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INFLUENCE OF INTERNAL AUDIT IN THE INTERNAL CONTROL SYSTEM OF INDUSTRIAL ENTERPRISES ON THEIR INNOVATIVE DEVELOPMENT

ВПЛИВ ВНУТРІШНЬОГО АУДИТУ В СИСТЕМІ ВНУТРІШНЬОГО КОНТРОЛЮ ПРОМИСЛОВИХ ПІДПРИЄМСТВ НА ЇХ ІННОВАЦІЙНИЙ РОЗВИТОК

The article defines the essence of the internal environment as the basis of internal control in the enterprise. The balance and interaction between the elements of the internal environment leads to the creation of effective and profitable management of the entity. Defining the role of each element of the internal environment is tabulated by the authors. Each business entity has a methodological framework for analyzing its own internal environment, which is determined by its characteristics and the relevant groups of external and internal factors. As a result of the study conducted by the authors developed and proposed the optimal model of internal organization, which exists: the main reasons used in the modern place remain necessary (coordination of work of employees involved in the process of realization of goals, formation of long-term profitability, determination of optimal organizational structure taking into account the type of activity, efficient use of resources and technologies), goals (increasing the level of efficiency of the enterprise management tools), delays (identification of "critical points" in the operation of the enterprise, which become the basis for setting priorities in solving economic, technical, social problems), elements (goals of the organization, tasks, structure of the organization, system of technologies, personnel, culture of the organization, resources), symmetric method (Method of constructing a "tree" of goals (method of system analysis) and stage V of the need for economic systems (identification and clear formation of the ultimate goal, specifying the purpose of individual units, assessment of the level of quality and quantity of products, resource conservation, organizational and technical development of production, establishing a network of suppliers (customers), analysis of the growth of production and sales, market analysis, improving service and quality of service, improving the quality of life of employees, environmental protection, providing quantitative and qualitative assessment of unstructured and structured problems).

Keywords: internal audit, internal control, innovative development, industrial enterprise, system.

У статті визначено сутності внутрішнього середовища, як основу внутрішнього контролю на промислових підприємствах регіону. Баланс і взаємодія між елементами внутрішнього середовища призводить до створення ефективного та вигідного управління суб'єктом господарювання. Визначення ролі кожного елемента внутрішнього середовища узагальнено авторами у табличному вигляді. Кожен суб'єкт підприємницької діяльності має методичні засади для аналізу власного внутрішнього середовища, яке визначено його особливостями та відповідними групами зовнішніх та внутрішніх факторів. В результаті проведеного дослідження авторами розроблено та запропоновано оптимальну модель ефективності організації внутрішнього середовища, яка включає: основні причини, що обумовлюють сутність внутрішнього контролю середовища, мету, завдання, елементи, метод системного аналізу та етапів проведення аналізу функціонування економічної системи.

Ключові слова: внутрішній аудит, внутрішній контроль, інноваційний розвиток, промислове підприємство, система.

Formulation of the problem. Modern enterprises of Ukraine in all sectors of the economy need the implementation of an effective and efficient internal audit system in order to implement self-organization of the organization. The comprehensive and continuous approach of internal audit is aimed at ensuring the conditions for the creation and effective functioning of a Ukrainian enterprise in modern market conditions of competition. The internal audit department needs additional funds for organizational, methodological and technical support. If there is a real need, at present, not all enterprises can allow the existence of such a division at the enterprise. Managers and management, realizing the important role of internal audit, increasingly decide on the feasibility of creating an audit department. That is why there is a special and meticulous attention to the need to define the role of internal audit in the enterprise. The study of this issue is relevant and requires both scientific research and practical implementation by the management of the internal audit at the enterprise.

Analysis of recent research and publications. The study of various aspects of internal control and audit is devoted to the work of such domestic scientists as V. Rudnytskyi [1], Ya. Sokolov [2], M. Bilukha [3], F. Butynets [4], N. Petrenko [5], N. Davydov [6], O. Petryk [7], V. Sopko [8]. Analyzing the works of scientists, it is worth noting that the existing theoretical basis of internal audit of enterprises does not fully satisfy the managerial needs of management and has a number of problematic aspects. In order to fully understand the essence of internal audit, domestic scientists give different characteristics to the concept of "internal audit", define a huge number of functions and methods of auditing.

The purpose of the article. The main purpose of the article is to determine the place and role of internal audit in the system of internal control of enterprises in conditions of competition; highlight the essence of "internal audit" and its components; provide a description of similar and different features of internal and external audit; analyze the relationship between the dependence of internal audit, control and management at the enterprise; specify the criteria for evaluating the activity of the audit department as a whole, as well as from the side of senior management and other employees; determine the importance of creating an audit department at the enterprise in the conditions of market competition.

