

THE IMPLEMENTATION OF INTERNAL CONTROL AT A SPORTS CLUB WITHIN A MUNICIPALITY

BOGDAN RĂVAȘ *

ABSTRACT: *Internal control represents the policies adopted by the management of an entity in order to ensure the managerial objectives regarding the systematic and efficient assurance of the activity including the protection of assets, the prevention and discovery of errors and fraud, the accuracy and reality of the technical instrumentation so that the information is credible.*

KEY WORDS: *sports, public, control, procedures, reports.*

JEL CLASSIFICATIONS: *B21, M42.*

1. INTRODUCTION

From the point of view of occupational health and safety, one of the most important mandatory prevention and protection activities is the performance of internal controls at workplaces, regarding the written information of the employer regarding the deficiencies that may be found as well as the measures that may be proposed to remedy them.

Sports clubs operating within the city halls are made up of teams that require performance due to the fact that the main object of activity is sports activities. In order for the information to be accurate, there is an internal control designed rationally and applied correctly. The responsible person within the institution analyzes the elements based on internal control.

The purpose of the Program for the development of the internal managerial control system is to establish, in a unified manner, the objectives, actions, responsibilities, deadlines, as well as other components of the measures necessary for the development of the internal managerial control system at the level of the "Știința" Sports Club in Petroșani.

* Lecturer, Ph.D., University of Petroșani, Romania, ravasbogdan@yahoo.com

At the level of these clubs, an own program for the development of the internal managerial control system must be developed.

Within the scope of the own program, the actions established by this Program have been adapted, taking into account the particularities of the Club and the results obtained following the annual self-evaluation process of the system.

Annually, after completing the self-evaluation process of the internal managerial control system, the Club Director will carry out an assessment of the implementation status of the actions thus established and will transmit information to the Internal Managerial Control Monitoring Commission.

2. THE ASSESSMENT OF INTERNAL CONTROL RISK AS A DISTINCT STAGE OF THE AUDIT

Within this objective, the following will be taken into account:

- Improving the existing conceptual and methodological tools regarding the implementation of the internal managerial control system in order to ensure its development to the level that allows the achievement of the objectives of public entities in conditions of legality, effectiveness and efficiency;
- Strengthening the place and role of the structure with responsibilities for coordination, monitoring and methodological guidance of the internal managerial control system, as well as of the Risk Management Team. The responsibilities regarding the coordination of the system will be carried out directly by the management of the public entity;
- Increasing the degree of compliance of the internal managerial control system in the prefect's institution, in relation to the internal managerial control standards;
- Planning relevant activities, specific to each internal managerial control standard, to ensure the fulfillment of the general requirements and general criteria for evaluating the standards;
- Correcting the dysfunctions identified in the process of implementing the internal managerial control system, resulting from the self-evaluation process of the existing system.

3. PREPARING INTERNAL CONTROL

Internal control involves:

- a hierarchical and delimited organizational structure that ensures the separation of tasks and the supervision of activities;
- an internal procedures manual (instructions and internal work rules);
- an appropriate information system.

Within sports clubs within public institutions, the control tests performed on internal control allow the responsible person to analyze:

- organizational measures, whether the work tasks are precisely defined and delimited by departments and employees and the responsibilities are very well established through decisions given by management and the job description;
- competent and honest staff;

- the financial manager in charge of internal control checks whether the decisions taken at the management level influence the department of all subordinate staff and analyzes to what extent the staff's work obligations are fulfilled and whether hierarchical and reciprocal controls are carried out;
- the way documents are drawn up, processed and archived is ensured by a computerized system as well as manually.

Although the club does not have a specialized department for internal auditing, there are still several advantages that would come with hiring a professional:

- risk reduction;
- is the only person with access to top management information who has complete visibility on flows and assets. Has an essential role in identifying risks and combating them;
- vertical integrity (team, management);
- clarity of messages, professionalism in wording;
- overview of economic processes and flows;
- confidence in quality standards;
- previous experience. Behavior model;
- access to the profession guarantees quality information.

4. THE INTERNAL CONTROL TECHNIQUES

The technique of exercising internal control represents the choice of the most appropriate procedures depending on the controlled objective and their application in order to achieve the purpose of the control.

