



The Financial Management Control (F.M.C)- The Managerial Tool for Information and Reporting on the Economico-Financial Activity of the Economic Entity. Application Features

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Abstract: In the present study, the financial management control (F.M.C) it is debated from the perspective of the managerial tool for information and reporting on the economic-financial activity of the economic entity, including its application features. Planning issues were covered, the way of exercise, activity reporting to executive and non-executive management and its use of the information provided. Regarding reporting, it was also proposed to develop an easy-to-access application that allows quick information at any time, with increased accuracy generating both consolidated, and individualized on the value of economic-financial deviations, number of constant deficiencies, the stage of their remediation, disciplinary and administrative investigations, sanctions etc., these not being limiting.

Keywords: financial management control (F. M. C); economic entity; managerial tool; exercise; reporting and capitalization of FMC shares; economic-financial deviations; deficiencies, sanctions;

JEL Classification: M41 – Accounting; M42 - Auditing

1. Introduction

Whereas the managers of economic entities in general, but especially of public interest entities are penalized for non-fulfillment of performance indicators through which the results obtained are measured, they are obligated to capitalize on the performance possibilities of the respective economic entities, both by establishing a creative accounting, but especially by creating and operating **its own economic-financial control system** with the ability to prevent on the one hand, but also to identify deficiencies and deviations from the rules, regulations, the legislative framework in the activity of economic resources management, formulating remedial

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measures or recovery of possible damages as well as coercive measures, when the situation requires it.

At the economic entity level, **the financial management control (F.M.C)** interacts directly with all forms of control focused on the economic-financial sphere, respectively financial-accounting, and it has the competence to evaluate both hierarchical control, as well as the preventive financial one and moreover it has a recovering character in cases of losses, fraud, waste. In this context it will be deepened from the application perspective. Moreover, the empirical and theoretical study highlights the fact that, for the activity of F. M. C there is no code of conduct addressed to employees of the economic entity with attributions to exercise this activity, which is why we set out to identify issues that would be caused by the lack of this regulation dedicated to ethics, integrity, morality.

2. Literature Review

Looking at the history of this field, starting with the industrial revolution, over two centuries ago, elements of economic-financial analysis appeared in works such as *On the Economy of Machinery and Manufactures* of Charles Babbage, *Administration industrielle et générale* of Henri Fayol, *A Theory of Production* written by Cobb C. W. și Douglas P. H., but also in works belonging to the authors of the Romanian business school.

Regarding the issues addressed, the literature offers a multitude of theoretical and practical studies related to managerial accounting and management control: emergence, role, necessity, organization and leadership in specific environments, tools for achievement, nothing that these studies are aimed at the private sector (Albu & Albu, 2003; Anthony, 2007; Bouquin, 2006; Briciu, 2006, Caraiani & Dumitrana, 2008; Căpușneanu, 2006; Drury, 2007, Iacob C., Ionescu I., 2009; Ionașcu I., 2002; Oprea, Man & Nedelcu, 2008; Garrison, 2000; Simons, 2001; Tabără, 2008, etc). Over time, financial management has seen a number of approaches: as a set of rules practices and procedures, and as a feedback; conceptualizing control as a managing the dependence of contextual factors; conceptualizing control as a mechanism of control behaviors; management control as a set of dynamic cultural values and norms. R. L. Simons (Simons, 1995) defines control from the perspective of entities threatened by fierce market competition, rapid changes in the market, new forms of organization of the entity and customer orientation: “control involves managing the inherent tension between creative innovation, on the one hand, and achieving the intended objectives, on the other hand, so both turn into profitable growth”. The control process includes: defining the wanted results, establishing the predictions of the results, setting standards for predictions and results, setting information and feedback, evaluating information and making the right decision. Thus, this control

process involves a list of steps to achieve specific objectives and the extent to which these objectives are achieved. R. N. Anthony (Anthony & Govindarajan, 2007), defines control as „the process by which managers influence other members of the entity to implement its strategy”. Tot R. N. Anthony, defines strategy planning as a means of formulating the strategy. In this sense, the specialized literature reveals our control as the main tool of management; the others involve planning, organization, staff, coordination. H. Bouquin (Bouquin, 2008) discovers common ground between the definitions of management control developed by R. N. Anthony and R. L. Simons: “management control is the guarantee of economic logic, in accordance with the strategy, ensuring the articulation of the assembly processes, addressing the management”. R. N. Anthony and co. (Anthony & Govindarajan, 2007) clarifies the nature of management control: management control is a tool for managers who use it in relation to partners and subordinates. In our research, we studied a series of papers addressing managerial accounting and management control in the public sector, focusing on the tools used in public institutions to achieve performance (Cappelletti, Khouatra & Beck, 2007; Cardinaels, Roodhooft & van Herck, G., 2005; Chenhall & Euske, 2007; Cokins & Căpuşneanu, 2011; Kaplan, 2002; Hindle, Haraga & Radu, 2006; Ittner, Larcker & Randall, 2003; Popa., 2006; Rohm, 2001; Ştefănescu, Dobrin, Calu & Țurlea, 2010; etc.).

