

ინოვაციური ეკონომიკა
და მართვა

INNOVATIVE ECONOMICS
AND MANAGEMENT

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შიდა კონტროლის კლასიფიკაცია:
ევოლუცია, მიმდინარე მდგომარეობა და
განვითარების პრობლემები

CLASSIFICATION OF INTERNAL
CONTROL: EVOLUTION, CURRENT STATE
AND PROBLEMS OF DEVELOPMENT

ABSTRACT. The objective of the article is to study the evolution, current state and problems of development of approaches to the identification of the most significant and relevant classification features of internal control.

This article is a continuation of the author's developments to improve the theory, organization and methods of internal control. It contains the originality and audacity of judgment in establishing the framework of the most rational and scientifically substantiated classification features of internal control.

The study was conducted applying methods of analysis, generalization and grouping. Consideration of classification features, studied by scholars, was based on the systematic approach, critical thinking using the historical and comparative methods of scientific knowledge. The graphical representation method was used to illustrate the obtained results.

The results allow making the following conclusions: there is no fundamental difference between the classification features of control as a whole, and internal control, in particular; the evolution of the classification of internal control was influenced by social, economic and political relations that determined its orientation and subjects; for the whole period since the concept of control emerged, and until now, there is no universally recognized and generally accepted economic classification of internal control; identification of classification features depends on the objective of the study, the purpose, the nature of the control actions, the characteristics of the object to which the control will be directed; the majority of researchers distinguish from 3 to 8 classification features which are grounded. A considerably small or "artificially over-stuffed" number of classification features does not lead to the improvement of internal control theory.

The study made it possible to formulate the author's vision of the classification of internal control according to the following characteristics: in relation to the object, time, periodicity, form, method of implementation and completeness of coverage of the object of control. The presented author's classification of internal control can be useful not only at the theoretical level, but also in practical terms, that is in identification of the strategy of building internal control systems.

Key words. Internal control, classification, classification features, evolution, current state, author's vision

ანოტაცია. სტატიის მიზანია შიდა კონტროლის ყველაზე მნიშვნელოვანი და შესაბამისი კლასიფიკაციის მახასიათებლების იდენტიფიცირებისადმი მიდგომების განვითარების ევოლუციის, მიმდინარე მდგომარეობისა და პრობლემების შესწავლა.

ეს სტატია წარმოადგენს ავტორთა მიერ განვითარებული მოვლენების გაგრძელებას შიდა კონტროლის თეორიის, ორგანიზაციისა და მეთოდების გასაუმჯობესებლად. იგი შეიცავს განსჯის თვითმყ-

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ოფადობას და გამჭვირახობას შიდა კონტროლის ყველაზე რაციონალური და მეცნიერულად დასაბუთებული კლასიფიკაციის მახასიათებლების ჩარჩოებში.

შედეგები საშუალებას იძლევა შემდეგი დასკვნების გაკეთებისა: არ არსებობს ფუნდამენტური განსხვავება კონტროლის კლასიფიკაციის მახასიათებლებს შორის, მთლიანობაში, და შიდა კონტროლს, კერძოდ; შიდა კონტროლის კლასიფიკაციის ევოლუციაზე გავლენას ახდენდა სოციალურ, ეკონომიკურ და პოლიტიკურ ურთიერთობებზე, რომლებმაც განსაზღვრეს მისი ორიენტაცია და საგნები; კონტროლის კონცეფციის აღმოცენებიდან მთელი პერიოდის განმავლობაში და დღემდე არ არსებობს შიდა კონტროლის საყოველთაოდ აღიარებული და ზოგადად მიღებული ეკონომიკური კლასიფიკაცია; კლასიფიკაციის მახასიათებლების იდენტიფიცირება დამოკიდებულია კვლევის მიზანს, საკონტროლო მოქმედებების ხასიათს, ობიექტის მახასიათებლებს, რომლებზეც იქნება მიმართული კონტროლი; მკვლევართა უმრავლესობა განასხვავებს 3 – დან 8 – მდე კლასიფიკაციის მახასიათებლებს, რომლებიც დასაბუთებულია. კლასიფიკაციის მახასიათებლების მნიშვნელოვნად მცირე ან “ხელოვნურად გადატვირთული” რაოდენობა არ იწვევს შიდა კონტროლის თეორიის გაუმჯობესებას.

