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MANAGEMENT ACCOUNTING AS AN ELEMENT OF THE CONTROL AND INFORMATION SYSTEM

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Annotation

The article discusses the concept of management accounting as one of the elements of the control and information environment of the organization, discusses the definitions of this form of accounting, sets out the author's formulation of the term. Management accounting in the framework of this study is compared with accounting, a comparison is made on the parameters of mandatory maintenance, data formats, levels of publicity and users of information, and other parameters. In conclusion, it is concluded that it is necessary to organize and maintain management accounting of the subsystem of the control and information environment for making management decisions aimed at ensuring the effectiveness of the organization's activities in accordance with International Financial Reporting Standards.

Keywords: management accounting; control and information system; accountant-analyst; IFRS; control environment.

Introduction

The relevance of the organization and management accounting in the organization is determined by the need to cover all areas of activity and functionality of all departments of the organization in order to organize control and obtain information to ensure effective management of the company's development. The competence of the management, the qualification skills of the performers, together with the regulated delineation of areas of responsibility created by the personnel policy, form a control environment in which the uninterrupted operation of the control and information mechanism is ensured, one of the most important elements of which is management accounting.

Currently, in the areas of cost management, control of the use of the organization's resources, forecasting of financial results, there is a reorientation of domestic theory and the accumulation of experience in solving new tasks that face the management of economic entities in a continuously changing market. New, unconventional systems are being created for the implementation of control over the activities of structural divisions of the enterprise, obtaining information about costs, new approaches to cost calculation, methods of analyzing the effectiveness of financial and economic activities are being introduced. Management accounting is one of the ways to manage an enterprise, which allows you to optimize the quality and efficiency of management decisions, improve the expected financial results.

In the modern economic space, management accounting is not carried out by a significant part of Russian enterprises, the main information base for making management decisions is still accounting. However, the focus of accounting on external users indicates that it is not sufficiently informative for the implementation of control and management functions. The presence of this problem determines the need for further research of the methodological foundations of management accounting as one of the main elements of the control and information environment of the organization.

This article discusses the control and information system, its components and management accounting as part of internal controlling and an element of the system.

The main part

The control and information system serves for timely response to possible threats of micro- and macro-environments that have an impact on the efficiency of the company. The creation of a mechanism that covers and involves all its structural divisions and activities in the process of enterprise management, allows management to promptly and timely receive systemically processed information from various sources, on its basis to make management decisions. One of the subsystems of the information and control environment of the organization is management accounting.

The control environment creates the necessary conditions for identifying, assessing and leveling the risks of the organization. The risks of an enterprise can be classified into internal (production, commercial, financial, technical, technological and others) and external (market, geopolitical, legislative, natural, geographical, environmental and others) [1]. The management and owners of the company can practically have no influence on external risks. Internal potential threats can be prevented by developing and implementing a plan of anti-crisis measures and subsequent monitoring of their implementation on the basis of management accounting.

The information system is an independent element of the control and information mechanism, a set of resources (labor, material, financial and other) and technical means necessary for storing, searching and processing information [2]. The organization's information system is designed to provide management and employees with appropriate information in certain subject areas in a timely manner. The result of the functioning of the information system are documents, arrays of information, databases, the results of an automated comprehensive analysis of the organization's activities. Thus, by their uniformity, the elements of the control and information mechanism can be divided into two groups: an internal control system within the framework of budgeting processes (management accounting) and an automated information system.

According to A.U. Panakhov, management accounting is a systematized activity for registration, grouping, analysis and interpretation of information about the facts of financial and economic activity of an organization necessary for making managerial decisions [3]. The author highlights the purpose of management accounting, which, in his opinion, is determined by the need to make management decisions based on data on all facts and events in the work of the enterprise. However, the wording of the definition does not reflect the control function of management accounting.