3. Research Methodology

The methodology of the scientific research used is specific to the economic-financial field and its control, systematically exploiting the particularities of economic-financial phenomena in the context of the manifestation of the control exercised at the level of the economic entity through their own structures, thus:

- took advantage of the interference of economic-financial phenomena by associating them with the phenomena in the sphere of capitalization of human resources in conditions of ethics and integrity;
- we took into account the fact that economic-financial phenomena are born and evolve at a rate often difficult to predict;
- in this context, it is found that there is at least one limitation in the conduct of scientific research in the sense that there was a significant manifestation of employee behaviour, especially those with economic-financial control attributions;
- of real use in formulating opinions and conclusions was the historical character of the elements of an economic nature studied, being the reference for clarifying the phenomena and processes of the nature of control in the circumstances created by the functioning of the economic entity.

In order to test the formulated hypotheses, a predominantly quantitative methodology was used. This was based on deductive analyzes of transactions in an economic entity, analyzes that have as a starting point the theory of the agency aiming to test identify possible cause-effect links.

In this context, the present study provides a comprehensive analysis of the relationship of financial management control with the level of financial performance registered at the level of an economic entity, thus trying to provide answers justified by the results of empirical research, to the following assertions:

- a) The financial management control (F.M.C) exercised at the level of the economic entity, represents the emanation of the financial inspection instituted in order to increase the economic-financial discipline;
- b) The financial management control (F. M. C) as a managerial tool for information and reporting on economic and financial activity of the economic entity has a significant application dimension at its level.

4. Application Features

4.1. Financial Management Control Planning (F.M.C) at the Level of Economic Entity.

From studying an operational procedure for exercising F.M.C. at the level of an economic entity with a vehicle transport profile, respectively with significant influence on the public interest, but also from aspects and real cases identified in the Reports of the Court of Accounts of Romania, published on its website, we present a complex practical case, this considering that the activity of F.M.C. it does not have a complete / complex set of rules developed by the authorities in the field. First, we present a way of planning the activity of F.M.C. to an economic entity whose organization is a central office and has eight regional branches, going through the following stages:

↳ Analysis of human resources allocated in accordance with the work regime established for the year 2022 (Table 1);

For a central structure with 12 employees, 10 of whom are exclusively responsible for F. M. C., one with secretarial and document management duties and a department manager, structure that, in addition to these employees, also has 4 employees from each of the company's 8 (eight) subsidiaries, resource planning for F.M.C. activities in 2022, presents the following projection:

Table 1. Allocation of Human Resources to the Activity of F. M. C.

No. crt.	Allocation of human resources	FMC Central control body / F.M.C. Control Body and Synthesis	Head of department C.F.G.*
1.	No. employee	10 (8+2)	1
2.	Working days year / control body	251*10 = 2510	1*251 = 251
3.	Days off / control body	(28*8)+(29*2) = 282	1*31 = 31
4.	Days actually worked / central control body C. F. G. from which:	2228	220
5.	Days allocated for scheduled control actions / central control body C. F. G.	4 sal. *20 days*9 unit. = 720 2 sal. *10 = 20**	5 days*8 suc. = 40
6.	Days allocated for verifying the implementation of the measures	2 sal. *5 zile*9 unit. = 90	5 days*8 suc. = 40
7.	Days allocated for thematic control actions	4 sal. *71 days = 284	140 Organizational activity, verification, coordination, updating procedures etc..
8.	Days of actions for checking / resolving petitions, cost overruns etc.	4 zile*10 sal. *12 months = 480	
9.	Days allocated for participation in disciplinary investigation commissions	2 sal. *29 days = 58	
10.	Days of professional training / central control body C. F. G.	10 days*10 sal. = 100	
11.	Preparation of control strategy C. F. G. 2022	5 days*10 sal. = 50	
12.	Days allocated to reporting / synthesis	4 rap. *7 days*2 sal. = 56	
13.	Allocated days elaboration / updating of Operational Procedures	15 days*10 sal. = 150	
14.	Risk management days associated with the activity of C.F.G. / risks of corruption	10 days*10 sal. = 100	

15.	Other activities (definition of general specific objectives, indicators etc.)	12 days* 1 day*10 sal. = 120	
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Source: own conception

When developing the planning by F.M.C. for the year 2022 were considered: the value of the economic financial deviations found during the controls carried out in 2021; the number of measures to remedy the deficiencies / recovery of the amounts established as damages; the time period since the last check; available human resources (Table 2).

Table 2. Analysis of the criteria for prioritizing actions by F.M.C. and their ordering branch + headquarters

No.	Branch+ central	The value of background control deviations	Implement deviations	Total deviations	Ranking	No. measures from the report	Ranking	The period of background control	Ranking	Scores	Final order
1	Central	97,985.00		97,985.00	5	15	1	15.03-09.04.2021	9	5.00	5
2	Branch A	183,620.00	515,263	698,883.00	9	57	9	01.02-05.03.2021	8	8.67	1
3	Branch B	31,533.00		31,533.00	3	26	7	05.07-30.07.2021	7	5.67	2
4	Branch C	532,795.00	18,516	551,311.00	8	21	2	04.05-28.05.2021	6	5.33	4
5	Branch D	154,920.00		154,920.00	7	23	5	04.10-29.10.2021	5	5.67	4
6	Branch E	25,840.00		25,840.00	2	32	8	01.11-26.11.2021	4	4.67	6
7	Branch F	87,440.00		87,440.00	4	21	4	02.08-27.08.2021	3	3.67	7
8	Branch G	24,528.00		24,528.00	1	25	6	06.09-01.10.2021	2	3.00	9
9	Branch H	121,366.00		121,366.00	6	23	3	02.06-25.06.2021	1	3.33	8
	Total	1,260,027.00	533,779.0	1,793,806.00		243					

Central	5	A
A	1	B
B	2	D
C	4	C
D	3	Central
E	6	E
F	7	F
G	9	H
H	8	G

Source: own conception

In the annual planning of the activity of F.M.C. exercised at the level of the economic entity, the planning of evaluation actions of the F.M.C. organized at the branch level and also planning actions to verify the degree and manner of implementation of remedial and recovery measures when the situation required it.

