a consistent set of lists for verification of transactions generated by legal and economic acts and deeds as it can observe in the following: Contract for public procurement; an addendum to the public procurement contract; contract/decision/financial order; contract for public procurement/sector procurement awarded by direct purchase; letter of guarantee for the state-guaranteed loan; agreement for change of experience or documentation, without currency transfer; foreign currency payment order for the external capital and interest ratio, commissions and other costs of external borrowing; payment orders for subscriptions, contributions, taxes, etc. to various international structures; leasing agreement for public property goods; concession contract for operations and services; addendum to the concession contract for operations or services; contracting strategies for sector or public procurement; cashing order to the pay office; payment authorization for public procurement as well as concession of operations or services; payment authorization for state aid/de minimis, payment drafts, subsidies, transfers, agricultural vouchers or other payments from public funds, granted to economic operators or other legal beneficiaries, etc."

For a better understanding of the following exposure meaning I have detailed the hypothesis for testing and validating formulated as follows: The own preventive financial control diminishes/eliminates the possibility of prejudicing the public enterprise by achieving the objectives of the verifications on the economic operations as well as the verification objectives based on economic, financial and accounting information. There was approached the content of 2 (two) Checklists for the operations included in the legal framework for the preventive financial control, which were prepared as a guideline and could be adapted to the specifics of the public enterprise.

Checklist – an administrative document (order, internal decision-making act)/individual work contract regarding the employment or promotion/advancement of the personnel, the temporary exercise of a management position, the granting of other salary rights;

Table 1. Checklist

No.	The objectives of verification	Yes	No	Observations
1.	Verification of the justifying documents			
1.1.	Justifying report and the staff document			
1.2.	The budget.			
1.3.	The approved tables of organisation			
1.4.	The collective labor contract (eventually).			
1.5.	Justifying report for salaries			
1.6.	The announcement for the contest (eventually).			
1.7.	The administrative document for the contest organising commission (eventually).			
1.8.	The minutes of the contest commission/complaints handling (eventually).			
2.	The certificates of the juridical/ accounting-financial department as well as of the visas, approvals, other signatures in accordance with the legal and internal proceedings, as follows:			
2.1.	Justifying documents from no.1			
2.2.	The administrative document/ Individual labor contract.			
3.	The conformity with the legal and regulatory conditions.			
3.1.	The budget credits.			
3.2.	The staff employment and promotions within the open positions.			
3.3.	Compliance with employment / promotion regulations, temporary exercise of a management function, determination of salary rights and other wage rights.			
3.4.	Reservation of appropriations by budget commitment at the level of the financial obligations resulting from the legal commitment.			
3.5.	The individual labor contract shall include at least the elements provided in the framework model.			

Source: Processed after Order no. 923 of 11 July 2014 (republished*)

Table 2. Verification List - Payment Orders for Fees, Rentals or Other Expenses related to Concession or Lease

No.	The objectives of verification	Yes	No	Observations
1.	Verification of the justifying documents			
1.1.	Justifying report			
1.2.	The concession/leasing contract.			
1.3.	Budgetary contract/ B.V.C			
1.4.	Justifying documents issued by the conceder or, eventually by the owner of the leased property.			
2.	The certificates of the juridical/ accounting-financial department as well as of the visas, approvals, other signatures in accordance with the legal and internal proceedings, as follows:			
2.1.	Justifying documents from no.1			
2.2.	Payment ordering.			
3.	The conformity of payment ordering data with those in the justifying documents for:			
3.1.	The type of the expense.			
3.2.	The number and the date of the justifying documents.			
3.3.	The number and the date of the legal agreement.			
3.4.	Subdivision of the budget classification.			
3.5.	The budget recipient.			
3.6.	The recipient's bank and account.			
4.	The compliance with the legal and regulatory conditions.			
4.1.	The appropriate assessment of the payable amount.			
4.2.	The compliance with the legal payment deadline.			
4.3.	The compliance with the legal payment deadline: a) at the level of legal and budgetary agreement; b) for the expenses value; c) for the budgetary credits be they open/assigned or deposited in the available accounts;			

Source: Processed according to Order no. 923 of 11 July 2014 (republished *)