საკვანძო სიტყვები: შინაგანი კონტროლი, კლასიფიკაცია, კლასიფიკაციის მახასიათებლები, ევოლუცია, მიმდინარე მდგომარეობა, ავტორისეული ხედვა

The purpose of the article is to analyze problems and evolution of the development of approaches to the selection of the most significant and relevant classification features of internal control.

Originality and value, problem statement: The research made it possible to formulate the author’s vision of the classification of internal control on the following features: in relation to the object, time, periodicity, form, method of implementation and completeness of coverage of the object of control. The proposed classification does not claim to be the only possible recognition, as now the control system is rapidly transforming, globalizing and constantly raising new requirements for its effectiveness, both at the state level and at the primary focus of the economy, i.e. economic entities. The presented authorial classification of internal control can be useful not only at the theoretical level, but also in practical terms while identifying the strategy of building internal control systems.

Materials and methods, analysis of recent research:

In the article we have used general scientific and special methods of research, in particular, by means of the analytical method the selection of scientific information was made, and the conceptual apparatus was investigated by the logical-semantic method. The study was conducted applying methods of analysis, generalization and grouping. Consideration of classification features, studied by scholars, was based on the systematic approach, critical thinking using the historical and comparative methods of scientific knowledge. The graphical representation method was used to illustrate the obtained results.

In science, classification means distribution of objects, phenomena, categories into classes (categories, groups, etc.) depending on general principles that characterize the connections among objects. They are classified in a single system of the relevant sphere of knowledge or practical activity. The scientifically substantiated classification of control in general, and the internal one in particular, allows understanding its essence more deeply, revealing the mechanism of functioning of relations which it expresses and revealing specific features of its various components.

Highlighting unsolved parts of a common problem:

The classification of control is one of the controversial aspects of its theory. Currently, there are many views and opinions about it. Scientists interpret features of control differently. The features determine the classification base in

different ways. The classification of control is of practical importance only if it meets the essential features. Therefore, there is a need to develop such a classification that would reveal the essence of control, make it possible to clearly define the purpose and objectives of its various types, and allow the subjects of control to plan and coordinate. The development of such a classification is a promising direction for the development of control theory.

Significant contribution to science, which became the basis for further development of the theory and practice of internal control in general, and its classification in particular, was made by the Ukrainian scientists M.T. Bilukha, F.F. Butynets, B.I. Valuev, Z.V. Gutsaylyuk, H.M. Davydov, N.I. Dorosh, I.K. Drozd, E.V. Kolyuha, L.M. Kramarovskiy, M.V. Kuzhelnyi, A.M. Kuzminskiy, V.F. Maksimova, L.V. Napadovska, O.A. Petryk, V.S. Rudnytskyi, V.Ya. Savchenko, V.V. Sopko, B.F. Usach, V.O. Shevchuk, as well as the Russian scientists V.D. Andreev, I.A. Belobzhet-skiy, S.I. Bobyr, V.V. Burtsev, E.O. Kocherin, M.V. Lapukhin, V.I. Podolskiy, S.O. Stukov, V.P. Sultz. Some issues of control, including internal, have been covered by R. Adams, E.A. Ahrens, C. Drury, R. Anthony, J.K. Lobbeck, J. Rees, J.K. Robertson and others. The study of classification of internal control were carried out in the authors' works [3, 9], and this article highlights the problems and evolution of the development of approaches to the selection of the most significant and relevant classification features.

Presenting main material:

Internal control is the process of constant influence on the objects through tracking deviations and correcting managerial decisions to bring the actual state of objects to the desired one [3, p. 13].

The economic literature on the subject of the study, published in the days of the former Soviet Union, considers many classifications of control on various grounds. However, most of them did not stand the test of time, and those that were clearly accepted as canonical under the command and administrative system are nowadays unacceptable from both theoretical and practical points of view. They can only be used as a subject of retrospective study. The reasons for the collapse of such classifications are: firstly, their unscientific nature and secondly, their utopian nature. An example of this is the division of control into class and other politicized features. Namely, they are people's control, workers' control, and party control [10, p. 63].

Based on the results of generalizations of the existing classifications, we identified 49 features of the control classification. The groupings of content, focus and editing are summarized in Table 1. It should be emphasized that we did not take into account those features that were singled out by only one author, since the purpose of this grouping was to represent the most common viewpoints.