We have two categories of procedures:

- Common procedures: observation, reasoning, comparison, classification, analysis and synthesis;
- Specific procedures: research, document control, factual control (involves several procedures: control inventory, laboratory analysis, direct observation and physical inspection) total and sample control, confirmation of findings through explanatory notes and notes of findings, economic analysis.
 1. Research;
 2. Document control;
 3. Factual control;
 4. Total and sample control;
 5. Confirmation of findings through explanatory notes and notes of findings;
 6. Economic and financial analysis;

The report constitutes the official form of assuming managerial responsibility by the owner of the public entity regarding the internal/managerial control system.

The report on internal managerial control presents the evolution of the internal managerial control systems at the level of the Sports Club. Also, the Report on internal managerial control for the year reflects an image of how the internal managerial control standards, provided for in OSGG no. 600/2023, with subsequent amendments and additions, have been implemented at the club level by conducting an analysis of each internal managerial control standard, which highlights the relevant aspects.

The internal managerial control system includes self-control mechanisms, and the application of measures aimed at increasing its effectiveness is based on the assessment of risks at the Sports Club level at each hierarchical level. In preparing the report on internal managerial control, the annual self-assessment of the internal managerial control system and the assessment of the implementation of internal control standards by each department in the Sports Club structure were taken into account, and then the general assessment by centralizing information from the self-assessment questionnaires developed by these departments.

The internal managerial control standards are analyzed based on the general assessment criteria specific to each standard and these can be implemented, partially implemented or not implemented. At the club level, it is appreciated that based on the results of the self-assessment, the internal managerial control system is partially compliant with the standards contained in OSGG no. 600/2023, with subsequent amendments and supplements. Self-assessment questionnaire on the implementation status of internal / managerial control standards.

CONTROL ENVIRONMENT	
Standard 1. Ethics, integrity	
The management and employees of the public entity know and support the values of the organization, respect and apply regulations regarding ethics, integrity, avoiding conflicts of interest, preventing and reporting fraud, acts of corruption and reporting irregularities.	
Within the Club, the Code of Ethics and Professional Deontology, approved by the Board of Directors, applies to all staff.	
Monitoring compliance with the rules of conduct is carried out by the Club Director.	
In the event of an irregularity being identified, the Club Director determines the corrective actions necessary to eliminate their causes, assesses their extent, establishes those responsible, the deadlines for applying corrective actions, and verifies non-conformities to demonstrate compliance with the requirements.	
Standard 2. Duties, functions, tasks	
The management of the public entity ensures the preparation and permanent updating of the document on the mission of the public entity, internal regulations and job descriptions, which it communicates to employees.	
All documents regarding the entity's mission and internal regulations are displayed on the Club's website. Employees are constantly informed about changes to these documents via email.	
The employee job description is updated annually or whenever necessary and employees receive a copy of this document.	
There is an inventory of sensitive positions at the Sports Club level. This inventory is updated when new sensitive positions are identified/emerged or when another person is hired/promoted to a sensitive position.	
The risks associated with sensitive functions are maintained within normal limits by applying annual performance evaluation procedures for the people occupying these sensitive functions.	
Standard 3. Competence, performance	
The Club Leader ensures that positions are filled by competent persons, to whom he entrusts tasks according to their competences, and provides conditions for improving the professional training of employees.	
The individual professional performances of employees are evaluated annually in order to confirm the professional knowledge, skills and abilities necessary to fulfill the assigned tasks	