The English economist K. Drury defines management accounting as the process of providing information to the head of an organization by personnel, on the basis of which he can make informed decisions aimed at improving the efficiency of its activities [4]. There is also no mention of the accounting control function in this definition. It should also be noted that the presented formulations of the concept of "management accounting" do not indicate the connection of this form of accounting with accounting and production accounting, while these types of accounting are sources of information for reporting for internal users (owners of the enterprise and management). At the moment, when considering the concept of management accounting as a scientific category, there is no unambiguous opinion. The opinions of scientists on this issue are presented in Table 1.

Table 1. Approaches of scientists to the definition of the scientific category of management accounting [5]

Author	Definition
I. Averchev	Management accounting is the process of identifying, measuring, accumulating, analyzing, preparing, interpreting and providing financial information used by management in planning, evaluating and managing an organization to ensure optimal use of its resources and completeness of their accounting
M.A. Vakhrushina	Management accounting can be defined as an independent direction of the organization's accounting, providing information support for the business management system
O.N. Volkova	Management accounting is an analytical system for generating information required for making managerial decisions. Managerial accounting, performing certain functions, acts as an information foundation for managing the internal activities of the organization, its strategy and tactics
S.B. Ivashkevich	Management accounting is a field of knowledge and field of activity related to the formation and use of economic information for management within an economic entity (enterprise, firm, bank, etc.). Management accounting is a system that ensures the receipt and supply of information necessary for the functioning of the management system at the enterprise
S.F. Paliy	Management accounting is not only the observation and generalization of current data, not even the analysis and evaluation of the information received. This is, first of all, an internal operational management system
A.D. Sheremet	Management accounting is a system of information exchange in an organization designed to make management decisions aimed at achieving the goals of the entire organization

As shown in table 1, there is a high degree of discussion on the issue of disclosure of the content of the concept of management accounting. Accounting and management accounting are the most important sources of information for control and management decision-making. For the purposes of this work, it is accepted that management accounting is the basis of the organization's control and accounting environment, an accounting subsystem based on production accounting data, an integrated system for accounting costs and revenues, their rationing, planning, control and analysis. Management accounting systematizes information for making operational management decisions, contributes to the coordination of problems of the future development of the enterprise, contributes to the operational and strategic planning of its activities.

In our opinion, management accounting is conceptually closest to accounting (financial accounting), but there are differences between the two forms of accounting. A comparison of the main characteristics of accounting and management accounting is presented in Table 2.

Table 2. Differences between accounting (financial) and management accounting [6]

Parameter	Management accounting and reporting	Financial accounting and reporting
Mandatory maintenance	Not required	Mandatory, according to No. 402-FZ of 06.12.2011 "On accounting"
Publicity and users of information	Private Shareholders and managers of the company	Public Shareholders, creditors, competitors, employees, fiscal authorities

Participants in the process of processing documents and preparing reports	Employees of the company of various functions and hierarchies	Only employees of financial services
Position of the manager responsible for accounting and reporting	Financial Director or Head of Controlling Department	Chief accountant
Data submission format Accuracy and concreteness	Non-unified formats developed by responsible persons formats	Regulated by law, or approved in the Accounting Policy of the company
Data submission format Accuracy and concreteness	Non-unified formats developed by responsible persons formats Variability is allowed	Regulated by law, or approved in the Accounting Policy of the company. Precise and specific
Content and evaluation	Information necessary for management and management decision-making, including forecasts in the form of budget forms	The information is focused only on accomplished and documented economic events in monetary terms
Business transaction registration form	Free, by filling in independently developed formats.	Double entry using a working chart of accounts
Attitude to trade secrets	Direct	Does not contain a trade secret if management analytics and details are not configured.
Regulation	Regulated by the responsible persons	Regulated by RAS
Level of detail	Detailed accounting	Determined by RAS
Frequency of reporting provision	Depending on the requirements set in the company	Annually (full report), quarterly
The main purposes of using information	Management, planning, decision-making by managers	Decision-making by shareholders, investors, creditors
The basis for evaluating indicators	There are relevant costs	Basically, the initial cost
The ability to evaluate business processes	available	absent

As can be seen from the set of distinctive characteristics given in Table 2, management accounting has a number of significant advantages over accounting from the point of view of operational management of the company. For example, management reporting is free from regulation and allows you to reflect the information data necessary for making management decisions in a form that corresponds to the methods and methods of calculation and pricing adopted in the company. Almost all departments participate in the formation of management reporting, planning, and identification of the causes of deviations, while financial reporting is the prerogative of accounting. The frequency of preparation of management reports depends only on the needs of the management and management of the company, the preparation of financial statements is precisely regulated, accounting is limited to reflecting exclusively fait accompli in summary terms, management accounting may contain any information that can influence the company's activities, including non-digitized.