The analysis of control classifications contained in the literature enables formulating the following conclusions.

Control is classified by a number of features ranging from one to four. For example, a number of authors propose to classify control according to the time of business operation; at the same time, there is an opinion on the classification of controls based on the timing of control actions; some authors define these types of controls on the basis of the form of its implementation, as well as methods.

There is a group of authors who propose to classify the control according to the time-dependant amount, and at the same time there are opinions on the classification according to the frequency of control measures and the duration of control actions. A similar situation is observed in the identification of three features of the control classification which do not contain any differences at all: the degree of coverage of the object; the size or complexity of the object; the completeness of control.

The study of the proposed classifications indicates that the authors name the same characteristic differently. In addition, there are cases when the authors review the same control on several classification grounds at the same time. Yes, functional control is singled out on the basis of functional orientation, and at the same time, the control according to the feature of the relation to the function of the subject's activity has the same name. A similar situation occurs with the selection of the control of the time of implementation of the economic situation. And the same name has control, classified by methods of implementation. Usually the above-mentioned remarks indicate that there are many names for one phenomenon, which complicates and makes the classifications irrational.

TABLE 1

RESULTS OF THE ANALYSIS OF CLASSIFICATION OF CONTROL
IN THE SPECIAL LITERATURE [3, P. 30-31]

Classification feature	Number of authors that single out the feature	Number of formulated features	Interval of the number of varieties of the control within the limits of the given feature
In relation to the object	3	2	3-3
In relation to the time of implementation of control actions	26	4	2-9
In relation to periodicity	11	4	2-5
In relation to the sources of obtaining data	18	3	2-4
In relation to the degree of object coverage	11	3	2-6
In relation to the method of information processing	3	2	3-3
In relation to the character of relation to the object	3	2	2-2
In relation to the stages of implementation	2	1	2-2
In relation to functional direction	4	3	3-3
In relation to the constituents of control	3	3	3-8
In relation to the spatial aspect	2	1	3-3
In relation to the subjects	6	1	3-5
In relation to the interrelations among subjects	2	2	2-4
In relation to the stages of obtaining information	2	1	2-2
In relation to the intensity of implementation	2	1	3-3
In relation to the forms of implementation	17	3	1-8
In relation to the elements of the method	2	1	3-5
In relation to the target direction	5	3	2-4
In relation to the character of controlling activities	2	1	2-2
In relation to methodical techniques	2	1	1-3

Some features have not only several names, but also a large number of control names that are combined by a particular feature. For example, the classification for the time of the control actions has 4 different names and 9 names of control varieties within this feature. In some cases they do not even differ by their names or, if they differ by the name, they have similar content. This situation proves the significant number of not only features, but also the names of the control according to the selected features. They are similar in essence but different in names.

Studies have shown that the vast majority of scholars recognize the classification of control in relation to the sources of obtaining data, the method of implementation and the method of verification. However, there are viewpoints of some authors who consider such distribution inappropriate [5, p. 63; 5, p. 64]. The latter justify their position that the distribution of control into documentary and factual contrasts them with each other. The paradox is that factual control is not based on these documents, and documentary of various objects does not include factual actions [5, p. 63]. In addition, there are researchers who divide control into documentary and factual, but point out that, in the exercise of control, techniques and methods of purely factual control, as well as purely documentary, do not exist. But in their view, such a division is necessary for a more substantive audit of the interdependence and interrelation of factual and documentary controls. The division is also necessary for a focused work on improving methodology, defining functional responsibilities of economic and technical services for the implementation of preliminary, current and subsequent control. This contributes to the efficiency and quality of the inspections carried out [6, p. 14]. In general, we support the position of the last author, but at the same time, in our opinion, the name of the classification feature according to the sources of obtaining data is not accurate since factual and documentary controls are singled out ac-

According to this feature. More precisely, the distribution into these varieties of control is presented in the works of the authors who distinguish it by the method of control procedures, without emphasizing the sources of obtaining data [4, p. 88; 10, p. 73]. If one considers factual and documentary controls depending on the sources of obtaining data, he can really agree with the opponents of this approach because it is known that the factual control widely uses a variety of information, including documentary (for example, during the inventory), and therefore it can no longer be considered to be a purely factual control. However, considering the methods of implementation, the practice shows that such a division of control objectively depends on the techniques through which it is implemented. Both factual and documentary controls, along with common techniques, have their own methodical techniques.

