

INTERNAL MANAGERIAL CONTROL SYSTEM – FUNCTIONALITY AND ORGANIZATION

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ABSTRACT: *Management systems are also subject to evolution and development, and effective management is achieved through the implementation and development of modern managerial control mechanisms, methods, and techniques, namely managerial control systems. The purpose of exercising internal managerial control is to ensure that the organization's resources are used optimally, that activities are carried out in compliance, that planned objectives are achieved, and that continuous improvement measures are taken. The internal managerial control system is the responsibility of leaders, who are obligated to define, design, implement, and continuously improve it. In this paper, I will present the approaches from the specialized literature regarding control, managerial control, and the managerial control system, as well as a functional specification of it using the example of public institutions.*

KEY WORDS: *control, system, management, objectives, standards, indicators, procedure, performance, organization, budget,*

JEL CLASSIFICATIONS: *M10, M11.*

1. INTRODUCTION

The knowledge and understanding of management functions represent an important factor for those who want to acquire knowledge in management science and practice, to better master systems, methods, techniques, and managerial practices. For the first time, management functions were identified by the Frenchman Henry Fayol, who in his work "*Administration industrielle et générale*", Dunod, Paris, 1914, grouped them into five main functions: forecasting, organizing, commanding, coordinating, and controlling (Fayol, 1916), p.48). Later, other specialists in the field of management partially defined other management functions, differing in name or number, such as: L. Gulick (planning, organizing, staffing, actual management, coordinating, reporting, budgeting), H. Koontz, C. O'Donnell (planning, organizing,

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staffing, leading, controlling); W. J. Duncan (planning, execution, controlling); H. Church (designing, equipping, commanding, recording, operating); H.B. Maynard (planning, execution, controlling); V. Afanasiev (forecasting, organizing, activating, coordinating, controlling); I. Dolițki: (forecasting, organizing, activating, coordinating, controlling) (Ghicajanu, 2020). In Romanian literature, the best-known division of the management process is: forecasting; organizing; coordinating; leading and motivating; control-evaluation (Nicolescu, 2018).

Regarding managerial control and managerial control systems, in foreign management science, they are attributed to the most well-known specialists such as: Fayol H., Williamson Jack, Duncan W.J., Harold B. Maynard, Drucker P., Koontz H., O'Donnell C., Young S.M., Merchant K.A., Brandt A., Ansari Sh., Vancil, Robert N. Anthony, Todd J., and in Romanian specialized literature: Nicolescu O., Verboncu I., Russu C., Simionescu A.

2. CONTROL IN MANAGEMENT SCIENCE (LITERATURE REVIEW)

Control, globally, signifies verification, inspection, mastery, direction, adjustment, observation, monitoring. This concept includes all the actions mentioned and can be approached differently depending on the context and purpose.

In management science, control must be treated and analysed within the management process. The content and essence of the management process are very well represented by management functions. Control occupies the fifth position among management functions, after forecasting, organizing, commanding, and coordinating, and consists of “verifying and comparing conformity with the adopted programs,” and a good “controller” must be “competent and impartial.”

In the *Explanatory Dictionary of the Romanian Language*, 2nd edition, control is given seven definitions, with the general meaning of “permanent or periodic analysis of an activity, a situation, etc. to monitor its progress and take improvement measures.” In the *American Encyclopedia of Management*, control is understood as a “means of coercion” for employees to carry out certain actions to fulfil organizational objectives. This coercion is understood by the fact that employees must comply with rules, norms, and standards in their actions. According to Harold Koontz and Cyril O'Donnell (1951), who gave special importance to coordinating and leading people and interpersonal relationships in an organization, control is “a tool for the proper functioning of an organization and for correction in case of deviation,” it is “a system that identifies non-performance or low performance” (Ghicajanu, 2009, p.13).