and responsibilities.
<p>The competitive selection of any position was carried out by specifying the necessary knowledge and skills (in terms of education, skills, and specific competencies, etc.) to be possessed in order to fulfill the tasks/attributions associated with each position.</p> <p>The staff was selected on the basis of a competition, during which their competencies were tested.</p> <p>The performance of employees is evaluated annually and these evaluations are analyzed within the Board of Directors.</p>
An annual training program has been drawn up, which can be updated/supplemented whenever unforeseen situations arise that require or for which training can be organized.
Yes, according to the annual training program carried out at the department/compartment level and depending on the financial resources allocated for professional training.
<p>Standard 4. Organizational structure</p> <p>The head of the public entity defines the organizational structure, competencies, responsibilities, tasks, reporting lines for each structural component and communicates the documents formalizing the organizational structure.</p> <p>The Club Head establishes in writing the limits of the competencies and responsibilities he delegates.</p>
The analysis of the activities carried out within the Club is carried out periodically, during its working meetings or through activity reports.
<p>Standard 5. Risk Management</p> <p>5.1. The head of the public entity establishes and implements a risk management process that facilitates the efficient and effective achievement of its objectives.</p> <p>5.2. General requirements:</p> <p>5.2.1. Each public entity shall define its own strategy regarding the risks it may face and ensure complete and adequate documentation of the strategy, as well as the accessibility of the documentation throughout the organization.</p> <p>5.2.2. The management of the public entity must clearly define its objectives, in order to identify and define the risks associated with them.</p> <p>5.2.3. The head of the public entity is obliged to create and maintain an effective risk management system, mainly by:</p> <ul style="list-style-type: none"> a. identifying risks closely related to the objectives whose achievement could be affected by the materialization of the risks, identifying threats / vulnerabilities presented within the current activities of the entities that could lead to the commission of acts of corruption and fraud; b. assessing risks, by measuring the probability of occurrence and the impact on the objectives if they materialize; ranking and prioritizing risks according to the risk tolerance established by the entity's management; c. establishing the most appropriate ways to treat risks, so that they fall within the established risk tolerance limits, and delegating responsibility for risk management to the most appropriate decision-making levels; d. monitoring the implementation of control measures, as well as their effectiveness; e. periodically reviewing and reporting the risk situation. <p>5.2.4. All initial and implemented activities and actions within the risk management process are rigorously documented, and the summary of information/data and decisions taken in this process is included in the Risk Register, a document that certifies that a risk management system has been introduced in the organization and that it is functioning.</p>
<p>Standard 6. Document Management</p> <p>The Club Leader organizes and manages the process of creating, reviewing, organizing, storing, using, identifying and archiving internal documents and those originating from outside the</p>

organization, providing control over their complete life cycle and accessibility to the entity's management and employees, as well as authorized third parties.

Security measures are implemented to protect documents, according to the SIM instructions applicable to the documents, in force, according to PSI norms, etc.

Standard 7. Accounting and Financial Reporting

The club leader ensures the proper conduct of processes and the exercise of appropriate forms of internal control, which guarantee that the data and related information used to prepare the annual accounting statements and financial reports are accurate, complete and provided on time.

Standard 8. Evaluation of the internal / managerial control system

The head of the public entity establishes a function for evaluating internal / managerial control, developing policies, plans and programs for this purpose.

By hiring the person responsible for the financial - accounting department, the requirements, qualifications, obligations and responsibilities presented below are sought to be met.

Job description for the person responsible for the financial - accounting department

Department name: Financial - accountant;

1. Job title: Financial administrator - economist;
2. Employee's last name and first name: employee's last name and first name;
3. Subordinates to: Chief Accountant / Sports Club Director / Auditor;
4. Name of hierarchical head: last name and first name of hierarchical head;
5. Subordinates: only if applicable;
6. Signature right: internal, external - according to the state regarding signature specimens;
7. Functional relations: with the club's executive staff;
8. Training and expertise: Long-term higher economic studies;
9. Organizational authority and freedom: Access to the institution's financial data. Requests and uses the equipment / consumables made available by the institution;
10. Ensures accounting records: of stocks, relations with third parties, treasury, records of income, expenses and preparation of financial statements and representation of the institution in relations with tax authorities:
 - Accounts for invoices issued by suppliers;
 - Accounts for invoices issued;
 - Records receipts and payments in lei according to the Bank Statement;
 - Operates cash receipts and payments according to the Cash Register;
 - Records goods receipts based on documents received from suppliers (invoices);
 - Prepares and submits monthly/quarterly/annual declarations to tax authorities, the Ministry of Public Finance, the Ministry of National Education - General Directorate of Finance.
11. Prepares financial and accounting statements and reports and verifies their correlation: prepares a monthly list of issued and uncollected invoices as well as a list of outstanding payments to suppliers; prepares trial balances, balance sheet, execution account - job responsibilities.

In relation to specific activities, he is responsible for:

- daily operation of issued invoices, receipts on invoices and in advance;
- daily operation of invoices from suppliers and payments to them;

- daily verification of bank and cash balances;
- correct classification of documents accounted for by income and expenses.