L.V. Napadovska does not recognize the division of control into documentary and factual. One argument for this is that the recognition of such a division contrasts the documentary control with the factual one. On the contrary, these two types of controls should complement each other [7, p. 64]. We believe that this rationale is not entirely accurate, because to admit it is to acknowledge the fact that all selected controls operate in isolation without complement and interpenetration. Each of the types of controls identified by the classification is more or less complementary, but this is not yet the indication that they cannot be considered in theory in isolation.

Thus, we believe that the division of controls, depending on the method of implementation into documentary and factual, is sufficiently substantiated and practically necessary.

Depending on the periodicity of control activities (in some sources, the periodicity of implementation of the control, the duration of the control actions), some scientists allocate periodic, systematic and episodic controls. Along with this, there are opinions according to which only periodic and systematic controls are singled out, and some authors add to them sudden control. From our point of view, it is inappropriate to single out sudden control according to this classification feature. In our opinion, periodic control can be both sudden and expected, which makes it inappropriate to consider and separate it in the classification scheme. A substantiated position of B.I. Valuev confirms this fact. He notes that periodic control can be carried out in a scheduled manner and not be sudden for financially responsible and other executives [5, p. 64]. At the same time he gives an example that the inventory is carried out periodically, but it should be sudden. We believe that any of these types of controls can be sudden. On this basis, the selection in the classification scheme of sudden control does not introduce anything fundamentally new in the disclosure of the essence of control, and therefore is inappropriate. In support of the position of the earlier scholars, we consider it appropriate to allocate episodic control. The difference between periodic and episodic controls objectively exists and it consists in the fact that periodic control actions are carried out at the intervals determined by the subjects, and the need for episodic control arises when it is necessary to check certain facts of activities that occur infrequently (episodically) however, controls are required at the time of implementation (for example, changes in the entity's share capital). However, it should not be confused with one-time control, as episodic control is not always one-time.

Summarizing the most similar classification features by their content, we can see that a significant number of authors (11 from the studied economic sources) single out control depending on the degree of coverage of the object. The number of varieties of control singled out according to this feature varies from 2 to 6, indicating, first of all, the inaccuracy of the feature classification and confusion in the definitions. In our opinion, there are no fundamental differences that could form the basis for the allocation in the classification scheme of a new sub-variety of control, in the definitions of general (complete) and continuous control; thematic (specialized, local, partial) and selective control. From our point of view, the emergence of a new sub-variety or a new classification feature should reflect the fundamentally new qualities that the control has acquired in order to more accurately reveal its essence. In this case, in our opinion, the classification scheme is exaggerated, and the name of the same phenomenon in different words is not a valuable scientific attainment. Therefore, without much loss, the classification based on the degree of coverage of the object should only divide it into continuous and selective.

From our point of view, it is inappropriate to classify the control into a guiding and filtering control according to the character of the relation to the object. Guiding control is carried out in the course of economic activity. Its purpose

is to adjust the activity and technological process to achieve the intended result. Filtering control is a variety of a process control. Its purpose is to check compliance of the production process with the established standards. In case of deviations, the process stops until the deviation is eliminated [8, p. 11-12]. Thus, these two varieties of control are different in the stage of their conduct, which is determined by the specific task and the specific conditions of control, and their purpose coincides to some extent with the current control. Therefore, both varieties of control are relevant to the current one, so it is unnecessary to distinguish it separately. The same holds for the control singled out by the authors according to the stages of implementation. They are preliminary, intermediate and final [2, p. 34-35; 8, p. 11]. In the definitions of these authors it is difficult to trace the difference between the types of control they define from previous, current and expected. Therefore, we think, in this case there is a change of concepts.

According to the spatial aspect, some economists distinguish input, process and output control [2, 8]. At the same time, one of the authors notes that the input control is carried out while accessing the system, the process control is carried out in the process of economic activity, the final control is applied to verify final results of economic activity. In our view, this approach is based on the general theory of systems, according to which control, as a system, is inherent in input, process and output. And system-specific direct and feedback relations may cause the output of one business (production) operation to be the input for the other, and vice versa. In this case, we completely agree with the author's statement, which emphasizes that the inputs and outputs during the implementation of economic transactions are rather conditional, and the production process has many inputs and outputs [7, p. 63]. Therefore, in order to avoid confusion in the control process, we consider it necessary not to include these types of control in its classification scheme.

