

INTERNAL CONTROL OF ENTERPRISE'S UNREAL ECONOMIC OPERATIONS IN NATIONAL ECONOMY

Ruslan Dutchak

PhD, Kryvyi Rih Economic Institute of Kyiv National Economic University named after Vadym Hetman, e-mail: dutchakrr@ukr.net, orcid. org/0000-0002-4837-068X, Ukraine

Olena Rudenko

PhD, Kryvyi Rih Economic Institute of Kyiv National Economic University named after Vadym Hetman, e-mail: rudenko_ov@kneu.dp.ua, orcid. org/0000-000172937773, Ukraine

Yelyzaveta Shubenko

PhD, Kryvyi Rih Economic Institute of Kyiv National Economic University named after Vadym Hetman, e-mail:shubenko_es@kneu.dp.ua, orcid. org/0000-0002-4142-8551, Ukraine

Abstract. The problem essence of the unreal economic operations in accounting at enterprises is investigated. The existence danger of the unreal economic operations for the continuous activity of the enterprise is grounded. The practical reasons of the unreal economic operations' appearance in the enterprise's activity are revealed. The main groups of the analytical factors of the unreal economic operations' risk are separated. The methods of the internal control in the part of the analytical factors' control of the unreal economic operation's risk are formed. The safety levels of the monitoring system of the unreal economic operations' risk by the internal control are distinguished. The methods of the internal control are added by the elaboration process of the managerial decisions' recommendations on the safety of cooperation with the doubtful counter-agents.

Keywords: internal control, risk of the unreal economic operation, analytical factors of risk, methods of control, safety of cooperation.

DOI: <http://dx.doi.org/10.23856/3503>

Introduction

The development of the entrepreneurship activity in the national economy stimulates the appearance of the significant number of management subjects and, as a result, the quantity growth of the economic operations between such subjects. The economic operation is the main indicator of the national economy's business activity, showing the physical movement of assets (capital assets, raw material, materials, goods, money), capital and the appearance of the corresponding liabilities. The main meaning of the economic operation lies in the fact that, due to the result of its action, some incomes or losses may appear at the enterprise, directly influencing the financial result of the enterprise and the following tax obligations before the state. Taking into consideration the negative tendencies of the national economy, dealing with the reduction of the taxation object or the deviation from payment of taxes by the subjects of management, there is a significant risk to become a participant of the unreal economic operation with the dishonest counter-agent. The recognition of such operation to be the unreal (fictitious) one by the controlling bodies is the reason for the losses' withdrawal from the calculation of the taxation object by the income tax or the tax credit from the surplus value tax and for the re-calculation of the tax liabilities together with the fine sanctions for the enterprise itself. In order to protect itself from the negative results of the unreal economic

operations, the enterprise needs to conduct the monitoring of such risk itself at the economic interaction with its counter-agents. It's advisable for the enterprise to organize the work of the internal control's subject for the solvation of the mentioned task. Correspondingly, the formation of the internal control's methods of the unreal economic operations at the national economy's enterprises becomes actual.

The problems' investigations of the internal control's theory in scientific literature are presented by the works of the following leading scientists: A. M. Ahmed (2018), Y. -T. Chang (2019), Yu. A. Dainovsky (2016), O. Dulina (2017), R. Felix (2019), Ya. I. Gluschenko (2017), J. Guo (2019), E. Hiltunen (2019), I. Kopchukova (2018), M. V. Koryagin (2017), T. O. Melikhova (2018), O. V. Murashko (2016), O. O. Razborska (2016), R. O. Savchenko (2014), W. Shu (2018), T. Wang (2018), B. A. Zasadny (2018), B. Zhu (2018). The main researches' directions of the mentioned scientists in the sphere of the internal control have become: the control of enterprises' capital circulation; the control of the foreign economic agreements; the control in the bodies of public authority; the control of the expenditures' efficiency of the local budgets; the control of the accounting risks in IFRS usage; the control in the management system of goods losses; the control of production reserves in the management system of the enterprise's financial safety; the control of financial reporting; the risk factors for the discord of the internal control; the connection between the corporative completeness and quality of the internal control; the influence of the internal control on the financial indicators; the contradictions and the interconnections between the different types of the organizational control and others. However, the problem of the recognition conditions of the economic operations' unreality for the enterprise, due to the blame of the dishonest counter-agent, is left to be poorly investigated. Correspondingly, the methods' research (elaboration) of the internal control of the unreal economic operations between the enterprises of national economy becomes actual.