Williamson Jack Duncan with concerns especially in the fields of accounting, budgeting, and strategic management, defines control as “a tool for continuous verification of budgets with the results obtained,” and when these are not in accordance with the established objectives and policies, “corrective measures are taken” (Duncan, 1996). Professor Duncan also believes that through control, a permanent analysis is carried out regarding what happens when the organization implements plans—whether it is capable of implementing various planned alternatives. Maynard, with interests in industrial engineering, production management, ergonomics, etc., emphasizes the quality of control applied in the production process (Maynard, 1971).

In Romanian specialized literature, the best-known approach to management functions is that of Nicolescu, according to whom control is defined as an evaluation-control function, through which the firm's performances, subsystems, and components are "measured and compared with initially established objectives and standards, in order to eliminate identified deficiencies and integrate positive deviations" (Nicolescu O., 1992). In a new vision regarding management functions, which contains significant differences compared to Fayol's initial conception or other accepted conceptions, control is defined as a "process of measuring, monitoring performance, and taking corrective action necessary to ensure the desired results are achieved" (Ghicajanu, 2009). Control measures the actual performance of the firm, compares them with the objectives and standards established through forecasting, and when variations, deviations, or discrepancies from these standards are identified, they must be analysed, the causes established, and corrective measures taken to eliminate them as much as possible (Csiminga, 2022, p.20). Theoretically, control concludes the management process, and the way it is conducted influences the entire management process within a company.

3. DEFINITIONS OF INTERNAL MANAGERIAL CONTROL

In American management publications, internal managerial control is treated as a concept, a process, and a system within management (Anthony, 1989). In the following subsections, I will outline the most important and recognized approaches to managerial control. In most of them, internal managerial control is recognized as a tool used by managers to verify whether the efforts made by the organization respond to the objectives established through plans and programs, and if not, to initiate changes. These changes can be directed either at the efforts themselves or through the reformulation and reestablishment of the forecasted objectives.

- *The view of authors who express internal managerial control through budgetary control.*

According to specialists in economics and management, including Duncan a substantial part of the forecasting and control processes within an organization takes the form of managerial control, and budgets and budgetary control represent a concrete form of this control. Budgets can be prepared and used by anyone at any time and, by definition, are planned in advance of execution. Budgetary control involves the continuous comparison of current results with the values set in budgets, attempting to meet or adjust the objectives outlined in policies, making budget control an essential component of internal managerial control (Duncan, 1996).

- *The view of authors who express internal managerial control through a system of clear objectives, standards, and norms.*

Drucker believes that the process of managerial control manifests through alignment with clearly formulated objectives, measured by indicators, standards, norms, and instructions. To achieve objectives and adhere to norms, a precise system of rewards and sanctions must be applied for both employees and managers (Drucker, 1964). Young (1988) found that a manager's goal is to use the control system "to motivate, control, and evaluate subordinates' performance" (Ghicajanu, 2009, p.41).

Control includes "all activities undertaken by the manager in an effort to ensure actual results match expected results," and managerial control is analysed in terms of its effectiveness. It becomes effective when standards are established that can be used to control upcoming variables, and based on available information, corrective action can be taken when discrepancies arise between set standards and controllable variables (Simionescu, et. Al, 2006). These approaches to managerial control emphasize motivation for both managers and subordinates—viewed by Drucker as professionals—as well as the existence of a rewards system and a clear set of performance evaluation regulations (Drucker, 1964).

- *The view of authors who express internal managerial control depending on leadership style, pursued objectives, and organizational structure.*

Hornger and Foster (1991) with a focus on business, believe that the control process is influenced by external factors and the type of information used. Kenneth A. Merchant and Allen Brandt, with a focus on financial-accounting control, consider managerial control a tool through which the desired employee behavior can be influenced—either through stricter or more lenient control depending on the manager's leadership style (authoritative or democratic) and the intended objectives. Vancil (1978) examined key aspects of managerial control, such as the most suitable form of organizational structure. He considered there to be significant differences between implementing managerial control in centralized versus decentralized structures (centralized vs. decentralized control) (Ghicajanu, 2010, pp.43-50).

Robert N. Anthony (1989) provides a comprehensive vision of internal managerial control and defines it as "a process to ensure that the organization does what management wants it to do" and this process is carried out throughout the entire act of management (Anthony, 1989).