In our opinion, it is also unreasonable to distinguish control on unilateral and multilateral in relation to the way of relationships among employees, which is identified by some authors [2, 8]. At the same time, one of the authors adds the distribution of control over the nature of the relationship between the controlling and the controlled subjects on the control conditioned by the relations of subordination and the control which is not conditioned by such relations [2, p. 36]. In general, this distribution is based on the nature of the relationship between the subjects of the control actions. The unilateralism or multilateralism of control depends, in the main, on the type of task and the conditions for exercising control. The variety of situations that arise in practice make it impossible to anticipate and establish the unilateral or multilateral nature of a task. Therefore, in our view, it is inappropriate to distinguish control to unilateral and multilateral, as well as conditioned or unconditional by the relations of subordination.

It is hardly possible to recognize the classification of control according to the intensity of its conduct as normal, intensified, simplified, especially since the authors do not substantiate their position [2, 8]. It is impossible to identify the conditions under which each type of control, selected by the authors, works. It is also not possible to determine the reasons for their choice. Therefore, we believe that this position is subjective, unjustified, and therefore inappropriate to distinguish these varieties.

There is a point of view according to which the forms of control are divided by the methods of its implementation. At the same time economic analysis, audit, inspection, observation and review are distinguished [6, p. 10]. In this interpretation, they are both a form and a method of control. The falsity of these concepts is substantiated by B.I. Valuyev, who believes that it puts economic analysis, inspection, audit and verification with such methods of control as logical-analytical, statistical and others, which are used in their implementation, as one line. Methods in methods is such a logical conclusion that proceeds from this concept [5, p. 65]. In addition, the author notes that inspection and verification are one-line concepts that have the same meaning, and therefore their division into separate elements is inappropriate. In support of his position, we note that almost always the elements of the method of other managerial functions are used during implementation of any managerial functions, but this does not yet indicate that any of them is a method of the other.

Another approach is traced in the view of the author, who considers the audit, verification, economic analysis, accounting verification of reporting not by methods of control, but by its form [1, p. 51]. In our opinion, this author is closer to the truth. I.A. Belobzhetskyi rightly points out that in interpreting the forms of financial and economic con-

trol, one should proceed from the relation of the content and form as general categories, which reflect the interrelation of two sides of any reality. Content is the defining characteristic of the subject, and form is a way of expression and internal organization that are modified to reflect changes in content. Therefore, the forms of financial and economic control should be understood as the ways of specific expression and organization of control actions aimed at performing control functions [1, p. 50-51].

Based on the philosophical interpretations of the form of control, most successfully, from our point of view, they are presented in the work of the Russian author V.V. Burtsev [2, p. 25-26]. In support of this position and based on the above-mentioned information, we think that internal audit and structural-and-functional forms of control should be distinguished. The choice of the form of internal control depends on the complexity of the organizational structure, legal form, types and scales of activity, the expediency of coverage by control of different aspects of the activity, the attitude of management to the organization of control. The organization of internal control in the form of internal audit is inherent to large and some medium-sized enterprises, which possess, in the vast majority, the following features: complicated organizational structure (divisional, matrix, conglomerate; numerous branches, subsidiaries), variety of types of activities and possibilities of their cooperation, persistence of governing bodies to receive a sufficiently objective and independent assessment of the actions of managers at all levels. In addition to purely control tasks, internal auditors can address the challenges of economic diagnostics, financial strategy development, marketing research, management consulting, and more. It should be added that the internal audit institutes are to a certain extent also the audit commissions. Their activity is regulated by the current legislation (this institute is common in joint stock companies) [9, p. 40].

V.V. Burtsev states that in many organizations there is neither a department (sector, bureau, group, etc.) of internal audit nor an audit committee (auditor). The author raises the issue of what form of internal control should be selected for such organizations. In his view, which we fully support, the very notion of “structural and functional form of internal control” reflects the necessary control interaction of organizational units that correspond to their control functions. For example, exercising control is directly the responsibility of any manager and should be included in the responsibilities of each responsible person. Obviously, this form of control along with more advanced forms, which correspond to the initial stage of development of internal control, are applied by all organizations, including large ones [2, p. 26].