Planning actions of F. M. C., thus drawn up, it must be accompanied by a substantiation note in which it is scientifically argued whether F.M.C. actions can be prioritized, objectively and independently (Table 3):

Table 3. Analysis of the Criteria for Prioritizing Actions of F.M.C. and Their Ordering

No.	The CFG Office within the CF Regional Branch	General objectives	The period established for carrying out the control			
			Quarter I	Quarter II	Quarter III	Quarter IV
0	1	2	4	5	6	7
1	The CFG Office and Branch A	☞ Evaluation of the way of carrying out the activity of the C.F.G. Office respectively; financial management control, internal research in mixed commissions, thematic control and activities related to the basic activity, such as: disciplinary investigations of employees who have committed disciplinary violations in the exercise of economic duties; checks in accordance with provision no. ___ regarding measures to prevent and reduce cases of evasion / destruction of some elements of public infrastructure; verification actions according to the provision ___ regarding the procedure for passing on costs of some non-attributable debits registered at the level of Branches ___ and Central; resolving petitions, investigations carried out at the request of the police etc.	February 5 days			
2	The CFG Office and Branch B			March 5 days		
3	The CFG Office and Branch C			May 5 days		
4	The CFG Office and Branch D			June 5 days		
5	The CFG Office and Branch E				July 5 days	
6	The CFG Office and Branch F				September 5 days	
7	The CFG Office and Branch H					October 5 days
8	The CFG Office and Branch G		☞ Guidance and methodological coordination of the organization and development of financial management control at the branch level.			

Source: own conception

Prioritization of F.M.C. actions was achieved by assigning a score from 1 to 9 for each individual criterion, increasing in proportion to it, as can be seen in the mentioned table. At the same time, simultaneously with the planning of F.M.C. acitons were planned to verify the degree and manner of implementation of the measures after 60 days from the date of receipt of the Control Report by the verified structures / branches.

For the efficiency of coordination time and methodological guidance of the activity of financial management control and related activities, usually, during the performance of the management financial control (fundamental) at the eight branches, the actions in question were also planned. Since the winter weather conditions were unfavorable for financial control actions from the perspective of travel, the central office of the economic entity will be subject to checks with priority.

More than that, related activities were considered such as: internal investigations in joint commissions; thematic control; disciplinary investigations of employees who have committed disciplinary violations in the exercise of economic duties; checks on measures to prevent and reduce cases of theft / destruction of some elements of public patrimonu; verification actions regarding the procedure of passing on costs of some non-attributable debits registered at the level of the economic entity; resolution of petitions etc.. In this context, the consolidated strategy of F.M.C. actions was developed (background control, evaluation of offices, evaluation of degree and method of implementation of remedial / recovery measures) which is presented in Table 4:

Table no.4.

The consolidated strategy of F.M.C. (background control, evaluation of offices,
evaluation of degree and method of implementation of remedial / recovery measures)

No.	Controlled unit	General objectives	Controlled period	No. control bodies / total days	The period established for carrying out the control			
					Quarter I	Quarter II	Quarter III	Quarter IV
0	1	2	3	4	5	6	7	8
1.	Branch A	A 5.1.	*	6*20	17.01-18.02.2022			
2.	CFG Office - Branch A	A 5.3.	*	1*5	February			
3.	Central	A 5.1. / A 5.2.	*/**	6*20	21.02-18.03.2022			
4.	Branch G***	A 5.2.	**	2*5	February			
5.	Branch F***	A 5.2.	**	2*5	march			
6.	Branch B	A 5.1.	*	4*20		21.03-15.04.2022		
7.	CFG Office - Branch B	A 5.3.	*	1*5		March		
8.	Branch C	A 5.1.	*	4*20		02.05-01.07.2022		
9.	CFG Office - Branch C	A 5.3.	*	1*5		May		
10.	Branch A	A 5.2.	**	2*5		May		
11.	Branch D	A 5.1.	*	4*5		06.06-01.07.2022		
12.	CFG Office - Branch D	A 5.3.	*	1*5		June		
13.	The Central	A 5.2.	**	2*5			July	
14.	Branch B	A 5.2.	**	2*5			July	
15.	Branch E	A 5.1.	*	4*5			04.07-29.07.2022	
16.	CFG Office - Branch E	A 5.3.	*	1*5			July	
17.	Branch C	A 5.2.	**	2*5			August	
18.	Branch F	A 5.1.	*	4*5			05.09-30.09.2022	
19.	CFG Office - Branch F	A 5.3.	*	1*5			September	
20.	Branch D	A 5.2.	**	2*5			September	
21.	Branch G	A 5.1.	*	4*5				03.10-28.10.2022
22.	CFG Office - Branch G	A 5.3.	*	1*5				October
23.	Branch E	A 5.2.	**	2*5				October
24.	Branch H	A 5.1.	*	4*5				31.10-25.11.2022
25.	CFG Office - Branch H	A 5.3.	*	1*5				November
26.	Branch F	A 5.2.	**	2*5				December

*Reference date of the last article

**At least 60 days from the date of receipt of the approved report and sent to the verified unit

***Actions related to the 2021 checks

Source: own conception

Obs: A. 1., A. 2., A. 3. represent the annexes of the objectives subject to control/evaluation of the F.M.C.

