

Financial risks of an enterprise and the internal control system

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Abstract.

The article discusses the impact of financial risks on the activities of a modern enterprise in a crisis and their management in the system of internal control of the enterprise. A correct assessment of financial risks helps to increase the stability of the enterprise, and the construction of an internal control system at the enterprise also contributes to the minimization of financial risks.

Keywords:

Financial risks. Risk assessment. Internal control system. Control environment.

The issues of enterprise risk management during the crisis and the downward trend in economic growth in the Russian economy are of particular relevance. Risk is a probabilistic category and therefore, for many entrepreneurs, its occurrence is very often a big surprise. At the same time, the nature of the risk lies in the fact that, despite its supposed randomness, each specific risk is accompanied by quite certain factors on which its manifestation depends, and therefore the risk assessment is

directly related to the permissible values of a number of financial indicators.

If we talk about the existing approaches to the classification of risks of industrial enterprises, then the general approach for all sectors of the Russian economy is the division of risks into internal and external. For an industrial enterprise, the following main risks are distinguished: commercial, financial, production, organizational, investment, innovation - i.e. the risks of the enterprise are considered by the spheres of occurrence and correlate them with the main functions and processes of the enterprise. [5]

In addition to the above risks, the classification includes technogenic, natural, mixed, social, environmental, professional, informational, tax, legal and other risks. In publications on the study of enterprise risks, there are even competitive and market risks. Thus, there is no unified approach to the classification of enterprise risks, which negatively affects the mechanism for managing such risks, not only of the enterprises themselves, but also of the regulatory authorities. Unified methodological approaches to risk classification, identification and systematization of the most dangerous risk factors in conjunction with the use of appropriate methods of enterprise risk management will allow enterprises to effectively reduce risks.

Large corporations operating in the global market widely use various methods of risk management, which is associated with international requirements for the fulfillment of certain financial obligations of the company. However, medium and small businesses, as a rule, work in manual mode, managing risks, often already when they occur. In the context of a pandemic, this process manifested itself most sharply, since most of the companies that left the market belonged specifically to medium and small businesses. Despite the fact that small

companies seem to have their own obvious advantages, which include flexibility, the ability to quickly make and manage decisions, they find themselves in a more difficult financial situation due to the lack of a mechanism for managing the company's financial risks and the availability of risk management specialists. Lack of adequacy of reserve funds, insurance protection, diversification of risks, imbalance of assets and liabilities of the company and overstated loan obligations with an increase in the risk of receivables and a decrease in consumer demand, were the result of the bankruptcy of many companies in the Russian market.

The assessment of financial risk is based on a plurality of various factors, which are initially assessed quantitatively, and then after determining the most significant among them, i.e. those that have the greatest impact on the likelihood of financial risk, a group of factors is determined to assess the quantitative indicators of risk.

A factor should be understood as a causal source of a process, a phenomenon that determines its characteristic features. The level of reliability of the financial risk assessment will depend on how correctly the “factors of influence” on the risk are identified at the enterprise. A factor in the emergence of financial risk in an enterprise can be a high level of accounts receivable, an increase in inventory in the warehouse and, in connection with this, a reduction in the current cash flow, which leads to the risk of a decrease in the company's solvency.

In a crisis, the financial risks of enterprises not only increase sharply, but can also lead to cascading risks, in which a failure in one financial system can lead to failures and accidents in other industries, both financial and industrial. Thus, the bankruptcy of a bank can lead to risks of non-payment on the part of the bank's clients, due to the fact that the bank does not pay for its obligations. [3]

Financial risk management in an enterprise requires constant monitoring and control over the conduct of operations to reduce them. In this regard, internal control occupies a special place as one of the methods of financial risk management at the enterprise.