The article aim is to research the economic-legal phenomenon "unreal economic operation" and to form the main methods for the internal control of the unreal economic operation's risk.

Unreal Economic Operations in Accounting

According to the Abstract 5 of the Article 1 of the Ukraine Law "On Accounting and Financial Reporting in Ukraine" № 996-XIV from 16.07.1999 (later – the Law № 996-XIV), the economic operation is the action or the event, causing changes in the structure of assets and liabilities, private capital of the enterprise.

It is determined by the Abstract 2 of the Item 2.1 of "the Principle on Documentary Provision of Records in Accounting" № 88 from 24.05.1995 (later – the Principle № 88), that the economic operations are the factors of the entrepreneurship and other activities, influencing the state of property, capital, liabilities and financial results.

It is determined by the Part 1 of the Article 202 of the Civil Code of Ukraine № 435-IV from 16.01.2003 (later – CCU), that the law abidance is the person's action, aimed at receiving, changing or stopping of the civil rights and duties.

The law abidance between the juridical persons should be exercised in the written form (Part 1 of the Article 208 of CCU).

The economic operations are reflected in accounting by the way of their unbroken and continuous documenting. Records in the accounting registers are entered on the basis of the initial documents (Item 1.2 of the Principle № 88).

The reason for the accounting of economic operations are the initial documents, created in the written form, containing the information on the economic operations, including the instructions, the Law № 996-XIV and the allowance of the administration (owner) for their conducting (Item 2.1-2.2 of the Principle № 88).

The facts of the economic operations and their documentary formation in the legal field are aimed at receiving, changing or stopping of the civil rights and duties of the enterprise.

The general requirements, the following of which is necessary to abide the law, are established by the Article 203 of CCU, namely: the person, who is exercising the legal action, should have the necessary amount of the civil ability; the law abidance should be exercised in the form, established by the law; the law abidance should be directed at the real coming of the legal results, caused by it.

According to the presented norms of the Law № 996-XIV, the Principle № 88 and CCU, the law abidance is considered to be valid, if the real fact of the enterprise's economic activity is properly documentarily formed.

It is indicated by the Article 234 of CCU, that the legal action, being conducted without any intention to create the legal results, caused by this law abidance, is fictitious. The fictitious law abidance (legal action) is recognized to be invalid by the court. The legal results of the fictitious legal action's recognition to be invalid are established by the law.

The norms of the presented article indicate that the economic operation, being promptly documentarily formed, is registered in the register-books of synthetic accounting and generalized in the indicators of the enterprise's financial reporting, but the fact of which is not confirmed, it is considered to be unreal – fictitious. It means that the initial document has the juridical force only in case of the factual exercising of the economic operation, being confirmed by the proper proofs (physical, economic, legal ones and others).

The main danger of the unreal economic operations in accounting for the enterprise lies in the fact that the controlling bodies qualify the losses for such operations as the fictitious ones – the illegal reduction of the tax liabilities before the state. It is determined by the Article 111 of the Tax Code of Ukraine № 2755-VI from 2.12.2010, that in case of violation of the laws on problems of taxation and other legislation, which control's following is put on the controlling bodies, such types of the juridical responsibility are used as: financial; administrative; criminal ones.

The notion “unreal economic operation” should be understood as the very economic operation of the asset movement, which is documentarily formed, according to the requirements of the valid legislation, but the factual contents and form of such operation cannot be exercised, due to the absence of the necessary economic or legal possibilities of the enterprise (counter-agent). In such interpretation the main attention is paid at the fact of the economic operation's conducting and its economic-legal contents, but not at the documentary formation of such operation.

The main characteristic features of the unreal economic operations with the enterprise's counter-agent may be: the absence of business aim of the economic operation; the absence of time for production of the certain amount of finished products; the absence of private production capacities (equipment), place of storage (storehouses), transportation (transport means) of the concrete amount of raw material, finished production, goods; the absence of technical personnel of the corresponding qualification; the absence of the factual payments of wages and, correspondingly, the restraining of taxes and dues; the absence of the legitimate right (allowance documents and licenses) for the production of products in the concrete place and time (the reporting period); the supply (sale) or the receipt (buying) of a commodity, the

origin of which is not confirmed by the fact of its legal entrance into circulation; the supply (sale) of the finished product, the production of which is not really declared; the type of the counter-agent's activity is not foreseen by the regulations and is not assigned to CEA; the counter-agent's absence at the juridical address; the unprofessional character of the economic operation; the absence of the cost payment for the supplied products, goods, operations, services; the lack of property of the liquidated counter-agent, etc. The presented characteristic features of the unreal economic operations allow to fix the analytical components of risk.