4.2. Exercise of Financial Management Control (F.M.C.) within the economic entity.

The applied study regarding the exercise of the F.M.C. activity, in the relevant aspects, refers to a series of stages provided and described in *The applicable control methodology in the exercise of financial management control (F.M.C.)*. In order to reveal the results of the control an exposition presented in a F.M.C. Report was drawn up, as it usually developed in practice, at the level of an economic entity, and which presents itself as such:

Identification data of the F.M.C. action

Findings and measures:

Objective: Checking the supply of material means in relation tot he provisions of the contracts, of existing stocks and consumptions. The existence of material means

without movement, redundant, hard to sell, unusable or damaged, slow moving, their prevention and liquidation.

↳ *Finding:* The situation of moving, slow-moving and non-moving stocks was analyzed, presented by employees __ from Branch A per month __ (reference date of the last F.M.C.) and May 2021, appearing according to Table 5..

Table 5. Analysis of Moving, Slow Moving and Non-Moving Stocks

Indicator	June 2020 Value (lei)	May 2021 Value (lei)	Fluctuations
Stocks with movement	7. 248. 501,52	11. 282. 404,84	+4. 033. 903,32
Slow moving stocks	3. 098. 562,28	1. 422. 900,06	-1. 675. 662,22
Stocks without movement	25. 183. 373,79	19. 681. 932,88	-5. 501. 440,91
Total	35. 530. 437,59	32. 387. 237,78	-3. 143. 199,81

Source: own conception based on data from the company's accounting

From the analysis of the above information, the following results:

- The value of moving stocks increased by ~ 55,65 %;
- The value of slow moving stocks decreased by ~ 54,08 %;
- The value of stocks without movement decreased by ~ 21,85 %;
- The total value of stocks decreased by ~ 8,84 %;

↳ *Causes:* Distribution in previous years of centrally supplied stocks, which exceeded Branch A's supply plans; the supply of benchmarks for works that have not been carried out by the date of the verification by own forces or were not attributed to third parties, as well as the accounting registration of waste resulting from the annual scrapping of inventory items in use.

↳ *The economic-financial consequence:* Carrying out uneconomic expenses, immobilizing some funds as well as recording expenses with provisions for depreciation.

Measure no. __: Continuation of the action of valorization / reduction of stocks without movement and with slow movement existing on the date of 31. 05. 2021, establishing the reasons why the supplied materials were not used and establishing a plan of measures with objectives, timelines and people responsible for implementation.

Term: 45 days

Answer: Responsible structure

Follow: Director

Objective: Cheking the follow-up and timely collection of rights from customers, debtors, tenants etc. and payment or shedding on time and in full of the amounts due to the budget, banks, the guardianship forum, social insurance, creditors, suppliers etc..

↳ *Finding:* The progress of the contracts concluded between Branch A and various ongoing beneficiaries was checked through a survey, concluded or completed between June 2020 and May 2021 and it was found that the price of contract no. __, concluded with SC Hidroelectrica SA was not indexed as a result of the change in the management's Disposition no. __ regarding the establishment of the minimum tariffs for the auciliary services performed by the economic entity for third parties. Thus, during the control, the involved structure indexed the rent and invoiced to SC Hidroelectrica SA in the amount of 124,66 lei, by invoice no. __.

↳ *Cause:* Failure to comply with contractual clauses.

↳ *Responsible persons:* Those responsible for the development of contracts.

↳ *Legal provisions or legal provisions violated:* Provision no. __ regarding the establishment of minimum tariffs for the auxiliary services performed by the economic entity for third parties, contractual clauses and Provision no. __ of management regarding the preparation, registration, approval, and follow-up of contracts.

↳ *Measure no. __:* The Installations Division will carry out all legal steps in order to collect invoice no. 241/__. 2021 worth 124,66 lei issued to SC Hidroelectrica SA.

Term: 30 days

Answer: Responsible structure

Follow: Director

↳ *Ascertainment:* From the situations presented by the employees of the structures involved, the following contracts were verified by survey and the following were found:

- Invoices are paid late by customers and late penalties are not calculated and invoiced according to the contractual provisions;
- The value of the quarterly rent was not increased with the inflation index communicated by the INS 1,0323 starting with 01. 04. 2021 according to management's instructions.

↳ *Causes:* the erroneous interpretation of the provisions of hte contract regarding the method of invoicing and calculation of penalties; non-receipt/receipt/late issuance of monthly/quarterly rent invoices and reduction of the value of late

penalties, where applicable; failure to calculate delay penalties according to contractual clauses;

↳ *The economic-financial consequence:* Non-registration of income resulting from the indexation of the rental rate/use of the goods of the economic entity and the provision of services (constant component) and from the non-calculation of late penalties according to the contractual clauses.

↳ *Legal provisions violated:* The provisions of the Civil Code regarding the conclusion and effects of contracts; the provisions of the contracts and the provisions of the Management Director no. __ regarding the approval of the framework contract for the exploitation of the heritage, no. __, no. __ regarding the preparation, registration, approval and follow-up of contracts and no. __ regarding the establishment of minimum tariffs for the auxiliary services performed by the economic entity for third parties.