In relation to work discipline, he is responsible for:

- permanent improvement of his professional and specialized training;
- maintaining the confidentiality of information and documents within the club;
- using existing resources exclusively in the interest of the club;
- compliance with the provisions of internal regulations and work procedures regarding his position.
- permanently adopts a behavior capable of promoting the image and interests of the club.

Responsibilities:

- provides administrative support to the club management (administrator);
- manages correspondence with tax authorities, suppliers, and other third parties;
- manages club documentation including employment contracts; - knowledge and management of corporate documents (employee tasks, accounts payable, verification and completion of work documents, tax invoices).

Requirements:

- long-term higher economic studies in the field of accounting;
- solid knowledge in accounting;
- experience in the field for at least 3 years;
- knowledge of operating an accounting software;
- organized, responsible and stress-resistant person;
- ability to work in a team, the ability to have constructive conversations and the ability to persuade.

Conditions:

- professional and friendly team;
- comfortable working conditions.

In order to correctly assess internal control, the financial manager carries out a series of investigations:

- description of the procedures in the data collection and processing system, in order to establish for each significant area, which are the procedures used by the company to collect information;
- compliance tests, have the role of establishing whether the above procedures exist, regardless of whether they are applied or not, the problem is not to discover errors in the operation of the system but only to establish whether the system is well understood, the real one;
- preliminary assessment takes place after obtaining the appropriate description of the data collection and processing system to highlight the strengths and weaknesses of the system procedures;
- performance tests monitor whether the procedures are applied in a permanent manner without failure. These must be large enough to provide certainty on the functioning of the system;
- final assessment and drafting of the summary report. Here the financial manager checks whether the company's control devices are effective and permanent, what

are the weaknesses due to the faulty design of the system, what are the weaknesses due to the incorrect application of procedures.

Internal control and the correct assessment of specific risks allow the financial manager to identify vulnerable activities/actions, within which dysfunctions can occur at any time and to establish appropriate measures to eliminate them.

The financial manager in his approach, tests all the components of the internal control system that he considers susceptible to the existence of uncontrolled risks and recommends the implementation of adequate control devices, so that it can prevent, detect and correct errors and irregularities.

Development program of the internal managerial control system at the level of a sports club affiliated with a public institution

The purpose of this Development Program is represented by the establishment, in a unitary manner, of the objectives, actions, responsibilities, deadlines, as well as other components of the measures necessary for the development of the internal managerial control system at the level of the Sports club.

Annually, after completing the self-assessment process of the internal managerial control system, the Club Director will carry out an assessment of the implementation status of the actions thus established and will send a report to the Internal Managerial Control Monitoring Commission.

Program objective: Implementation of internal/managerial control standards

No	Standard	Directions of action	Action	Responsive
0	1	2	3	4
1.	Ethics and integrity	Ensuring the necessary conditions for the knowledge, by the employees of the unit, of the provisions of the normative acts that regulate their behavior at the workplace, as well as the prevention and reporting of fraud and irregularities.	Knowledge of the Code of Ethics by all employees of the unit.	Manager
			Informing staff about the regulatory acts that regulate their behavior at work	Manager
			Monitoring compliance with the rules of conduct by all employees of the unit.	Manager
			Publication on the Club's website of documents regulating ethics and integrity	IT
			Appointment of an ethics advisor	Manager
			Conducting ethical counseling activities for staff by the ethics counselor.	Ethics advisor
2.	Duties, functions, tasks	Maintaining concordance between the unit's objectives and the employees' duties; ensuring that employees	Annual update of the ROI and job descriptions; establishing the duties and responsibilities associated with each position, in accordance with the decision-making skills necessary to	Directorul Consiliului de Administrație