Research results. In the business practice of Ukraine, the concept of internal audit is still new, in connection with the development of audit in Ukraine, which was initiated after the collapse of the Soviet Union and the creation of

an independent state. Historically, internal audit arose due to the fact that the owner and management of the enterprise must ensure the efficiency of the functioning of its division and therefore need information about the availability, level of use and preservation of assets. They must know how effectively financial resources are spent, how production and sales of products are carried out, whether subordinates' management orders are carried out in a timely manner, in which areas there are non-productive costs. The need for internal control in large enterprises is confirmed by the dissatisfaction of the expectations of their shareholders and depositors to receive certain dividends. In spite of all the above, not only investors are interested in the audit, but also shareholders who are interested in obtaining profit and distributing dividends, creditors and suppliers who are interested in the solvency of the enterprise and, first of all, employees who will be clearly confident in their own employment and receiving regular payments.

In our opinion, internal audit is an independent system of verification and assessment of the company's activities, the purpose of which is to provide objective and independent conclusions, recommendations on the functioning of the management system and improvement of management decisions, prevention and prevention of inefficient and ineffective use of company resources; prevention of errors or other deficiencies in the activities of all departments and divisions that are directly subordinated to the enterprise.

Internal audit performs the role of a diagnostic tool in enterprise management, because internal auditors carry out an expert assessment of the processes that take place at the enterprise, evaluating the accounting policy, the correctness of registration of business processes, the correctness of transferring data to accounting registers, and then to reporting forms, activities internal economic control, which is carried out by structural units of the enterprise [2].

It is considered that audit is the main tool for collecting, analyzing and evaluating the facts of the operation of the enterprise in conditions of competition. There are external and internal audits. External audit refers to an independent analysis of the reporting of a legal entity, which establishes the compliance of the financial reporting data with the property status of the business entity. Conducting an internal audit, in turn, will reveal the weak points of the structure and optimize processes.

If we talk more specifically about the audit, then internal and external audits have much more differences than common features.

Similar features that unite internal and external audits relate mainly to general approaches to conducting audits. Such principles as objectivity, independence, competence, conscientiousness, confidentiality must be observed and must be inherent in any audit. The auditor's opinion will allow us to draw a conclusion about the economic condition and efficiency of the enterprise's economic activity.

Internal audit is an integral part of the company's internal control system. As part of the whole, internal audit evaluates the effectiveness of the system as a whole. Thus, it plays the role of feedback, which makes the system stable and allows it to be adjusted depending on the changes taking place. The main tasks and forms of its implementation, which the internal audit sets before itself, are:

1) assessment of production efficiency, labor productivity, rationality of the use of means of production – in the course of the audit, an analysis of the performance of the indicators of the costs of material, labor resources, fixed assets is carried out; profitability of own, invested capital, profitability of products and operational activities, labor intensity and labor productivity are determined, the dynamics of the efficiency of using certain types of resources and stocks are studied;

2) to help relevant employees to improve the efficiency of their work – the auditor must first of all assess the state of accounting at the enterprise, since both the volume of audit work and the quality of the audit opinion, as well as the degree of audit risk, depend on the degree of trust in accounting information;

3) to ensure the satisfaction of the needs of the management staff regarding the provision of control information on matters of interest to them, as well as information on the activities of individual operational and structural divisions and the company as a whole – during the audit work, an independent, objective conclusion is formed, on which the further financial strategy depends business entity;

4) modulates an effective management system and develops risk control methods – the final stage of the audit is determining the degree of influence of individual factors on the amount of financial results. In the auditor's opinion, the main problems that have an impact on the financial result are noted, and substantiated proposals for improving the accounting and internal control system are added.

5) search for reserves to increase the efficiency of the enterprise's activity – the audit analyzes the formation of profit, its composition and dynamics, factor analysis of profit from operational,

investment and financial activities; analysis of net profit, its distribution and efficiency of use. The main tasks of the audit on the analysis of financial results are the assessment of the dynamics of absolute and relative indicators, the determination of the degree of influence of individual factors on the change in profit and the identification of unused reserves that will increase the expected result in the future.

According to the authors, the main feature of internal audit is its continuity and dynamic manifestation, which allows timely detection of systematic shortcomings in the work of employees, analysis and evaluation of the dynamics of absolute and relative indicators, display and prove the degree of influence of individual factors on changes in the expected result and prevent their manifestation in the future.

Decision-making by the management of the enterprise on the introduction of the internal audit service at the enterprise, as a rule, is carried out in large joint-stock companies, corporations.

The internal audit department should solve tasks of economic diagnosis, control, development of financial strategy, management consulting and others. In order to improve the efficiency of the entire internal control system, the coordinated work of all links is necessary. A constructive approach in solving organizational issues is implemented by defining the objects, principles and stages of system organization [13].

In general, the primary method of internal audit is conducting a quality audit, developing effective and enforceable recommendations and further monitoring their implementation. The audit cannot be considered completed until the audit recommendations are implemented and the identified deviations are not corrected.

The essence of internal audit is determined by the presence of basic functions. The use and implementation of internal audit functions is carried out by the audit department, which reports directly to the manager. An important aspect when conducting an internal audit is its systematicity and phasedness.