Responsible persons: Those responsible for the development of contracts within the Structures.

During and as a result of the control the Section __ billed penalties worth 875,33 lei according to address no. 226/__, and the Section __ billed penalties worth 69,75 lei according to the invoice no. 238/__

↳ *Measure no. __:* The responsible structures will pursue the collection of late penalties invoiced during the control in the amount of 925,08 lei.

Term: 30 days

Answer: Count __

Follow: Head of structure

↳ *Measure no. __:* Departments __ will check all invoices issued in all contracts concluded with __ and will calculate and invoice late penalties, where applicable, and follow up on their collection, in accordance with the provisions of the contracts concluded with them, taking into account the term of issuing the rent invoice.

Term: 30 days

Answer: Count __

Follow: Head of the Line Division

Objective: Verification of the legality of payments representing rights related to vacations, vacations for professional training and other similar ones, paid days off.

↳ *Ascertainment:* The method of granting rest days during the period was checked __, and from the documents made available by the employees of the Human ReSource Service in Branch A, Appendix no. __, at tabs no. __ it was found that are

cases in which employees benefited from vacation days in addition to what they were entitled to, as follows:

- S. M., employee in the position of __, he benefited from a number of 32 days of vacation, and on the date of 19. 08. 2020 his individual employment contract terminated (Individual Employment Contract), resulting in the fact that he used an additional number of 13 day's vacation leave in the gross amount of 2. 323 lei from which the amount of 1. 823 was recovered with receipt no. 3381/___ but the salary contributions were not regularized.
- C. C., employee in the position of __, has used an additional 4 days of vacation leave in the gross amount of 551 lei to which is added 12 lei the insurance contribution for work. During the control with act no. 42/___ communicated the partial recovery of the value of the 4 days of rest leave improperly granted, following that the difference of 125 lei will be withheld at the liquidation in July 2021.

↳ *Causes:* Failure to properly monitor how paid days off are granted, of the way of granting rest days, as well as the non-recover of the amounts related to it used in excess.

↳ *The economic-financial consequence:* Inadequate execution of the expenditure chapter allocated through the 2020 budget tab "Salaries expenditure".

↳ *Legal provisions or internal regulations violated:* Collective Labor Agreement 2019-2020, Law 53/2003 – Labor Code, Individual labor contract.

↳ *Responsible persons:* Employees whose task was to follow the application of the provisions of the 2019-2020 Collective Labor Agreement; employees from the human resources departments whose task was to follow the application of the provisions of the Individual Employment Contract.

↳ *Measure no. __:* Recovery of the difference of 125 lei from the employee __ and regularization of the amount representing insurance contributions for work.

Term: 30 days

Answer: Head of Service __

Follow: Head __

Objective: Verification of the reality and legality of income data.

↳ *Ascertainments:* The method of recording the Department's income in the accounting was checked __, arising from the parking, access and maneuvering of the rolling stock.

Following the verification, by survey of the invoices and parking, maneuvering and access slips issued in December 2020 and January 2021, which were basis for drawing these invoices, presented by __, related to the infrastructure access contracts

concluded by the economic entity with the railway transport operators and which have been handed over for follow-up, calculation, invoicing and collection of Branch A, the following were found:

- Parking hours wrongly calculated as the difference between the time of entering and leaving the station, after allowing 6 hours of free parking time;
- For the analyzed period, an uninvoiced difference was found in the amount of 125,28 lei, to which is added VAT in the amount of 23,80 lei, as presented according to tax invoice no. 2510/___;

↳ *Cause:* Failure to comply with the Operational Procedures regarding the application of parking tariff code P. O. 0-8. 5. 3-01, and maneuver code P. O. 0-8. 5. 3-02, as well as the improper establishment of stationary hours and the Dispositions of the head of the entity.

↳ *The economic-financial consequence:* Decrease in revenues of the regional branch.

↳ *Legal provisions or internal regulations violated:* Operational Procedures code P. O. 0-8. 5. ___, code P. O. 0-8. 5. ___, and of the Provisions of the head of the entity.

↳ *Responsible persons:* Employees of the Service ___ within ___ which according to R. O. F. of the branch checks the way of drawing up the receipt, the correctness of the data entered therein, as well as Head of ___.

↳ *Measure no. ___:* The collection of the invoices drawn up from the beneficiaries 149,08 lei including VAT, representing the difference in non-invoiced stationary hours.

Term: 30 days

Answer: Head of Service ___

Follow: Head ___

Objective: Checking job descriptions

↳ *Ascertainments:* Following the random verification of the job descriptions made available by the Service ___, the following were found:

- Job descriptions for vacant positions are not drawn up in all cases;
- Not all the job descriptions related to the personnel in the central branch are updated as a result of the change in the status of functions or the nominal situation;
- Not in all cases are the checklists drawn up, covering all the activities provided for by the R. O. F..

↳ *The economic-financial consequence:*

- The possibility of some employees performing their duties in a defective manner, without being able to be found responsible and sanctioned according to the regulations in force.

- Inconsistency between the nominal situation, the list of functions and the job descriptions.

↳ *Legal provisions violated:* System procedure PS 0-5. 3-01 elaboration and administration of the job description dated 10. 10. 2018, 2nd edition, revision 1.