If we synthesize all these approaches, opinions, and definitions, we can identify a general meaning of managerial control as being: "the totality of methods, procedures, and tools used by management to ensure the understanding, implementation, and compliance with the organization's policies and strategies, aimed at achieving the performance objectives set during the forecasting process." (Ghicajanu, 2010, pp.43-50).

4. THE INTERNAL MANAGERIAL CONTROL SYSTEM

Managerial control can be analysed both as a process and as a system. The managerial control process can be compared to a series of integrated steps, arranged in a logical sequence. Todd J. presents the managerial control process in four major stages: setting objectives, measuring results, evaluating results, and taking managerial action (Todd, 1977).

As a system, managerial control consists of a structured and organized set of standards, norms, regulations, procedures, instructions, methods, techniques, and control instruments that are interdependent and used to carry out control actions (Ghicajanu, 2009, p.89). Based on the previous specifications regarding control, we can describe the organization and functionality of the internal managerial control system. Its structure consists of an organized ensemble of subsystems (managerial

control standards subsystem; regulations and procedures subsystem; methods and techniques subsystem; responsibility centers subsystem), which are closely interdependent, and their quality and functionality influence the quality, efficiency, and effectiveness of the control process.

The functionality of the managerial control system arises from the stages of the control process, namely:

- identifying and recognizing performance standards and indicators (previously established during forecasting);
- measuring and comparing results with forecasted indicators;
- identifying deviations and variations;
- identifying the causes and reasons for these deviations, the timing, and those responsible;
- establishing corrective actions to eliminate deviations, correct errors, and improve results while maintaining the organization's dynamic balance.

Control standards represent a set of indicators under which objectives are formulated in the planning process and which form the basis of future activities, including the control process, to compare forecasted values with actual results (Ghicajanu, 2009, p.100). Alongside program and budget determination, choosing policies, procedures, and methods of action, setting standards in managerial control is vital for achieving forecasted objectives (Simionescu, et.al, 2002, p.45-48). For example, these standards can be in the form of: personnel indicators, process indicators, product indicators, financial, technical, or quality indicators.

Regulations and procedures are core components guiding company activities. These can range from industry-wide regulations to organization-level and sub-sector rules, down to operational or task-level instructions and specifications (Anthony, 1989). Regulations define the framework through which a well-organized environment is created—one conducive to the proper functioning of all activities within the organization. They aim to define the organizational and operational framework for the entire entity, its subunits, or activity centers, including conditions, requirements, rights and duties, roles, responsibilities, and tasks of each employee and manager. The connection between management standards and regulations is that, depending on their complexity, regulations may include specific management standards by function and hierarchy, defined in general terms to indicate that regulated activities must meet certain conditions and performance standards (Ghicajanu, 2009, pp.101-103).

Methods, techniques, and tools, including equipment and instruments used by the manager in the control process, form another component of the internal managerial control system. This subsystem may include both general control methods applicable to any type of activity and methods/techniques specific to certain activities or events. Traditional methods include: budgeting, financial control, internal auditing, task control, and economic-financial analyses (Simionescu, et.al., 2006, p.76).

A responsibility center represents a link, subunit, or department within the organization led by a responsible manager. In fact, the structure of the managerial control system is best reflected through this final subsystem—through responsibility centers and the nature of information flow among them. Responsibility centers may be

an entire company, a division, a department, a technological line, or a work team. As an organization becomes more decentralized, the results obtained from various activities in responsibility centers must be evaluated against a plan or budget, requiring specific cost accounting and control systems (Anthony, 1989).

A responsibility center has inputs and outputs, and depending on the manager's responsibility over them, centers are classified as: cost centers, revenue centers, profit centers, or investment centers. Management by responsibility centers was conceived in the 1950s by Drucker and quickly adopted and widely implemented in U.S. and Western European companies (Ghicajanu, 2008, p.2239). Dividing the organization into responsibility centers and implementing management across such divisions represents a very promising alternative capable of significantly increasing operational efficiency, enabling better control over inputs and outputs of a center, and strengthening managerial accountability. It is also important to identify the type of responsibility center - whether it is a cost, revenue, or profit center.