This state of affairs is primarily due to the different content of cost items for different types of activities and their interpretation in the methodology of cost calculation in various forms of accounting. In management accounting, the cost is formed according to the margin method of financial management, the most common in the business environment, since it allows for operational management CVP analysis (Eng. costs-volume-profit, cost-volume-profit analysis), calculate the break-even point and margin of safety, form the sales price with a high degree of profit margin [3].

Accounting (financial) statements do not allow you to see some aspects of the company's performance. In particular, the Statement of Financial Results does not contain such an indicator as margin income, which is the difference between revenue (income) and variable expenses. According to line 2100 of Form No. 2, gross profit (loss) is generated as a result of subtracting the amount on line 2110 "Revenue" and 2120 "Cost of sales", which includes all production costs:

both variable and indirect. Therefore, accounting information is not enough for effective enterprise management.

Among other prerequisites for the emergence of management accounting, one can call inoperation and limited provision of information by accounting and reporting. Thus, Article 9 "Primary accounting documents" of Federal Law No. 402-FZ dated 06.12.2011 "On Accounting" prescribes the registration of each fact of economic life with a primary accounting document and does not allow for the accounting of facts that did not take place [7]. Thus, accounting records reflect only completed and documented business transactions in a clearly regulated format in accordance with Article 2 of Federal Law No. 402-FZ. In practice, in order to understand the real financial condition of the company and take appropriate actions to prevent its deterioration or eliminate risks, it is necessary to have information about possible expenses, for example, a potentially lost lawsuit or a possible write-off of overdue products for a large amount. For accounting purposes, these transactions will be reflected only when providing primary documentation confirming a fait accompli – a court ruling and an act on the write-off of products. Management accounting allows you to include unfulfilled business transactions in expenses in order to plan a real financial result and prevent the financing of certain large-scale expenses for the formation of a reserve to cover possible risks.

The efficiency of data collection, systematization and analysis for management accounting purposes depends on the technical capabilities and features of the control and information system element - a set of equipment and software, as well as the qualifications and level of professionalism of managers and specialists of performers. The company usually assigns the functions of management accounting to specialists who have the necessary education and qualifications both in the field of economics and finance, and who are fluent in accounting and tax accounting and have the skills to work with automated information systems. In the main functionality of an accountant-analyst in management accounting, the following areas can be distinguished:

– budgeting;
– preparation of operational and periodic management reports;
– analysis of financial and economic activities;
– promising developments;
– pricing;
– internal audit (controlling) [8].

By carrying out thematic checks, an accountant-analyst increases the reliability of data from accounting systems and identifies possible violations and risks of the company. Compiling management reports and explanations for internal users, he acts as an authorized representative authorized to interpret the financial condition of the company. The listed functionality explains the high requirements for the level of training and professional skills of a specialist.

When forming budgets and operational reporting, in addition to accounting information of accounting systems, an accountant-analyst for the purposes of management accounting includes all types of non-accounting and regulatory and technical data coming from both the divisions of the enterprise and from the external environment: operational indicators of production accounting, environmental information, service protocols of laboratories, technical infrastructure maintenance units, legal department summaries of upcoming court proceedings, reviews of public data on industry indicators and other indicators of the state of the internal and external environment of the organization. Graphically, the sources used for the formation of management accounting and reporting are shown in Figure 1.