The risk of the unreal economic operation is the measure of the enterprise's expected losses of the portion of its expenditures in calculations of the taxation objects, due to the unforeseen actions of the counter-agents, dealing with its illegal activity, the facts' untrustworthiness of the economic operation or its incomplete documentary formation.

Internal Control of the Unreal Economic Operations' Risk

In order to avoid any danger from the unreal economic operations, it's advisable to pass the presented problem to the competence of the internal control at the enterprise. The internal control should conduct the monitoring of the doubtful economic operations, containing the risk of the economic operations' unreality, because there is a lack of knowledge on the internal control's methods of the unreal economic operations and they are not systematized, then, the subject of the internal control needs to elaborate the corresponding methods independently.

The subject of the internal control at the big and middle enterprises may be one of the following structural subdivisions: "the Service of Enterprise Safety" or "the Internal Audit". In a simpler form, at small enterprises, such subject may be the worker of the juridical department or the accounting service of the enterprise. The risk monitoring competence of the unreal economic operations in the sphere of cooperation with the enterprise's counter-agents belongs to one of such subjects.

The internal control's object of the unreal economic operations is the totality of facts, demonstrating the causative-resulting connection with the illegality, invalidity of the fact and the untrustworthiness of the documentary formation of the economic operation between the enterprise and the counter-agent (the supplier of goods, operations, services). The components of the control object subordinate mainly to the counter-agent, according to their location and subordination. A special group of the risk operations are the incommmodity operations, connected with the advertisement (the payment-free distribution of goods), marketing, informational-consultative services and others. A special block of risk is the presentation of services or operations by those organizations which do not have the private production capacities.

The main idea of the internal control's methods should be based on the interpretation of the notion "unreal economic operation" through the influence (connection) understanding of separate economic or legal factors in the economic activity of the counter-agent on the legality and the substantiality of the joint economic operation for the enterprise.

The strangeness of such methods lies in the fact that it is necessary to control (to investigate) those phenomena and processes that are located behind the borders of the enterprise. The access to the information base on such object of control needs the additional communications with the counter-agent or the use of the official information sources from the third persons.

According to the contents of the internal control's object, the monitoring system should investigate the risk of the economic operation's unreality at the definite levels of safety, which indicate the guaranty level of the economic operation's reality for the enterprise. The action of the monitoring system, expressing the consequent control over the risk analytical factors of the economic operation's unreality, is advisable to be divided into three levels:

The first level of safety - "the Legality of the Counter-Agent's Activity" - is the actions' totality of the internal control's subject, directed at the controlling research of the external factors - the legal reasons for the conducting of the counter-agent's continuous economic activity. The presented level of the internal control's monitoring system foresees the systematic supervision over the state of the following risk's analytical factors:

- 1) the legitimacy of the organizational-legal form of the enterprise (counter-agent);
- 2) the legality of products' production (allowance documents and licenses) in the concrete place and time (the reporting period);
- 3) the arrest on property of the enterprise (counter-agent);
- 4) the counter-agent is in the state of the activity stopping;
- 5) the presence of the court processes to the counter-agent from the third persons;
- 6) the disparity between the factual activity type of the counter-agent and the established regulations and the selected CEA;
- 7) The absence of the counter - agent's factual location at the juridical address.

The main methods in the operation of the internal control's subject for this level of safety are: the informational inquiries to the counter-agent, on the subject of the documentary legality's confirmation of his (her) activity's separate positions; the checking of information on the counter-agent in the open informational resources of the state power bodies; the normative checking of the declared positions' correspondence about the counter-agent to the factual state of things of his (her) economic activity and other methods.

The second level of safety - "the Confirmation of the Economic Operation's Fact" - is the actions' totality of the internal control's subject, directed at the controlling research of the counter-agent's physical-economic possibilities (his exercising of production, storage, realization and delivery of goods (or operations , services)) for the trustworthiness confirmation of the counter-agent's economic activity. This level of the internal control's monitoring system foresees the systematic supervision over the state of the following risk's analytical factors:

- 1) the absence of the counter-agent's business aim for his conducting of the economic operation;
- 2) the counter-agent has no production capacities (equipment), place of storage (warehouses), transport means for the transportation of the concrete amount of raw material, finished production, goods, etc;
- 3) the absence of the enough quantity of technical personnel of the corresponding qualification;
- 4) the unconfirmed method of goods movement or operations (services) realization;
- 5) the absence of factual wages' payment and, correspondingly, the restraining of taxes and dues from them;
- 6) the absence of the cost payment of the supplied production, goods, operations, services.