5. EXAMPLE OF THE FUNCTIONING OF THE INTERNAL MANAGERIAL CONTROL SYSTEM

5.1. General Information and Legal Framework

This section presents a concrete example of the components and functionality of the internal managerial control system in public organizations and institutions. Internal managerial control has become a priority in certain strategic institutions of national interest (central and local public administration, gendarmerie, police, army, education, health, etc.), and in this regard, there have been reported needs for the standardization and unification of procedures related to internal managerial control. Thus, standardization and reporting to certain reference levels required within public institutions - whether at national, sectoral, or local levels—have led to the development of regulations and legal norms regarding the framework for exercising internal managerial control.

The regulations on internal managerial control at the national level concerning public administration began in 1999 and continued in subsequent years, being applicable to all public institutions of the state, both at the central and local levels. The need for and obligation to organize internal control within central and local public administration institutions are governed by Government Ordinance no. 119/1999 on internal managerial control and preventive financial control, republished, with subsequent amendments and completions in 2015 and 2018. Although the regulation of internal control at the level of public entities in our country began in 1999, it was only in 2005, with the entry into force of Order of the Ministry of Public Finance (OMFP) no. 946/2005, that the implementation of internal control standards at the level of public entities in Romania became mandatory. Also, in 2003, within the Strategy for the Development of Public Control in Romania, a series of general objectives were adopted, including the development of systems for collecting, storing, processing, updating, and disseminating financial and management data, as well as appropriate

public information procedures (Internal managerial control system implementation manual, 2020, p.6).

Tabel 1. Legal Framework

Normative acts regarding internal managerial control in public institutions	1999- Government Ordinance No. 119/1999 on internal managerial control and preventive financial control, with subsequent amendments and supplements. 2005- OMFP no. 946/2005, implementing internal managerial control standards at the level of public entities in Romania. 2015- Order of the General Secretariat of the Government no. 400/2015 for the approval of the Code of Internal Managerial Control of Public Entities, with subsequent amendments and completions. 2018 - Order of the Secretary General of the Government no. 600/2018 for the approval of the Code of Internal Management Control of Public Entities (update).
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Source: <https://legislatie.just.ro/>; <https://sgg.gov.ro/>

In Romania, the definition of internal control in legislative acts is stated as “the totality of control forms exercised at the level of the public entity, including internal audit, established by management in accordance with its objectives and legal regulations, in order to ensure the economic, efficient, and effective administration of funds; this also includes organizational structures, methods, and procedures.” (O.U.G. no.119/1999)

One of the most widely accepted definitions of managerial control is the one provided by the Committee of Sponsoring Organizations of the Treadway Commission from the USA – COSO (1992), according to which it is “a process carried out by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives related to operations, reporting, and compliance” (<https://sgg.gov.ro/>).

In the White Paper in services of general interest, control encompasses all the policies and procedures designed and implemented by an organization’s management to ensure: achieving the organization’s objectives in an economical, efficient, and effective manner; compliance with external rules and management’s policies and procedures; protection of assets and information; prevention and detection of fraud and errors; and the quality of accounting records and the timely production of reliable information related to financial and managerial segments (<https://sgg.gov.ro/>).

Authors Garitte and Tomoiăla, in the *Manual of Internal Managerial Control in the Public Sector*, presented eight arguments for the necessity of implementing internal managerial control in the public sector, starting from legal requirements, error identification, clear elaboration of sanctions and rewards, increased responsibility, risk reduction, objective evaluation, and performance measurement (Garitte, et. al, 2020).

With regard to the evaluation of the internal managerial control system – Standard 15 – and internal audit – Standard 16 – it is stated that the purpose of evaluating the internal managerial control system is to identify internal control

deficiencies in order to take remedial actions, while the role of public internal audit is to improve all activities carried out within a public entity (Giritte & Tomoială, 2020, p. 298).