As follows from Figure 1, management accounting uses all types of available information in order to provide management with information for making management decisions. All the information circulating in the management decision–making system can be divided into two categories - incoming and outgoing. Incoming information flows in the management accounting system have a more complex structure. Data comes from various sources: they are generated in various subsystems of the organization, as well as in the external business environment. The structure of information flows is shown in Figure 2.

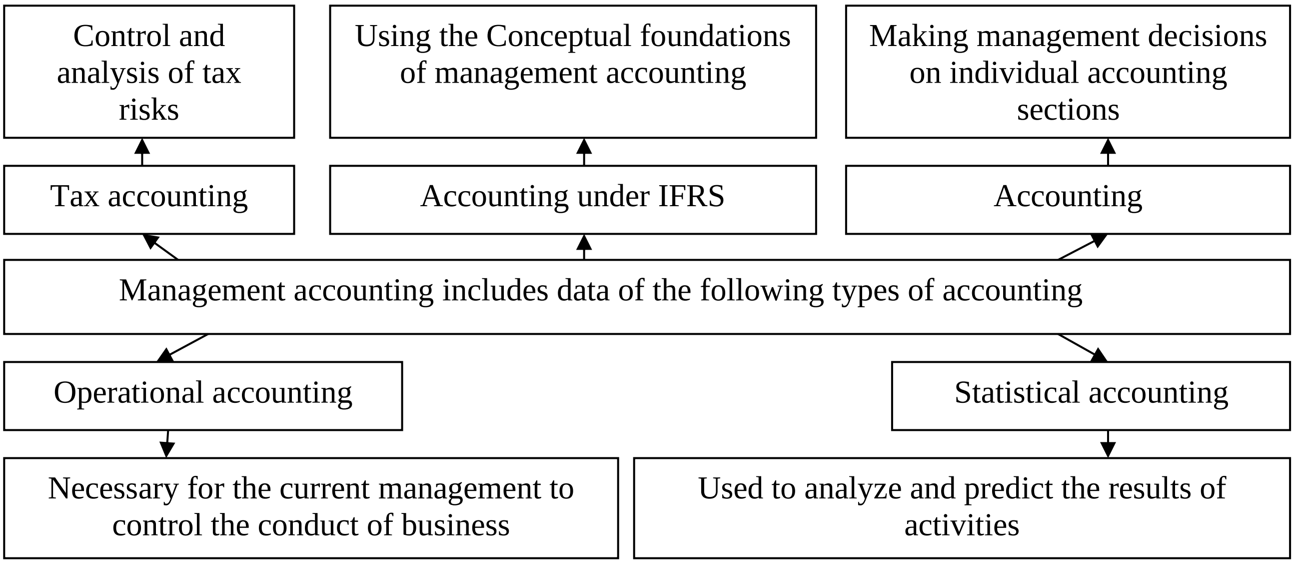

Fig. 1 Data of types of accounting included in management accounting [9]