↳ *Responsible persons:* the designated managers within the divisions/services whose duties were to draw up and update job descriptions;

↳ *Measure no. __:* Heads __, together with the Service __ will take all measures to update all job descriptions and draw up job job descriptions for vacancies in accordance with internal procedures.

Term: 60 days

Answer: Heads __

Follow: Head __ [...]

↳ The efficiency of F.M.C. at the level of Branch A resides from:

- Economic-financial deviations found during the control in the amount of 31. 533,42 lei, structured as follows:

- Improper holiday entitlements – 563 lei;

- Late penalties for not completing the works on time – 20. 012,01 lei;

- Countervalues estimated for the damage not recorded in the accounting records in the amount of 7. 990,31 lei:

- 191,28 lei representing unpaid rent;

- 124,66 lei representing non-indexed rent;

- 149,08 lei representing unbilled stationary hours.

- Strengthening the economic-financial discipline by formulating 26 measures to remedy the deficiencies found during the control, as well as establishing those responsible and their implementation deadlines.

4.3. Reporting of Financial Management Control Activity (F.M.C)

In accordance with Art. 10 para. 3 of the annex to Decision no. 1151 from 27 noiembrie 2012¹ the economic entity has the obligation to inform about the results of F. M. C., quarterly or whenever this is requested, on which occasion the structure of F.M.C. draws up a Report whose main elements summarize to:

Identification data of the economic entity

Introduction

Legal basis

General / specific objectives

Organization and Human Resources

Synthesis of the results of the activity carried out by the existing financial management control structures at the level of the economic entity in 2021.

↳ *The structure and value of the observed deviations (Table 6)*

Table 6. The Value of the Economic-Financial Deviations Found by Employees from the F.M.C. Structure

No.	Unit / Structure	No. Programmed	The amount of deviations found in C. F. G. actions	No. actions taken	The amount of deviations	Total deviations found in during the actions of C. F. G.	The value of resolved economic-	Remains to be resolved
0	1	2	3	4	5	6=3+5	7	8=6-7
1	Central	26	1.834.186	23		1.834.186	1.022.607	811.579
2	Branch A	26	458.185	25		458.185	300.971	157.214
3	Branch B	26	8.361	26	1.214	9.575	8.775	800
4	Branch C	29	144.448	29		144.448	134.051	10.397
5	Branch D	28	22.305	28		22.305	22.305	0
6	Branch E	26	17.547	26	406	17.953	7.278	10.675
7	Branch F	29	197.053	29		197.053	197.053	0
8	Branch G	23	66.712	23		66.712	59.851	6.861
9	Branch H	20	193.863	20	2,848	196.711	196.711	0
	TOTAL	233	2.942.660	229	4.468	2.947.128	1.949.602	997.526

¹ Decision no. 1. 151 from 27.11.2012 for the approval of the Methodological Norms regarding the way of organizing and exercising financial management control, issued by the Government of Romania, published in M.O. no. 808 from December 3, 2012.

Conclusions:

📖 In 2021 the F.M.C. structures existing at the level of the economic entity found economic-financial deviations in the amount of 2. 947. 128 lei and are the result of programmed and thematic control actions structured in this way:

- Differences in material management;
- Improper payments of monetary rights;
- Improperly granted salary increases, wrongly granted meal vouchers to employees;
- Invoicing penalties related to non-fulfillment of contractual obligations;
- Uninvoiced differences for stationary/maneuvering rolling stock, uninvoiced space and housing rents;
- Compensation for rest and treatment tickets improperly settled, invoicing penalties for non-compliance with payment deadlines, transfer to income of amounts older than three years belonging to creditors who no longer have contractual relations with the branches, highlighted in the creditor accounts balance.

📖 In addition to those presented, non-moving and slow-moving stocks were also liquidated in total value of 10. 604. 240 lei.

👉 *Strengthening internal control*

Strengthening internal control and of the economic-financial discipline within the verified structures/units, it was achieved by formulating measures to remedy the identified deficiencies. The measures formulated by the control bodies F.M.C. is presented in Table 7.

Table 7. Centralization of Remedial / Recovery Measures as Appropriate

No.	Structure	Formulated measures	Measures implemented	Measures being implemented	Measures not implemented
0	1	2	3	4	5
1	Central	246	115	131	0
2	Branch A	205	145	60	0
3	Branch B	97	80	17	0
4	Branch C	180	150	30	0
5	Branch D	103	70	33	0
6	Branch E	122	91	31	0
7	Branch F	137	123	14	0
8	Branch G	128	108	20	0
9	Branch H	95	70	25	0
TOTAL		1. 313	952	361	0

Conclusions:

📖 In 2021 through the financial management control actions carried out by F.M.C. structures at the level of the economic entity a number of 1. 313 were formulated measures to remedy the identified deficiencies, of which 952 were reported as implemented, 361 being implemented and 0 unimplemented measures.

📖 We specify that for the measures being implemented, the responsible structures have the obligation to report monthly the progress recorded in the implementation, to full implementation and some of them are within the established timelines (Table 8):

Table 8. Actions related to the activity of F.M.C.