Internal control in the financial sphere of an enterprise solves such problems as: [2]

- ensuring the break-even of the financial and economic activities of the enterprise;

- carrying out a set of measures to ensure effective asset management;

- implementation on an ongoing basis of effective risk management of the enterprise, which includes: identification and assessment of risks, determination of an acceptable level of risks taken for the company's own retention, measures to maintain the level of risks that do not threaten its financial stability and solvency;

- the balance of the financial resources of the enterprise and the financial risks of the enterprise with its financial results, etc.;

Enterprises independently develop an internal control system. [1]

Let's consider the first element of the internal control system (ICS) - the control environment. This element is the essence of the views of the owner and management of the enterprise about what the system of internal control of the enterprise or internal audit should be. The formation of the control environment is influenced by the organizational structure of the enterprise, personnel and motivational policies in relation to personnel, the mission of the enterprise, as well as the style of enterprise management. The control environment is formulated and formed without fail and taking into account the scale of the enterprise's activities, because the construction of any workable system requires costs. But it is important to remember that the cost ratio must be adequate

to the efficiency with which the ICS will operate. Competence and leadership style is also an integral part of the control environment.

The second element of the internal control system is the risk assessment by an economic entity. From this point of view, the company will be interested in those risks that are related to the accounting (financial) statements. Of course, in the classical understanding of risk management, an enterprise must identify these risks, rank them in order of importance and find ways to minimize them, if not completely eliminate them. But in practice, not all risks associated with accounting (financial) reporting can be influenced. For example, a change in the regulatory environment is one of these less manageable risks if it is generated by the government in a short time and takes effect almost immediately. With a sudden change in the regulatory framework, many enterprises are not ready to work in the new environment, especially if their activities are not too diversified. In this case, it is advisable that the business community demanded joint responsibility from the legislator for the consequences of such political decisions.

The next third element of ICS is the information environment in which the company operates. At the present stage, it is at the same time an element, the use of which greatly facilitates the commercial activities of any enterprise, but it is also a high-risk link in commerce and in the generation of enterprise reporting. The use of information systems greatly facilitated the registration of all facts of economic life, made it possible to classify operations, assets, liabilities in more detail, analyze information for any time periods, but at the same time created the danger of losing large amounts of information, unauthorized entry into the accounting and storage system from the outside. Timeliness of information and its qualitative presentation to the user greatly contributes

to adequate analysis and correct decision-making based on the information provided. [4]

Control actions or internal control procedures are the element of the ICS system, which is aimed at minimizing the risks of misstatement of financial statements. At this stage of building an enterprise's internal control system, the whole variety of methods and techniques of control is implemented: documentary, factual, analytical. The development of control procedures at this stage depends on the scale of the enterprise, its types of activities.

Analytical procedures hold a special place among financial control procedures. Analytical procedures allow drawing conclusions about the activities of the enterprise, development trends or stagnation of activities. Also, analytical procedures allow diagnosing and predicting threats to an enterprise, analyzing the competitive environment, analyzing the sales market for the company's products, analyzing the company's personnel potential, analyzing the legal status of the enterprise, analyzing the management processes and information structure of the enterprise, as well as analyzing the corporate structure, etc. The main responsibility for the information provided lies with the top management, management and owners of the company. It is their responsibility to prevent and detect errors, as well as unfair and fraudulent actions. [4]

Monitoring of controls is an important element of the internal financial control system. Its essence lies in the constant scanning of all control procedures in time for their compliance with the current activities of the enterprise, the regulatory framework and the external environment. Monitoring of controls allows you to receive timely information indicating shortcomings and problems encountered in the internal control system at the enterprise. Monitoring ICS allows you to adjust the

procedures of controls, making them more relevant based on the analysis of changes in current activities. But we must remember that, like any system, ICS has limitations of both objective and subjective nature. The deliberate actions of the personnel to bypass the means of control cannot be ruled out.

In general, an adequate system of internal control at the enterprise will certainly minimize the risks affecting the activities of an economic entity and contributes to an increase in the efficiency of its activities.

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