5.2. Functionality and Organization

As mentioned above, concrete regulations regarding internal control at the level of public entities in our country appeared in 2005, when OMFP no. 946/2005 came into force, and the implementation of the internal managerial control system in public sector organizations became mandatory in Romania. At that time, “25 management standards” applicable to public organizations were established. Later, in 2015, under the initiative of the General Secretariat of the Government through the Directorate for Internal Managerial Control and Interinstitutional Relations, the *Internal Control Code* was introduced (updated in 2018), reducing the number of standards to 16, grouped by domains. These 25 standards were the following, compared to those currently in place.

Table 1. Presentation of the initial standards (from 2005) compared with the current ones

Standards Developed in 2005 (not grouped by domains)	Current Functional Standards Since 2015 (structured by domains)
Standard 1 – Ethics, Integrity	Standard 1 – Ethics and Integrity
Standard 2 – Duties, Functions, Tasks	Standard 2 – Duties, Functions, Tasks
Standard 3 – Competence, Performance	Standard 3 – Competence and Performance
Standard 4 – Sensitive Functions	Standard 4 – Organizational Structure (grouped under Domain I: Control Environment)
Standard 5 – Delegation	Standard 5 – Objectives
Standard 6 – Organizational Structure	Standard 6 – Planning
Standard 7 – Objectives	Standard 7 – Performance Monitoring
Standard 8 – Planning	Standard 8 – Risk Management (grouped under Domain II: Performance and Risk Management)
Standard 9 – Coordination	Standard 9 – Procedures
Standard 10 – Performance Monitoring	Standard 10 – Supervision
Standard 11 – Risk Management	Standard 11 – Business Continuity (grouped under Domain III: Control Activities)
Standard 12 – Information	Standard 12 – Information and Communication
Standard 13 – Communication	Standard 13 – Document Management
Standard 14 – Correspondence and Archiving	Standard 14 – Accounting and Financial Reporting (grouped under Domain IV: Communication and Information)
Standard 15 – Assumptions, Reassessments	Standard 15 – Evaluation of the Internal Managerial Control System
Standard 16 – Reporting of Irregularities	Standard 16 – Internal Audit (grouped under Domain V: Evaluation and Audit)
Standard 17 – Procedures	
Standard 18 – Segregation of Duties	
Standard 19 – Supervision	
Standard 20 – Management of Deviations	
Standard 21 – Business Continuity	
Standard 22 – Control Strategies	
Standard 23 – Access to Resources	
Standard 24 – Verification and Evaluation	
Standard 25 – Internal Audit	

Source: OMFP no. 946/2005; OSGG no.400/2015, <https://legislatie.just.ro/>

Activities carried out within public institutions must be internally controlled through these 16 standards, which are distinctly grouped into 5 domains, and each standard is evaluated using multiple criteria. These criteria can be measured according to the nature of the standard through quantitative and qualitative indicators established at the institutional level.

To ensure correct understanding, drafting, and application of internal control systems in public organizations, a glossary is developed containing the meanings of terms, concepts used, and explanations of abbreviations. For example, terms such as: internal control, standards, indicators, compliant, non-compliant, partially compliant, deficiency, dysfunction, responsibility, monitoring, commission, performance, system procedure, operational procedure, are commonly used. Because the implementation of a functional internal managerial control system is the responsibility of the manager, the manager together with the implementation team must establish functional structures (such as: Approval Committee, Implementation Committee, Monitoring Committee) and prepare organizational documents, methodologies, procedures, and working tools, for example:

- Rules for the organization and operation of the structures established for the internal managerial control system;
- Development program for the internal managerial control system;
- Minutes, decisions from working and monitoring committees
- Reports on the degree of implementation of the internal managerial control system;
- Working methodologies and procedures for implementing the internal managerial control system;
- List of performance indicators;
- Control and self-evaluation procedures;
- Registers and reports on the degree of fulfilment of standards;
- Specific documents, specific procedures, standard forms, standardized worksheets, minutes, reports (e.g., Monitoring, Evaluation and Control Sheets for Standard Compliance), etc.