No.	Unit / Structure	Thematic control actions	Estimated damage notices	Deletion check	Resolution of petitions	Disciplinary research	No. sanctions applied
0	1	3	4	5	6	7	8
1	Central	3	0	9	3	0	8
2	Branch A	0	58	18	0	0	0
3	Branch B	1	28	26	0	0	0
4	Branch C	2	64	62	0	0	0
5	Branch D	3	56	17	0	0	0
6	Branch E	1	129	31	0	0	0
7	Branch F	1	51	8	0	0	0
8	Branch G	1	27	9	0	1	12
9	Branch H	1	41	33	0	2	6
TOTAL		13	454	213	3	3	26

Conclusions:

📖 In 2021, RGCFG employees carried out a number of 229 scheduled control actions and 14 thematic verification actions.

📖 In addition to scheduled and themed control actions, the existing financial management control structures at the level of the economic entity carried out the following activities related to the FMC activity: 454 notices of damage quotes; 213 verification actions in order to remove from the record those amounts not imputable to the employees of the economic entity; 3 petition checks; 3 disciplinary investigations completed with the application of 26 disciplinary sanctions.

📖 *The evolution of deviations identified during the exercise of financial management control by F.M.C. employees in the period 2019-2021*

Conclusion:

In 2021, the amount of economic-financial deviations decreased compared to 2020 from 3. 586. 503 lei to 2. 947. 128 lei, respectively with 18%, as can be seen in Figure1:

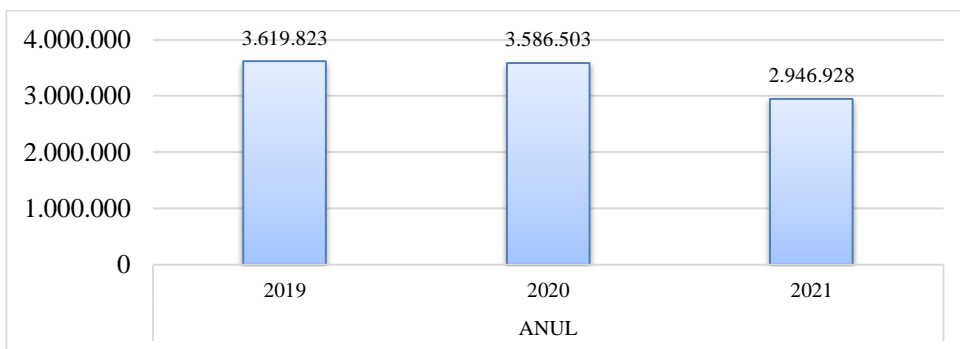


Figure 1. The evolution of the deviations identified during the exercise of the F.M.C. in the period 2019-2021

Source: own conception

To achieve consistent reporting, valuable for informing both executive and non-executive management, we propose as a possibility to improve F.M.C. reporting and implicitly of this activity the construction of an application accessible to any user with skills in capitalizing on the facilities offered by EXCEL and which can be permanently improved without cost, as can be seen in Tables no. 9 and no. 10:

Table 9. F. M. C. Activity Reporting Application Register at the Level of an Economic Entity

No. crt.	Specification	Financial management control on the I quarter	Financial management control on the II quarter	Financial management control on the III quarter	Financial management control on the IV quarter	Total (1+2+3+4)
1	No. units that have a financial control structure	9	0	0	0	9
2	No. financial management control points existing in the system from which:	54	0	0	0	54
0.1	F.M.C.	11	0	0	0	11
0.2	Branch - Office F.M.C.	43	0	0	0	43
3	The number of control positions occupied in the system	46	0	0	0	46
4	The number of units scheduled to be checked annually	233	0	0	0	233
0.4.1	The number of units scheduled to be checked in the reported period	233	0	0	0	233
0.4.2	The number of units checked in the reported period	229	0	0	0	229
5	The number of managements that constitute annual control tasks, of which:	1,166	583	426	261	2,436
0.5.1	- to material management	1,137	572	417	253	2,381
0.5.2	- to money management	29	11	9	8	55
6	The number of operations scheduled to be checked in the reported period, of which:	627	771	699	411	2,414
0.6.1	- to material management	627	755	584	400	2,366
0.6.2	- to money management	0	16	15	11	42
7	The number of verified managements in the reported period, of which:	608	726	489	409	2,239
0.7.1	- to material management	599	710	473	397	2,179
0.7.2	- to money management	9	16	16	12	51
8	The amount of deviations identified during the control, of which: (8=9+10+11+12)	480,872	1,474,901	867,469	424,184	3,047,127
9	Added values found and recorded during the control, of which: (9=9.1+9.2)	31,335	16,648	41,112	10,021	99,117
9.1	- to material management	31,335	16,648	41,112	10,021	99,117
9.2	- to money management	0	0	0	0	0
10	Illegal payments or expenses stopped before they are made	2,011	10,954	0	0	12,965

Source: own conception

Table 10. The general report of the activity of F.M.C. at the level of an economic entity