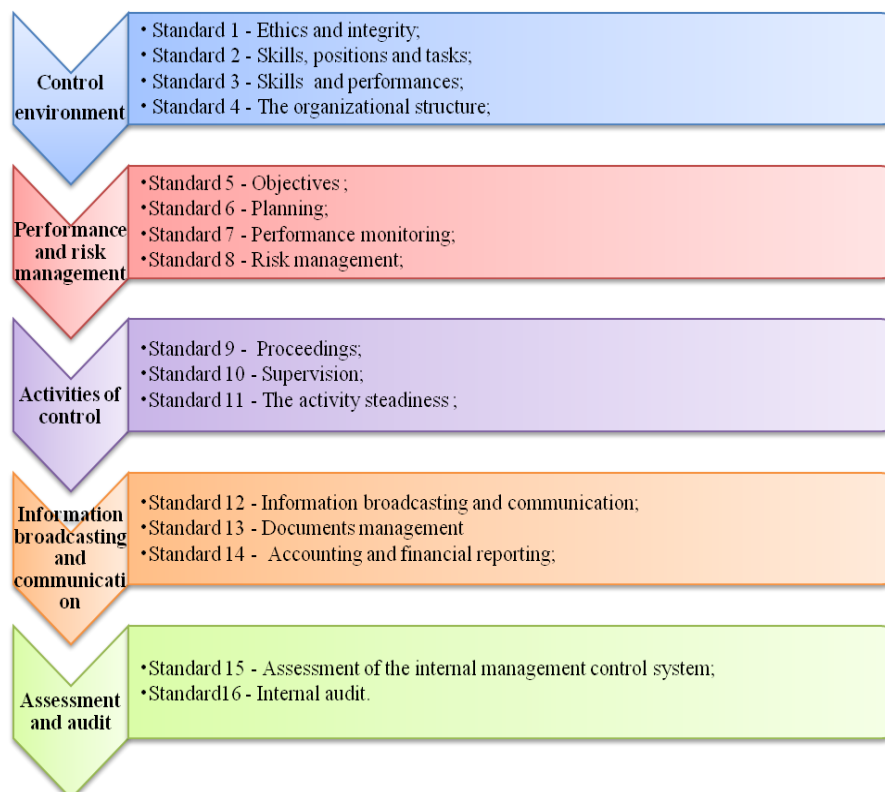
4. Managerial internal control system in public enterprises (IP)

The control diversity is manifested in different forms and types, but regardless of its characteristics, there is targeted the economic and financial activity and obviously public enterprises create and establish various levers and instruments for this activity to be evaluated. Therefore, at the level of the public enterprise, there is a mandatory implementation and continuous

development of the Managerial Control System (SCCM) in accordance with the provisions of Order no. 600/2018 on the approval of the Code of Managerial Internal Control of Public Entities. (Order no. 600/2018). From conceptual point of view, the internal managerial control is based on European law, on the good practice acquired by each country both at European and international level according to the legislative, cultural, social and administrative circumstances. The imperative of organizing internal control arose before 1999, and the implementation obligation became mandatory with the appearance of G.O. No.119/1999 on internal/managerial control with subsequent amendments and G.O. no. 86/2014 regarding the establishment of some reorganization measures at the level of the central public administration and for the modification and completion of some normative acts.

It is worth noting that S.C.I.M. works currently in the direct coordination and oversight of the General Secretariat of the Government that makes efforts to raise awareness and, last but not least, disseminates information for the implementation and monitoring of this type of control. According to the provisions of Order no. 600 issued on April 20, 2018 at the level of the public enterprise, it is set up a committee by means of an internal decision, and its responsibilities are limited to the monitoring, guidance, coordination of the development of S.C.I.M. At the same time, this Commission has the task to coordinate the continuous updates of "general and specific objectives, procedural activities, risk management process, performance monitoring system, status of procedures and monitoring and reporting system, [...]" (Order no. 600/2018), the annual development of the SCIM Development Program, and the President of the Commission has the task of organizing and overseeing Risk Management in relation to the characteristics of the public undertaking, namely the size, the internal and external environment and its complexity.