Currently, management bodies hire additional audit services to perform their functions. In our opinion, to significantly improve the quality of audit services, relevant employees should clearly focus attention on information that will help determine the audit procedures that will be used to determine those areas of activity that may contain risks.

Management at the enterprise establishes internal relations and takes into account the activities of all employees, the main goal of which is to guarantee the purposeful and economic value of the enterprise as a business entity. At the same

time, the purpose and tasks of internal control are determined at the enterprise level, based on their organizational structure, specific objects and industry specifics. Moreover, the goal and task of the internal audit is formed from general problems and ends with the drawing up of conclusions and making proposals for improving this or that situation. If it is not achieved, it is necessary to review or clarify some tasks and the final goal, as well as find out the conditions for their implementation.

The implementation and correct organization of the internal audit system contribute to the effectiveness of business entities. The internal audit is carried out by a special structural unit of the enterprise or by its full-time employees directly subordinate to the management. The activity of the internal audit service is the most difficult form of organization of control at the enterprise, as it usually requires significant funds [13].

Highlighting modern trends in the transformation of the management function into a form of manifestation, such as audit, does not lose its relevance. It is appropriate to determine the overall assessment of the audit department's activity based on criteria based on the orientation to the coordination of the accounting department's activities and, in general, internal control at the enterprise. In our opinion, the main ones are:

- special organizational status or subordination of the structure to the highest level of management;
- existing audit functions, which determine the ability of audit employees to provide recommendations on improving the state of economic activity and the implementation of these recommendations by the management of the enterprise;
- the competence of the auditor, that is, the degree of ability and the availability of skills to perform assigned tasks, when hiring an employee of the internal audit service, the management, first of all, must adhere to this criterion;
- professionalism, i.e. compliance with the performance of functional duties at the highest level, the internal routine of the enterprise; comply with job instructions and current legislation;
- has a psychological effect on the company's employees, it is about the fact that the content of any inspections is based on a psychological factor: people, knowing that their work is being monitored by someone, are unlikely to dare to commit fraud.

At the same time, it is quite important for the audit service to have professional trust on the part of the employees, which is ensured by the following parameters:

- professional skills of internal auditors;

- auditor's ability to provide convincing conclusions, evidence;

- the conclusions of the conducted analysis should not be questionable and should realistically reflect the actual state of the enterprise;

- provided information on non-standard situations must be reliable for the correctness of decision-making on them.

Also, the management should have its own criteria for evaluating the service's performance, the key ones being the following:

- the level of management of the audit department, which is measured by the quantitative and qualitative condition of the employees of the audit service, the rational use of working time, the availability of appropriate methodical support for the department, the degree of workload of auditors in general and by individual types of work;

- assessment of the results and effectiveness of audit control, determined by the value of the identified inefficiently spent resources, recovery of losses or debt from responsible persons, reduction of inappropriate expenses, reduction of fines imposed by the controlling authorities;

- establishing unused reserves of the enterprise, i.e. improving the use of labor potential by providing proposals for improving professional training, methods and technical measures of control, professional ownership and use of the information and legal base.

According to the authors, during the creation of the internal audit service, the enterprise should be guided by the following directions, which will enable:

At the senior management level:

- to ensure effective functioning, stability and development of the enterprise in accordance with the defined goals in conditions of market competition;

- save and productively use the company's resources and potential;

- to form a flexible system of information support for all levels of management, which will make it possible to instantly respond to changes in the environment and to adapt the functioning of the enterprise to these changes in a timely manner;

- development and provision of substantiated conclusions on improving the position of control, the accounting department, increasing the effectiveness of strategic development programs, introducing changes in the structure of production and areas of activity;

- organization of preparation for inspection of other external inspections or audits, tax inspection and other external control bodies.

At the level of activity of the structural divisions of the enterprise:

- to minimize the probability of risk manifestation and to increase the probability of their

quick detection by means of an audit of a significant link of the enterprise;

– to develop audit procedures that will determine the employee's performance of assigned tasks and the efficiency of the unit as a whole.

Conclusion. Thus, the article systematizes and defines the concept of internal audit, which is one of the forms of internal control at the enterprise. The totality of the object, subject, functions, methods, tasks and forms of manifestations illuminates the essence of the existence of internal audit at the enterprise, which are summarized in the article. The main common and distinctive features between internal and external audit are revealed. The comparative characteristics show that the decision to introduce an internal audit department at an enterprise is primarily made by

the owners, who are most interested in the stable and efficient operation of the enterprise. As you know, the main goal of internal audit is to use the company's resources with the greatest return. This requires available high-quality and reliable information that will help the manager adequately assess the true state of affairs at the enterprise. The source of accurate and complete information is the internal audit. For this purpose, special attention is paid to the role of audit in the enterprise. The interdependence of internal audit, control and management at the enterprise is illustrated and analyzed in the article. In our opinion, it is appropriate to determine the overall assessment of the audit department's activity based on criteria based on confirmation of the functioning of the accounting department and internal control at the enterprise.

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