In order to control the mentioned risk factors at this level of safety, the subject of the internal control may use the following methods in his (her) operation: the informational inquiries to the counter-agent, on the documentary usage right's confirmation of the

production capacities and their size; the exercising of the joint inventory of the fixed assets (equipment, shops, warehouses, transport means and others) and reserves (raw material, materials, goods and others), that the counter-agent is planning to use for the production of the finished products (the fulfillment of operations, the presentation of services) with the following sale to the enterprise; the collection and the analysis of evidences or reports (confirmations) of the executors of the economic operations' facts, who work, according to the staff regulations of the enterprise or the contracts of the civil-legal character, and others.

The third level of safety – “the Completeness of the Economic Operation’s Documentary Formation” - is the actions’ totality of the internal control’s subject, directed at the controlling research of the initial documents (the invoice, the waybill, the receipt-transmission statement of the executed operations (or the presented services) and others), by which the facts of the economic operation are formed to provide their presence and the correctness of their formation. Such level of the internal control’s monitoring system includes the supervision over the following analytical factors of risk:

- 1) the absence of the written economic contract with the counter-agent;
- 2) the absence of the initial documents for the commodity’s transportation;
- 3) the absence of documents on the commodity’s transmission, on the receipt-transmission of the executed operations (services);
- 4) the supply (sale) of the finished products, the production of which is not really declared;
- 5) the realization of the commodity, illegally put into the commodity circulation (which was not officially bought from the producer by the counter-agent).

The effective methods in the operation of the internal control’s subject for the presented level of safety, the checking of the initial documents are: the formal checking, the arithmetical checking, the counter checking, the chronological analysis and others.

The presented methods foresee the orientation at the external risk factors of the enterprise economic operation’s unreality, appearing from the side of the counter-agent. Then, as the internal factors of the enterprise are conventionally considered to be controlled and do not threaten any unreality of the economic operation.

It is reasonable to conduct the presented internal control methods of the unreal economic operations’ risk in the following consequence: the 1-st stage – the control of the counter-agent’s activity legality; the 2-nd stage – the trustworthy confirmation control of the economic operation’s fact; the 3-rd stage – the completeness control of the economic operation’s documentary formation.

It is advisable to conduct the periodicity of the monitoring’s exercising regularly with the following interval: the 1-st stage – once in a quarter, the 2-nd and the 3-rd stages – constantly, depending on the essential sum of the economic operation. The leadership of each enterprise individually defines the operation’s essentiality threshold for the purposes of such control. The recommended threshold of the essentiality for the sum of one economic operation is from 30000 hryvnas.

The presented above principles of the internal control’s conducting methods of the unreal economic operations’ risk are the basic ones and they may be improved by the subjects of control in dependence of the specificity needs of the enterprise’s economic interaction with their counter-agents.

Conclusions and Suggestions

The economic operations' safety of every national economy's enterprise needs to create the individual risk monitoring systems of the unreal economic operations on conditions of the negative phenomenon's widening – deviation from taxes payment by conducting the unreal (fictitious) operations. The control of such risk should be exercised at the enterprise by the corresponding subject, who will regulate his (her) actions, according to the presented principles of such control's methods. The operation result of the internal control's subject should become the conclusion on the weak places in the reality's safety criticism of the economic operation between the enterprise and its counter-agent. In order to eliminate the revealed factors of risk, the subject of the internal control should elaborate the recommendations for their neutralization. Such recommendations are presented to the higher leadership for the examination, after which it takes the corresponding decision on their fulfillment. The recommendations of the internal control's subject may be different, namely: to refuse from cooperation with the counter-agent (not conducting of contracts or breaking of the acting agreements); to eliminate the revealed threats (factors of risk) by the counter-agent; to documentarily confirm the legitimacy of the counter-agent's economic activity and others. The complete control task of the presented decision's fulfillment is left for the subject of the internal control. Such approach to the risk of the unreal economic operations will allow the enterprise to create the guaranties of the unproductive losses' absence (additional tax liabilities and fine sanctions) and the safety of the continuous activity in national economy.

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