It should be emphasized that the forms of control such as internal audit and structural-and-functional form of control were distinguished by us. They are identical to the constituents of the internal control system according to several classification features which are accounting control, administrative control and internal audit [7, p. 71]. In our opinion, accounting and administrative controls are carried out precisely through the implementation of control functions by individual employees of the enterprise, and therefore they are a structural and functional form of internal control. This indicates that there is no need to divide control into such classifications as functional orientation or components of control, since this generates duplication of concepts and introduces nothing new to the development of control theory.

The structural-and-functional form of control is reflected through the identification of the subjects of control. The subjects of control are: upper management of the enterprise, middle managers, heads of responsibility centres, certain employees, public organizations [7, p. 59]. Generally speaking, we do not reject this approach, but believe that it is conditioned by relationships of subordination, and thus narrows the notion of the subjects of control.

The authors also state that control is needed not only in the control system, but also directly in the production system, at each workplace [8, p. 8]. Most successfully, from our point of view, the definition of subjects of control is presented in the work of the author, who divides them into several groups: entities of control whose functional duties include only performing control activities; entities of control, that are responsible for performing both control and other functions; entities of control whose duties do not directly include the performance of control functions, but due to the production situation and the production needs they also perform control functions; entities of control that perform control functions for the purpose of implementing the control functions assigned to them [8, p. 8].

Accepting the viewpoints of the earlier scholars concerning subjects of control, V.V. Burtsev distributes subjects of control into 4 levels and adds another level in case of emergence of new forms of ownership in the market environment, namely they are subjects-participants (owners) of the organization, that exercise control directly or indirectly, i.e. with the help of independent experts, including external auditors [2, p. 28]. On the whole, we support the position of this author, but believe that the distribution of objects by level is not quite correct. The use of such a term as “level” indicates the importance of each subject. In our view, control of subjects at all levels is important, necessary and meaningful. In such a situation, first-level subjects appear to exercise more control than subjects of level 4 or 3, which is incorrect. Therefore, in this case, to avoid emphasizing the distribution of subjects by significance level, we suggest using the term “groups”. Thus, the structural and functional form of internal control is expressed in the definition of its subjects, which are divided into the following groups:

- group 1 includes subjects of control that exercise control directly or indirectly through the involvement of experts and external auditors (participants (owners) of the organization);
- group 2 includes subjects of control that are responsible for performing both control and other functions (administrative and management staff, staff servicing computer systems, accounting, commercial, security);
- group 3 includes subjects of control, whose duties do not directly include the performance of control functions, but due to the production situation and production needs also perform control functions (the employee operating the equipment must control the quality of his work, as this guarantees that he will accomplish his task);
- group 4 includes subjects of control that perform control functions in order to implement those management functions that are assigned to them (financial department, human resources department, etc.) [9, p. 42-43].

We consider it inappropriate to distinguish classification feature by methodical techniques. The problem is that implementation of control actions involves many techniques such as general science technique, techniques of related sciences and own empirical techniques. It will not be sufficient to distinguish only own methods of control, and to mix them with the techniques of related and general sciences since it will not indicate the specificity of control as an independent branch of knowledge.

Inventing or borrowing various “good” names and terms from foreign sources is not a scientific result. They do not improve the theory of control and retard its development by complicating the perception of the same concepts in different economic sources.

In our view, these are general disadvantages of the existent classifications of control. But, at the same time, the above-mentioned statements are not the evidence of our negative attitude towards the efforts of the authors to find solutions in this field. A number of recommendations made by them can be used to develop control theory and practice.

Considering the subject matter of this article, it seems to us that the classification of internal control should be carried out according to the features presented in Table 2.

In relation to the object. It is advisable to distinguish three groups: the system as a whole, its subsystems and individual elements. This approach will allow considering the control function in relation to objects of any complexity and target orientation up to the time of indivisibility of a business transaction. The issue of assigning an object to the system or subsystem has to be solved taking into account specific tasks.

