

ORGANIZATIONAL MAINTENANCE OF INTERNAL CONTROL OF ELECTRONIC MONEY AT THE ENTERPRISE

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ABSTRACT

The existing need for effective control over electronic money transactions led to the need to formulate organizational and methodological provisions for the internal control of transactions with electronic money, based on the specifics of the form of electronic money and the mechanisms for its circulation. This led to the development of organizational and methodological provisions for the process of internal control over transactions with electronic money in accordance with the organizational, methodological, generalizing stage and stage of implementation of control results. Being limited to the subject of the study, proposals were made for content of the sections of the Regulation on the organization of internal control of electronic money, the development and approval of which serves as one of the main tools for the effectiveness of its implementation. This regulation should be characterized by the completeness of disclosure, the clarity of the wording and the absence of alternatives in the sense of its provisions, which will allow to systematize and streamline the activities of the internal control service at the enterprise.

Keywords: Internal Control, Electronic Money, Management Process, Efficiency, Inventory, E-Commerce.

JEL Classifications: M21, O16

INTRODUCTION

The main high-liquid assets in any enterprise are cash, and the effectiveness of cash flow management depends on the success of its activities. The intensive development of information and computer technologies has led the world economy to the emergence of a new and modern means of payment, such as electronic money, which fully meet the requirements of a new type of trade - e-commerce. This has led to an increase in the dynamism of business processes, the expansion of sales channels, improved customer service and the acceleration of cash flows through the use of the Internet.

Due to the spread of the use of electronic money in payment transactions, there is a need to develop effective tools for managing the process of its use, since at present there is no mechanism for accounting display and control of transactions with electronic money to form a quality information base for the adoption of management decisions.

In modern economic conditions, when it is necessary to apply rational and effective management tools in an enterprise, the system of internal control takes one of the most important places in planning of activity and prospects of development of each enterprise. The control system, both internal and external, ensures verification of the reliability, completeness and correctness of the information about the electronic money of the enterprise, its

preservation, observance by the employees of the company of the current legislation, the analysis of the efficiency of the use of electronic money in the enterprise, etc.

The lack of developed methods for evaluating and displaying electronic money accounts leads to distortions in financial reporting. In this regard, the issue of developing organizational and methodological provisions for conducting internal control of transactions with electronic money becomes an urgent tool for the formation of reliable information about electronic money at the balance sheet date.

REVIEW OF PREVIOUS STUDIES

The need for internal control over transactions with electronic money in the enterprise is also increasing due to the fact that electronic money, as usual, is an absolutely liquid asset, the presence of which indicates the degree of liquidity of the enterprise, its financial status, and therefore neglect them is impossible (Sidhu, 2017; Yüksel et al., 2017).

Therefore, when conducting internal control over transactions with electronic money, we need to ensure:

Reliability, completeness and truthfulness of information about the presence and flow of electronic money (Cunningham & Ainsworth, 2018; Xia et al., 2017);

Rationality and efficiency of using electronic money to ensure the success of the enterprise (Dagher et al., 2018);

Achievement of the main goal of the enterprise profit making (Drobnyazko, 2018); Drobnyazko et al., 2019; Garbowski et al., 2019);

Preservation of the enterprise property, namely electronic money (Hilorme et al., 2019; Hilorme et al., 2019).

However, the problem issues that were left out of the attention of these scientists need to be solved for the formation of an integrated approach to the accounting of transactions with electronic money, as well as its control in the development of the provisions of the internal control system of this object and audit of the relevant articles of financial reporting (in connection with the various organizational and methodical features of these types of control).

METHODOLOGY

In the process of research, a set of general scientific and special methods of cognition has been used. During the study of theoretical positions and the current state of accounting of transactions with electronic money, methods of theoretical generalization, grouping, comparison of analysis and synthesis, observation and historical approach have been found. Improvement of the organizational and methodical provisions of the accounting of transactions with electronic money from non-financial sector entities has been carried out using methods of induction and deduction, grouping, theoretical generalization. Methods of analogy, abstraction, analysis, synthesis, induction and deduction have been used to develop a system of internal control and audit of transactions with electronic money. Table method has been used to provide a visual representation of the research results.

RESULTS AND DISCUSSIONS

In order to ensure the rationality and effectiveness of the functioning of the internal control system, it is necessary:

To determine the scope and types of decisions that can be taken by individual agencies or individual employees. In the part of transactions with electronic money, it is necessary to determine who is responsible for displaying transactions with electronic money

in the register, who makes up the primary documents, who has the right of electronic signature, who makes reports on the calculations of electronic money, etc.;

To define the sphere of responsibility for the made decisions and the scope of control over its observance, as well as to identify the entities that will exercise control;

To ensure the existence of a proper system of document circulation of electronic money transactions;

To create conditions for conducting a thorough electronic money inventory;

To ensure that the controller does not perform both control and executive functions simultaneously;

To establish the level of education that the supervisor should have.

In order for the internal control service to function properly, there is a need to regulate the general principles of internal control in internal regulations, in particular, in the Regulation on the organization of internal control.

Being limited to the object of this study, the proposals for the content of the sections, which should be foreseen in the Regulation on the organization of internal control of electronic money, developed and approved by one of the main instruments of the effectiveness of its implementation (presented in Table 1). This regulation should be characterized by the completeness of disclosure, the clarity of the wording and the absence of alternatives in the sense of its provisions.