The organization and functioning of the internal managerial control system within public institutions aim at the following objectives:

- efficiency and effectiveness of the entire institution's operation;
- compliance of activities carried out in all organizational structures of the institution;
- reliability, accuracy, and viability of the information needed for all activities;

Objectives regarding compliance with laws, regulations, and internal policies – include ensuring that the institution's activities are carried out in accordance with obligations imposed by laws and specific regulations of the sector to which it belongs, as well as compliance with internal policies.

Objectives regarding the effectiveness and efficiency of the operation of a public institution – include objectives related to its purposes and the economical, effective, and efficient use of resources, including objectives for protecting resources from inappropriate use or loss.

Objectives related to the reliability of internal and external information – include objectives related to proper accounting, the quality of the information used

within the institution or communicated to third parties, and the protection of documents against two categories of fraud: fraud concealment and result distortion (Internal managerial control system implementation manual, 2020, p.23).

To ensure the optimal application and functionality of the internal managerial control system, a few essential steps must be followed:

- defining general and specific objectives;
- establishing the material, financial, and human resources
- creating a primary database, which requires recording, processing, centralizing, and transmission to recipients;
- establishing performance indicators and calculation formulas;
- obtaining final results, which are analysed based on performance indicators;
- drafting procedures – must be completed;
- creating templates for evaluation and self-evaluation forms for the 5 domains and 16 standards;
- determining how to present monitoring reports – narrative or diagram-based.

5.3. Example of Internal Managerial Control Actions Targeting Human Resources in a Public Institution

For internal managerial control targeting human resources, in a public institution, periodic actions include (example institution – Local public administration):

- updating job responsibilities for each position;
- updating individual and departmental performance standards;
- improving the methodology for individual evaluations;
- developing staff training and development plans.

Through internal managerial control procedures, these actions fall under Standard 2: Duties, Functions, and Tasks and Standard 3: Competence and Performance from Group I – Control Environment. Below, I will present a control sheet for Standard 2 at the level of a public institution (in general), through which the designated responsible persons must monitor these requirements and necessary activities.

**Table 3. Control Sheet for Standard 2: Duties, Functions, and Tasks
(Domain I – Control Environment)**

Standard description		
The management of institution ensures the drafting and updating of the document regarding institution's mission, internal regulations, and job descriptions, which are communicated to the employees.		
General Requirements	Necessary Activities	Documents, Supporting Elements
- The institution's rules of organization and operation must comprehensively include, as applicable, general regulations, the entity's role	1. Presentation, posting, and communication of the normative act regarding the organization and functioning of the institution.	Normative act on the organization and functioning of the institution

<p>and functions, main responsibilities, organizational structure, functional relationships, and the competencies and responsibilities of its departments. The regulation must be published on the institutions or the corresponding ministry's website.</p> <p>-Every employee must be familiar with the institution's mission and vision, the general and specific objectives of the public entity and of the department they belong to, their role within the department as outlined in the job description, as well as the responsibilities of the position they hold.</p> <p>-Heads of departments and units within the institution are required to draft and update, whenever necessary, the job descriptions for the personnel under their supervision.</p> <p>-Job tasks/responsibilities must be clearly defined and closely linked to the specific objectives and responsibilities of the department.</p> <p>-Department and unit heads must identify new tasks and/or tasks with a high level of complexity assigned to employees and provide them with support in completing these, offering a clear working vision.</p> <p>-The institution's general inspector is responsible for identifying sensitive functions based on risk factors, compiling these at the level of the public entity, and establishing an appropriate policy for managing them by implementing measures</p>	<p>2. Drafting the Rules of Organization and Functioning (ROF) and Internal Order Regulations (ROI) at the institutional level</p>	<p>Organizational chart Drafted ROF (Rules of Organization and Functioning) and ROI (Internal Order Regulations) Order/decision/resolution approving the ROF and ROI, as applicable</p>
	<p>3. Acknowledgment by the institution's staff of the ROF and ROI provisions and posting them on the institution's intranet website.</p>	<p>Intranet site Record/minutes of acknowledgment of the ROF and ROI provisions</p>
	<p>4. Setting the general and specific objectives of IGJR and of the structures to which employees belong.</p>	<p>Institutional Strategic Plan Local development strategy or another management document agreed upon at the organizational level Operational plan, objectives record, activity program</p>
	<p>5. Preparation of job descriptions (FP) and acknowledgment by the institution's staff.</p>	<p>Job descriptions prepared, updated, and signed by position holders</p>
	<p>6. Periodic updating of the institution's organizational and operational documents and objectives, where applicable, and informing staff of the updated documents related to ROF, ROI, FP, Fire Safety Instructions (PSI), objectives, etc.</p>	<p>Updated ROF Updated ROI Updated job descriptions; Updated Fire Safety Instructions (PSI); General objectives; Minutes confirming staff acknowledgment.</p>
	<p>7. Establishing specific objectives and job responsibilities.</p>	<p>Job descriptions with responsibilities; Assigned documents with resolutions, including deadlines and a minimal working vision; Individual professional performance evaluation reports.</p>
	<p>8. Defining job responsibilities in accordance with the competencies and skills held by employees.</p>	<p>Job descriptions.</p>
	<p>9. Providing guidance and feedback to employees, including support for fulfilling allocated tasks, activities, and actions (especially new ones or those with a high degree of complexity).</p>	<p>Documents supplemented and/or modified by hierarchical superiors with added value; Specialized briefings.</p>