Time of implementation of control actions. In our opinion, it is obligatory to separate the control into preliminary (preventive), current and subsequent. Preliminary (preventive) control takes effect long before the start of any business operation. It recognizes the need and ability to achieve the goal by performing the planned operation. Preliminary control is a part of earlier management activities. During the preliminary control the correctness of the set goals, the truthfulness and accuracy of the forecasts made, the feasibility of the planned operation and the possibility of providing resources are also checked. Preliminary control is a preventive regulation of the object, which largely characterizes the control as a specific and independent management function. The current control is carried out directly in the process of implementation of management decisions and is a way of preventing, timely detection and elimination of violations or errors in the activities of management and financially responsible persons. It allows actively intervening

in their course at any stage, thereby to prevent deviations. The next control is carried out after the financial and economic transactions or actions have been completed. Its peculiarity is that it allows detecting those deviations that are not within the scope of preliminary and current control. Its purpose is to assess the quality of the work performed, the legality and expediency of the operations and actions performed. Exercising this control requires complete documents of the transactions. In the management of both the economy as a whole and an enterprise in particular, preliminary and current controls are crucial if they perform all their functions. Then the role, value and costs of carrying out the subsequent control are significantly reduced.

TABLE 2

CLASSIFICATION OF INTERNAL CONTROL

Classification feature	Types of internal control
Relation to the object	System
	Subsystem
	Element
Implementation time	Preliminary (preventive)
	Current
	Subsequent
Implementation periodicity	Systematic
	Periodic
	Episodic
Implementation forms	Structural-and-functional
	Internal audit
Implementation method	Documentary
	Factual
Completeness of coverage of the object of control	Complete
	Selective

The periodicity of implementation. There should be distinction among periodic, systematic and episodic controls. Periodic control involves performing control actions at intervals defined by the controlling entity. Systematic control is carried out as a constant supervision throughout the whole period of operation of the object according to the facts of economic activities, which occur constantly. Episodic control involves carrying out of control actions when it is necessary to verify certain facts of activity within the term determined by the subject of control. In addition, it is carried out on the occasional activity, but from time to time, however, it needs to be monitored.

According to the implementation forms of control, it is advisable to distinguish internal audit and structural-and-functional form of control.

The implementation method should be divided into documentary and factual controls. Documentary control is the verification of the activity of the object using documented normative and factual information. Factual control involves the use during the control of organoleptic and other fixing methods of the true quantitative and qualitative state of resources, processes and results of activities of economic entities.

Completeness of coverage of the object of control. The most reasonable and revealing control function is to divide it into complete and selective. Exercising control involves performing a variety of control procedures, depending on which complete and selective controls are distinguished. Identification of the extent of research on volume of control of the objects in the process of organizing controls has a major impact on its effectiveness. There are entities that can be methodologically verified only in a continuous manner (cash transactions, fixed assets, etc.), but there are such economic processes that are traditionally verified in a selective manner. Identification of the sampling degree, locality, and emphasis on control objects require high level of professionalism and technological support.

CONCLUSIONS:

The study of the classification of internal control enables drawing the following conclusions. First, there is no fundamental difference among the classification features of control as a whole and internal in particular. This is natural, since internal control is a part of the overall control system, and therefore it has evolved in accordance with the economic laws of its theory. Secondly, the evolution of the classification of internal control has been taking into account the influence of social, economic and political relations that determined its orientation and subjects. Thirdly, for the whole period since the concept of control emerged, and until now, there is no universally recognized and generally accepted economic classification of internal control, since the distinction of classification features depends on the purpose of the study, the objective, the nature of control actions, the features of the object to which the control will be directed. Fourthly, the overwhelming number of researchers distinguish from 3 to 8 classification features. Too small or “artificially over-stuffed” number of features does not lead to the improvement of internal control theory.

The research made it possible to formulate the author’s vision of the classification of internal control on the following features: in relation to the object, time, periodicity, form, method of implementation and completeness of coverage of the object of control. The proposed classification does not claim to be the only possible recognition, as now the control system is rapidly transforming, globalizing and constantly raising new requirements for its effectiveness, both at the state level and at the primary focus of the economy, i.e. economic entities. The presented authorial classification of internal control can be useful not only at the theoretical level, but also in practical terms while identifying the strategy of building internal control systems.

The prospects for further research are seen in the development of internal control methodology at all levels of management, improvement of organizational regulations and the definition of industry specificity that affects the content and sequence of control procedures.

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