Table 1	
CHARACTERISTICS OF THE SECTIONS OF THE REGULATION ON THE ORGANIZATION OF INTERNAL CONTROL IN THE PART OF ELECTRONIC MONEY TRANSACTIONS (AUTHOR'S PROPOSALS)	
Section title	Section characteristics
General provisions	It is given the information about the main purpose of the functioning of the internal control service, the object and the subject of internal control
Terminology	It is given the basic concepts used in the regulation
Tasks of internal control	The main goals and tasks of the internal control service function are determined
Rights and obligations of internal control subjects	The list of rights, obligations and responsibilities of subjects of internal control is determined
Stages of internal control	It is determined the basic procedures, which are performed during the internal control for each stage, as well as the forms of presentation of internal control results

It should be noted that the created internal control unit or designated responsible person will function in accordance with the requirements of this Regulation, which regulates the functions of the control service (employee).

The main sources of information used in documentary control over electronic money transactions include: Provisions on accounting policies at an enterprise, which include information on approved forms of primary documents, forms of internal reporting and the procedure for recording the transactions with electronic money; contracts permitting the use of electronic money; primary documents confirming the facts of electronic money transactions; information on the accounts of synthetic and analytical accounting.

In accordance with the stages of internal control (previous, current and following) below, information is provided on the necessary techniques of documentary and actual control by each of the stages (Table 2).

The techniques of documentary control that should be used for the stages of electronic money transactions can be divided into desktop review, regulatory review, arithmetic check and mutual check. The first step in the implementation of documentary control should be to assess the correctness of drafting and signing an agreement on the provision of services for electronic money transactions. To do this, we need to analyze the claim work on such

contracts for the past years, if any, and, accordingly, pay attention to the questions that arose in them.

Table 2		
TECHNIQUES OF ACTUAL AND DOCUMENTARY CONTROL OF ELECTRONIC MONEY TRANSACTIONS BY STAGES (PERIODS) OF ITS CONDUCTING (AUTHOR'S OFFERS)		
Object of internal control	Control techniques	
	Techniques of documentary control	Techniques of actual control
PREVIOUS CONTROL		
Elements of accounting policy, contractual security	desktop review; regulatory review	-
CURRENT CONTROL		
Reflection of electronic money transactions in primary documents	desktop review; arithmetic check; mutual check; regulatory review	inventory
Reflection of electronic money transactions in the accounts		
Reflection of electronic money transactions in the reporting		
FOLLOWING CONTROL		
Errors and violations in the accounting of electronic money transactions	Desktop review; arithmetic check; mutual check; regulatory review	-

Current control consists of desktop review during the making up of primary documents, the presentation on the accounts of accounting and reporting of electronic money transactions, arithmetic counting and the correlation of its amounts, as well as the comparison with the limits established for the use of electronic money by the current legislation. In the course of ongoing control, mutual check may also be carried out, which is to reconcile the information received from the accounting data with the data received during the inquiry process in the electronic money system.

The following control is usually carried out by the internal control service set up at the enterprise and consists in checking of already executed electronic money transactions. The advantage of this kind of control is that the internal control service in the event of errors or violations found in the accounting records of transactions with electronic money may provide suggestions for correcting these errors and recommendations on how to avoid them in the future.

RECOMMENDATIONS

The study of the electronic money flow for each subject is a necessary component of its use. For each subject, it is necessary to verify the correctness of the making up primary documents, which can be verified by performing a mutual check within each enterprise, comparing different primary documents with each other and with the registers of accounting, or conducting a counter-check and thus confirming the authenticity of the original documents themselves.

For the convenience of conducting internal control procedures, reflecting its results and aggregating information, it is recommended to develop a report on the results of the verification of electronic money transactions for the needs of management personnel.

This working document of the controller will allow during the inspection to detect and confirm errors in the making up the original document or to identify its absence, to verify the correctness of the reflection of transactions with electronic money in the accounts, etc.

After the inspection, the internal control service should summarize the information about the detected errors. Documentation of the results of internal control can be presented in

the Account book of the results of electronic money transaction checks, the act of inventory and the report of the internal control service. The errors detected during the check or inaccuracies in reflected transactions with electronic money in accounting require the internal controller to develop measures to prevent the subsequent re-implementation of these errors.

CONCLUSIONS

Thus, internal control is an essential element of the management process at an enterprise. It can be even said that without it, it is impossible to effectively manage an enterprise. In order to achieve this effectiveness, the control actions, objective, thorough and reliable, focused on the purpose related to the area of responsibility at the enterprise, as well as implemented on a regular basis, have been applied. However, it is necessary to ensure that there is no excessive control, as it will lead to the elimination of functional balance, will limit the initiative of employees, and thereby lead to a reduction in the efficiency of the activity.

In order to optimize the processes of internal control, automated technologies can be used which, compared to manual control, are characterized by higher reliability, low cost of maintenance and verification of its efficiency.

Today, conducting internal control at the enterprise allows not only to discipline accounting staff, but also to help it in the event of inconsistencies and issues in the process of reflection of electronic money transactions in the account. One of the main methods for checking the actual state of payments by electronic money and the correctness of its reflection in accounting is inventory. Also, typical violations that arise in the reflection of electronic money transactions in accounting, which will form directions to which the inventory commission should pay attention, first, have been found during the study.

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