		are aware of the unit's objectives.	achieve them.	
			Publishing ROI and ROF on the website	IT
3.	Competence, performance	Ensuring that positions are filled by competent personnel with specialized training necessary to perform the duties specified in the job description; ensuring continuity in the professional training of all employees	Monitoring the participation of employed personnel in various forms of training.	Director's Development Officer
			Identifying needs for professional development and training of personnel.	Manager
4.	Organizational structure	Establishing the organizational structure, competencies, responsibilities and tasks associated with the position.	Developing the institution's organizational chart in accordance with the approved staff list	Manager IT
			Periodic evaluation of the activity from the perspective of assuming individual and group tasks.	Director Heads of departments
5.	Objectives	Defining general and specific objectives, in accordance with laws, regulations and internal policies	Establishing general objectives in accordance with the Club's Mission	Director of the Commission for monitoring, coordination and methodological guidance of the internal / managerial control system
			Setting specific objectives in accordance with SMART requirements, at the Club level	Manager
6.	Planning	Ensuring consistency between objectives, allocated resources and expected results	Development of operational plans of the compartments	Heads of departments in the institution
			Conducting prior consultations between department heads and the director, with a view to coordinating activities.	Manager
7.	Performance monitoring	Performance evaluation for each activity, using quantitative and qualitative indicators, including regarding economy, efficiency	Development of result/performance indicators, associated with specific objectives through annual evaluation sheets for each category of personnel	Manager

		and effectiveness	Developing a system (plan) for monitoring and reporting performance, based on indicators associated with specific objectives.	Manager
			Periodic reassessment of the relevance of the indicators associated with the specific objectives, when the situation requires it, in order to make the appropriate adjustments.	Manager
8.	Risk management	Systematic analysis of the risks associated with specific objectives, in order to limit their possible negative consequences	Identification and assessment of the main risks inherent to the activities	Manager
			Establishing risk management measures identified and assessed at the level of activities within the departments	Manager
			Centralization of the main risks and development of the Risk Register that affects the achievement of general and specific objectives	CIM Manager
			Completing/updating the Risk Register.	Manager
			Developing risk management procedures and disseminating them within the Club	Manager
9	Procedures	Standardization and efficiency of the specific activity of each compartment through procedures	Developing/updating and communicating (disseminating) procedures regarding one's own activity and centralizing them in the institution's Operational Procedures Manual	CIM Manager
			Monitoring knowledge and application of procedures by employees	Manager
			Annual review and update of the Procedures Manual.	Manager
10	Oversight	Ensuring adequate measures for the supervision of operations, based on pre-established procedures.	Establishing surveillance and monitoring measures through a monitoring sheet	Manager
			Creating procedures regarding the supervision of activities involving a high degree of risk exposure.	Manager CIM Manager

11	Continuity of activity	Ensuring continuity in the institution's activity at any time, in all circumstances and on all levels without interruption.	Inventorying situations that generate interruptions in the performance of activities through a List of Discontinuities.	Manager IT
			Establishing and implementing appropriate measures to ensure business continuity in the event of situations that cause disruptions through the Business Continuity Plan	Manager
			Annual review of the Business Continuity Plan	Manager
12.	Information and communication	Ensuring a flow of information, both internally and externally; establishing the types of information for the proper performance of job duties.	Establishing documents and data flows and information that enter and exit at the level of each compartment within the institution,	Manager IT
			Development of the Internal and External Communication Procedure and the Document Flow Procedure	CIM Manager
			Development and maintenance of systems for collecting, storing, processing, updating and disseminating data and information.	IT
13	Gestionarea documentelor	Organizarea circuitului documentelor, astfel încât sistemul să fie accesibil managerului, angajaților și terților interesați cu abilitare în domeniu	Development and communication of the operational procedure for receiving/sending, recording and archiving unclassified correspondence.	
			Development and communication of procedures regarding the handling and storage of classified/secret information.	CIM Manager
14.	Accounting and financial reporting	Adopting appropriate measures for the development, updating, reporting and monitoring of activities, policies, norms and procedures, as well as the applicable regulations in the financial and accounting	Developing and updating accounting procedures in accordance with the applicable regulatory provisions in the financial and accounting field	Manager
			Monitoring of financial and accounting activity by organizing the C.F.P.	Manager CIM Manager
			Monitoring the correct application of accounting	Manager

		field.	policies, norms and procedures, as well as the applicable regulations in the financial and accounting field.	
15	SCIM Evaluation	Establishing a self-assessment function for internal/managerial control at the level of each department	Preparation and implementation of self-assessment of the internal/managerial control subsystem at department and institution level.	Manager
			Use of data, information and findings of the self-assessment of the internal/managerial control subsystem at the departmental level, as well as at the institution level by undertaking the Report on the internal/managerial control system at the end of the year	Manager
16	Internal audit	Ensuring the conditions for carrying out the internal audit activity on the internal/managerial control system, through the programmatic documents of the ISCIM subcommittee (Committee Activity Plan, SCIM Development Program, Self-assessment Questionnaires)	Advice on preparing the self-assessment process of the internal/managerial control system.	CIM Manager