CENTRALIZED REPORTING F.M.C.						
regarding the fulfillment of the control program and the results of the financial management control for the year 2021						
No. crt.	Specification	Financial management control on the I quarter	Financial management control on the II quarter	Financial management control on the III quarter	Financial management control on the IV quarter	Total (1+2+3+4)
CHAPTER I						
1	No units that have a financial control structure	0	0	0	0	0
2	No financial management control points existing in the system from which	54	0	0	0	54
21.1	F.M.C.	11	0	0	0	11
21.2	Branch - Office F.M.C.	43	0	0	0	43
3	The number of control positions occupied in the system	80	0	0	0	80
4	The number of units scheduled to be checked annually	233	0	0	0	233
10.1	The number of units scheduled to be checked in the reported period	233	0	0	0	233
10.2	The number of units checked in the reported period	229	0	0	0	229
5	The number of managements that continue annual control tasks, of which:	1,166	583	426	261	2,436
5.1	- to material management	1,129	473	413	249	2,364
5.2	- to money management	37	110	13	12	272
6	The number of operations scheduled to be checked in the reported period, of which:	638	771	599	411	2,419
6.1	- to material management	629	747	584	400	2,360
6.2	- to money management	9	124	15	11	259
7	The number of verified managements in the reported period, of which:	689	726	499	499	2,413
7.1	- to material management	686	716	474	507	2,383
7.2	- to money management	3	10	25	12	50
CHAPTER II						
8	The amount of deviations identified during the control, of which (11.9-10-11-12):	488,573	1,474,961	567,469	424,184	2,955,127
9	Added values found and recorded during the control, of which (10-11-12):	31,315	16,648	41,112	10,022	99,117
9.1	- to material management	31,315	16,648	41,112	10,022	99,117
9.2	- to money management	0	0	0	0	0
10	Amount of monetary arrears (corrected) before they are paid	2,401	10,959	0	0	13,360
11	The value of the damages discovered in the reported period, of which (11-11.1-11.2-11.3-11.4):	156,435	329,475	271,736	258,635	1,016,281
11.1	- to material management, of which:	69,463	34,362	11,658	6,479	221,962
	- material value	69,463	34,362	11,658	6,479	221,962
	- inventory value	0	0	0	0	0
	- the difference up to the market value	0	0	0	0	0
11.2	- to money management	0	0	0	0	0
11.3	Illegal payments of mandatory rights, of which (11.3-11.3.1-11.3.2-11.3.3-11.3.4):	71,889	186,992	96,877	96,578	372,336
11.3.1	- taxes	18,247	25,064	2,474	4,464	49,249
11.3.2	- salary increases	13,075	33,407	16,734	18,503	71,619
11.3.3	- social insurance and	0	0	0	150	150
11.3.4	- other mandatory monetary rights	39,667	68,511	67,669	73,511	249,258
11.4	- other damages	10,479	186,101	62,285	155,779	414,644
12	Revenues established during the control: (12-12.1-12.2)	296,293	1,117,824	254,62	255,527	1,824,267
12.1	Income registered amounts	21,775	181,721	30,861	6,481	240,838
12.2	Other incomes	284,518	936,103	223,759	149,046	1,593,426
13	Fines admitted to criminal investigation bodies	0	0	0	0	0
13.1	- number of cases	0	0	0	0	0
13.2	- value	0	0	0	0	0
14	Recoveries during the control by account and cash from the reported damages	20,666	45,627	65,861	62,847	205,901
15	Liquidations of slow-moving or non-moving stocks, defective reductions from the goods schedule	603,501	2,695,014	702,875	6,602,746	10,603,240
16	Liquidations of debtors and receivables during and as a result of the control	4,952,671	38,005,552	4,713,042	3,117,024	50,787,289
CHAPTER III						
17	The number of disciplinary sanctioned persons, of which (17-17.1-17.2):	13	10	9	2	34
17.1	- to material management	13	10	9	2	34
17.2	- to money management	0	0	0	0	0

Source: Own Conception

From the presented we appreciate that, improving the economic-financial activity through the action of F.M.C. increases the efficiency of resource use, of the economic-financial discipline, orienting the economic entity towards performance.

5. Conclusions

From the results of the study conducted at the studied economic entity, a number of aspects were found that need to be improved in order to increase the performance of the F.M.C. activity and implicitly of the performance of the economic entity in the sense of ensuring economic-financial discipline and efficient management of the entity's assets, increasing revenues and streamlining expenses, reflecting in the accounting record all economic transactions under legal conditions, regularity, substantiation and execution of the income and expenditure budget etc..

Thus, at the level of the studied entity, as an internal economic-financial control

structure, the F.M.C. can perform through a set of actions, as follows:

- ↳ The most detailed and customized procedure in order to achieve the most coherent and efficient planning, based on scientific criteria, appropriate to the field of activity of the economic entity as well as its size;
- ↳ Building a consolidated control strategy that includes both F.M.C. controls exercised at the central level of the respective entity, as well as its territorial level, also including actions to verify the implementation of remedial / recovery measures;
- ↳ When preparing F.M.C. reports an evolution of the value of deviations of an economic-financial nature, but also of remedial measures, must be presented, so that the management of the economic entity can easily inform itself about the efficiency of the economic-financial activity, as well as on the existing economic-financial discipline at the level of the economic entity. In the situation where over the time the trend of the value of deviations and the number of deficiencies is decreasing, this indicates the effective manifestation of F.M.C. and an increase in economic-financial discipline;
- ↳ Reporting the activity of F.M.C. represents a control key of the executive and non-executive management of the economic entity, instrumented by the head of the structure F. M. C., context in which we appreciate the increased utility of building a software application that can generate information of interest to users at any time;
- ↳ The procedure for exercising the activity of F.M.C. so that control keys are created for the exercise of hierarchical control and at the same time the independence of the bodies carrying out F.M.C. activity is ensured;
- ↳ The development of a code of ethical conduct at the entity level, dedicated to the control bodies, which also takes into account the risks of corruption.

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