	<p>10. Drafting the system procedure regarding sensitive functions, which includes:</p> <ul style="list-style-type: none"> a) Inventory of sensitive functions; b) Register of employees occupying sensitive functions; c) Plan to mitigate risks associated with sensitive functions. 	<p>List of sensitive functions at the department level; List of sensitive functions at the institution level; Register of employees occupying sensitive functions at the institution level; Plan to ensure the reduction of risks associated with sensitive functions at the department level; Plan to ensure the reduction of risks associated with sensitive functions at the institution level; System procedure regarding sensitive functions</p>
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Source: Document – Local Public Administration

6. CONCLUSIONS

Regarding internal control systems within public organizations in Romania, the following conclusions can be drawn:

- Managerial internal control represents the set of control forms exercised at the level of the public entity, including internal audit, established by management in accordance with its objectives and legal regulations, to ensure the economic, efficient, and effective management of funds;
- The leadership of public institutions, according to current regulations, has at its disposal the necessary control measures for implementing and developing the managerial internal control system;
- The application of managerial internal control aims to continuously and systematically improve organizational performance;
- There are documented procedures related to the internal control process, as well as annual registers and reports presenting the evaluated results for all institutional structures and all standards;
- Adequate importance must be given to the training and information of human resources and the entire management staff regarding the functionality of internal control in all its components.

Overall, it can be said that the managerial control system is particularly complex, considering that the organization is made up of various departments and teams, involving resources and targeting specific objectives. Another aspect contributing to the complexity of managerial control systems is the standards used in evaluating organizational performance. These standards are imposed by both internal and external requirements. In setting objectives and determining how to achieve them, planning is essential. The processes of achieving objectives are so closely linked to planning and control that, for some objectives, the two can be regarded as a single process.

For such a system to function properly, several essential aspects must be considered:

- The system must be properly adapted to the plans it refers to and the position within the organization of the subordinates being controlled;
- The design of the system must align with the personalities of the managers and their field of action;
- The system must operate as an integral part of the organization and serve as a support and intermediary toward excellence in everything the organization undertakes at the regional, national, or even international level;
- Highlighting exceptions at critical points;
- Ensuring the objectivity of control;
- Ensuring control flexibility;
- Adapting the control system to the organizational climate and external influencing factors;
- Ensuring the economic function of control, meaning achieving better outcomes than would occur without control;
- Ensuring the finality of control, i.e., orienting it toward corrective action, better performance, and overall work improvement;
- The system should operate in a way that motivates and inspires, stimulates the creativity and ingenuity of both managers and their subordinates;
- In developing managerial control systems, a distinction must be made between goals and objectives (goals are more general and not time-bound, whereas objectives have specific outcomes and defined timeframes).

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