Although S.C.I.M. covers all the management principles implemented on all the governing levels of the public enterprise, and from the examination of the internal managerial control objectives it is easy to observe that it has interferences with the topic of scientific research respectively the importance of the relevance of financial-accounting information in the evaluation performance of the public enterprise as follows: the use of financial resources in terms of efficiency, economy and efficiency; avoiding damage or damage that might result from inadequate financial management; the existence of credible accounting records capable of providing users with high-quality financial-accounting information; avoiding distortions of results and concealing fraud by providing credible financial statements. The internal managerial control standards were established by Order no. 600 of April 20, 2018 regarding the approval of the internal managerial control code for public entities and it is presented as follows (Figure 2):



Source: Processed according to the Order no.600/2018

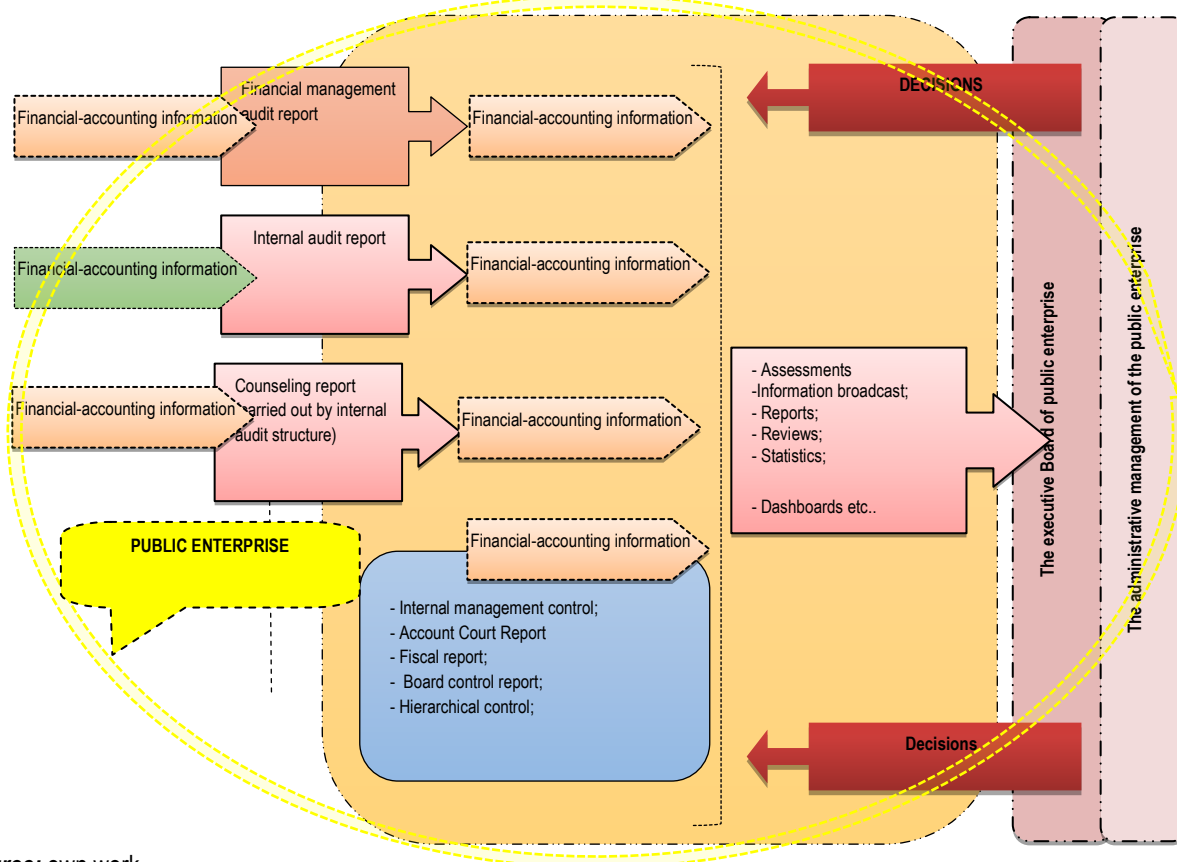
Figure 2. Internal Managerial Control Standards

Designing, implementing and consolidating a S.C.I.M. characterized by viability imply the fulfillment of a set of minimum requirements as mentioned below: (a) to be flexible and to allow rapid swiftness on the size, complexity of the activities, the economic environment in which the public enterprise manifests itself; (b) to take into account all the levels of both public and executive management; (c) to target all activities, operations and processes within the public enterprise; (d) to be unitarily approached from the perspective of using the implementation tools; (e) to create the necessary circumstances to meet the objectives and achievement of public enterprise targets; (f) the ratio of benefits created by S.C.I.M. and its development costs are over-unitary; (g) the coordination and management system of S.C.I.M. be governed by minimal management rules.