4. CONCLUSION

The contribution of internal control efficiency to increasing the credibility of financial reporting is essential, local managerial practices in which risk management is not prominent, and the organizational culture does not develop a sufficient control environment. Disclosure of the initial impact can be negative, disclosure of risks related to the inefficiency of internal controls matters in the decision of investors, and companies that report effective internal controls or those that remedy previously disclosed deficiencies benefit from a lower cost of capital and a potentially higher quality of accounting information.

The essential directions of control are:

- better organization of work;
- strengthening order and discipline

In order to increase the quality of internal audit activity and the performance of the managerial act, it is necessary:

- increasing the responsibility of managers in terms of organizing internal control and implementing control findings;
- establishing increased responsibilities for internal auditors regarding audit planning, expressing opinions;
- more explicit regulation of the relations between internal auditors and managers regarding the exercise of the audit, reporting of findings and their valorization in order to strengthen the organizational and functional independence of internal audit;
- in order to increase the contribution of internal audit to achieving high performance of the managerial act, internal audit could be improved in the sense of developing the areas in which it is requested to pronounce;
- involvement of internal control in the creation of procedures, where they do not exist;
- supervising the systematic updating of procedures according to legislative changes and risk developments;
- coordinating the entity's internal control system and risk realization;
- supporting management in implementing internal auditors' recommendations;
- providing management with the consultancy requested.

An inverse relationship between audit fees and compliance costs would be required, because the more money is spent on improving internal control systems, the less effort should be put into auditing these systems. The internal control system represents not only forms, technical procedures, programs, instructions, computers and policy manuals, but also people at every level of the organization.

Internal control is a process carried out by staff at all levels, namely the board of directors, executive management, all staff. It is carried out by both top management and line management, i.e. department heads, as well as all other people. Each member of the entity is responsible for its internal control.

In practice, the internal control system operates in an ever-changing control environment, which requires the adaptation of control at the level of each activity, differentiated and integrative, built in relation to the interests of the organization. This construction will have to take into account the organizational structure of the entity, the management style of managers, the influence of environmental factors and implicitly the risks that may affect the entity.

The excess of norms, rules, procedures prevents the achievement of effective control, therefore it is necessary to find an optimal balance in order to establish them. Thus, there are situations in which precise, clear, strict rules are required, that is, rigorous control, for example, the case of enterprises in the maturity phase, but there are also situations in which control must be less restrictive in order to allow the achievement of the strategic objectives of the entities, for example, the case of newly established companies or those that are in a growth phase. The way to establish these rules depends, on the one hand, on the management style and the capabilities of hierarchical bodies in delegating responsibilities, and on the other hand, on the level of development and culture of the entities.

In organizing and exercising internal control, great flexibility is required because you cannot set rules for every situation encountered and, also, if a rule is not up-to-date or is too rigid, it stagnates the process and leads to inefficiency.

REFERENCES:

- [1]. **Oprean, I.** (2010) *Control și audit intern*, Cluj-Napoca, Ed. Risoprint
- [2]. **Ghiță, M.** (2009) *Audit intern*, ediția 2, București, Ed. Economica
- [3]. **Răvaș, B.** (2016) *Control, audit și guvernanță*, Petroșani, Ed. Universitas
- [4]. **Răvaș, B.** (2016) *Standardizarea misiunii de audit*, Petroșani, Ed. Universitas
- [5]. **Răvaș, B.** (2018) *General aspects on how to approach the internal audit mission*, Annals of the University of Petroșani, Economics, 18(1), pp. 223-230
- [6]. <http://control-intern.blogspot.ro/2012/01/definirea-sistemului-de-control-intern.html>
- [7]. http://discutii.mfinante.ro/static/10/Mfp/audit/Indrumar_EvaluareCI.pdf
- [8]. http://www.rubinian.com/controlul-intern_41.php
- [9]. <http://www.coduricaen.info/definitie-sport.html>