5. Controlling forms strengthening at the public enterprise level

All the forms of internal and external control, as a whole, have the financial-accounting and fiscal information as a "raw material" used in the verification, examination, analysis, assessment of the economic and financial activity of the public enterprise, as well. The independent action of the different controlling forms approaches distinct economic and financial deviations which are of considerable diversity, but there are areas where these controls overlap, which is why we believe that the results of the controls should be treated in a consolidated way to avoid repetitive economic and financial deficiencies. In this context, an exemplary consolidation proposal can be outlined between the control of C.C.R. and C.F.G., in the sense that the structure with attributions in the financial and management control of the public enterprise must be involved by taking certain steps from the decisions of C.C.R. both in terms of determining the extent of damage/damage for which they make proposals for recovery from the beneficiaries, and in the case where the recovery is not carried out on a good basis, the control file is submitted to the legal structure for carrying out the legal steps for recovery.

Moreover, in the case of non-recovery of damages from the beneficiary, a legal file is drawn up against the employees responsible for those acts and events generating damages, unless it has been jointly decided to recover from the beneficiary and the responsible persons. In a schematic representation, the consolidation of the internal and external controls results for the public enterprise can be conceived as follows (Figure 3):



Source: own work

Note: Although these forms of control are different from the methodological point of view and over time, there is an area of interference to its purpose, precisely that of prevention.

Figure 3. The strengthening of the internal and external controls results of an economic and financial nature and the interlink created between them at the level of the public enterprise, related to financial-accounting information

There can be noticed that the financial-accounting information is a representative part of any control activity, as well as of the entire activity of the public enterprise, including the decision-making process, context in which several aspects are emphasized: Early signs of deficiencies in the economic and financial activities are received by the public enterprise mainly from the internal control structures and, as an alternative, from the external control structures. The relevance of financial-accounting information clearly reflects the quality of the internal control document, thus emphasizing that the formation of a real image on the public enterprise economic and financial situation must be based on genuine, real and complete information sources.

The relevant financial- accounting information contributes to the enhancement of the internal control quality by establishing good governance of the public enterprise and implementing economic and financial decisions or relevant legal decisions resulting from the realistic information of the executive and the administrative management. The contribution of financial and accounting information to the achievement of the public enterprise objectives and targets is highlighted on the one hand by its use in controlling the economic-financial activity and on the other hand in determining the effects related to the degree of responsibility on activities, jobs, easy identification circumstances regarding the internal resources, damages, non-economic expenses, as far as they are unlimited.

6. Conclusions

The action of its own economic and financial control is unlimited in the sphere of public enterprise management, which can be exercised in any sector of its activity. The own control is the main management characteristic, supporting it in improving decisions within an unitary and wholistic context, although the actions are individual. It is worth noting that, regardless of the organization level of the public enterprise, its own control is incorporated into the management structure. Its own economic and financial control must meet requirements and conditions such as: unitary, democratic, constructive character and also democratic, operative, and last but not least educational ones, meaning that it must be organized in a sustained unitary system by an adequate legal system, consisting of normative acts aimed at: organizing the internal and external control structures of the public enterprise; the legislation aimed at establishing technical aspects specific to the object of control, recalling hereby the tax legislation and, last but not least, the regulation of the organizational forms specific to the control activity. Control of its own economic and financial nature can be appreciated as a mean of ensuring the credibility of financial-accounting information evidenced by the cases and practical applications presented above. The Good international practice has imparted to the Internal Controlling Board the managerial function and not the option of verification or evaluation, so that through the coherent functioning of SCIM, public enterprise management takes into account the deviations of the results obtained from the proposed targets, the favorable context of establishing corrective measures being connected to the causes of those ones.

For achieving a higher quality of its own economic and financial control activity it is necessary to develop and consolidate it by implementing the appropriate tools, techniques, methods and methodologies through which the control bodies to base their findings, conclusions, opinions, and last but not least actions to remedy the deficiencies, irregularities, deviations in order to remove them. All these created circumstances are a sure way to increase the relevance of financial-accounting information that is useful in assessing the performance of the public enterprise. Since the control bodies have the main accounting information (accounting records, summaries, reports, balances, statements, account statements, etc., and not least financial statements), it is absolutely necessary to have the right financial, realistic, relevant information, in order to provide useful information to executive and non-executive boards. The quality of its own economic and financial control, as well as of management document and, last but not least, of the public enterprise economic life is directly interdependent with the relevance of financial-accounting information, which can be increased by using computer systems, software programs, logistics of high quality to benefit from continuous updating in accordance with legislative requirements and maintenance.

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Glossary

CCR : Account Court

OMFP: Order of Public Finance Minister

CFG: Own Financial Management Control

SCIM: Internal Management Control System

IP: Public Enterprise