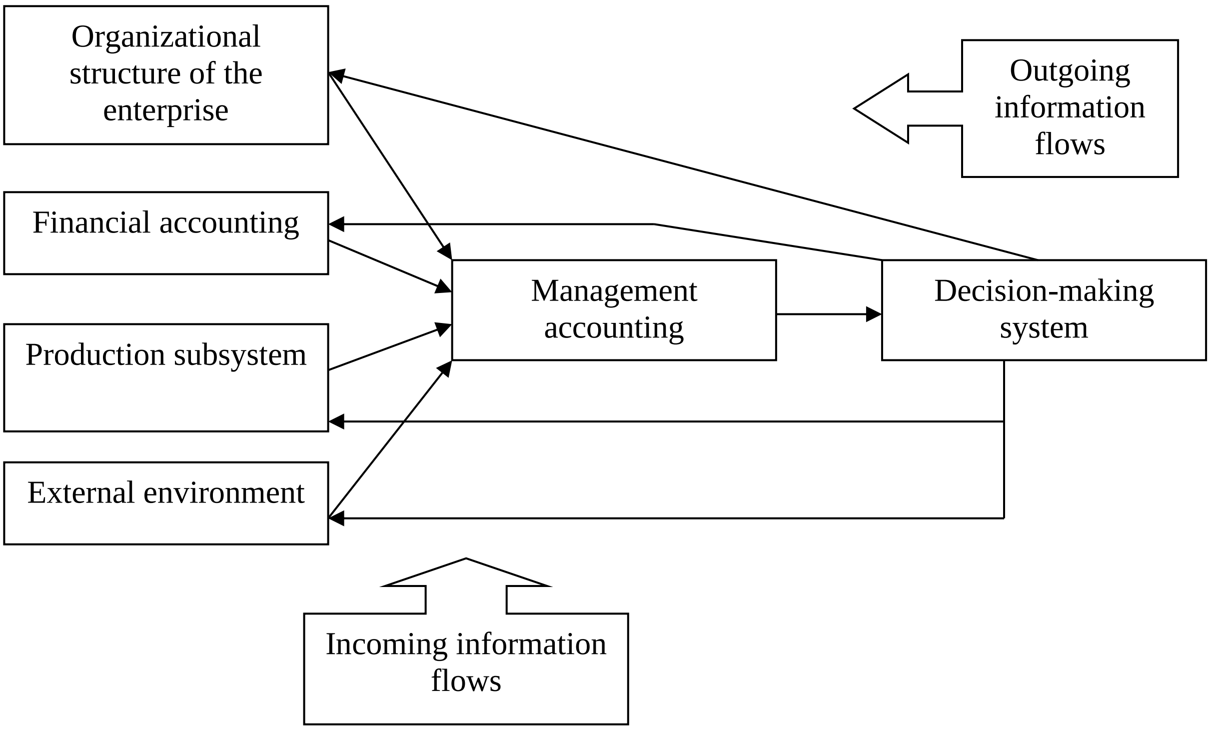

Fig. 2. Information flows in the management accounting system [10]

According to Figure 2, incoming information flows are arrays of data coming both from the internal environment of the organization and from the external environment to the management accounting system. In this system, data processing and analysis takes place, converting them into a stream of information necessary for monitoring and making managerial decisions. The decision-making system generates outgoing information flows aimed at ensuring the financial and economic activities of the organization. Significant amounts of information necessary for the implementation of control and management in the organization are formed in the external environment of the organization. Such information includes regulatory legal acts of the Russian Federation, state authorities of its subjects and local self-government bodies, data on conjunctural changes in the market, the level of competition in its various segments, and other data.

Internal and external information included in the management accounting system can also be classified by the nature and form of the information contained. Classification and description of information according to these characteristics are shown in Figure 3.

Accounting information	•accounting and reporting data - primary accounting documentation, data coming from the financial and tax accounting system, financial and tax reporting forms •statistical accounting and reporting data - generalized statistical information necessary for inter-farm comparisons, operational production accounting and reporting data
Non-accounting information	•materials of external and internal audits; •materials of inspections of the tax service and other regulatory bodies; •materials of permanent production meetings; •materials of shareholders' meetings; •explanatory notes and memos; •analytical reviews prepared in the organization itself or received from outside; •business correspondence with partners, creditors, etc.; •media materials
Regulatory and technical information	•production standards; •planning and budget standards; •financial information contained in price lists, price tags, price lists, reference books and other similar sources; •technical and technological information characterizing the state of the art and technology; •technology standards, state or internal (GOST, OST, TU, SanPiN, SNiP, etc.); •quality standards (for example, ISO 9000)

Fig. 3 Classification of information sources by the nature and form of information [3]

As follows from Figure 3, accounting information is a set of standardized and legally established information. Data from non-accounting sources used in management accounting are very diverse, can be issued in kind or represent a pool of non-digitized information. The complex of normative and technical information includes documents of technical and limited (normative) content.

Management accounting uses economic and financial accounting data as the main source of information, therefore, in order to bring these types of accounting closer, the regulations on management accounting policy, as a rule, establish the same principles and requirements that are provided for financial accounting. The basic principles are presented in Figure 4.

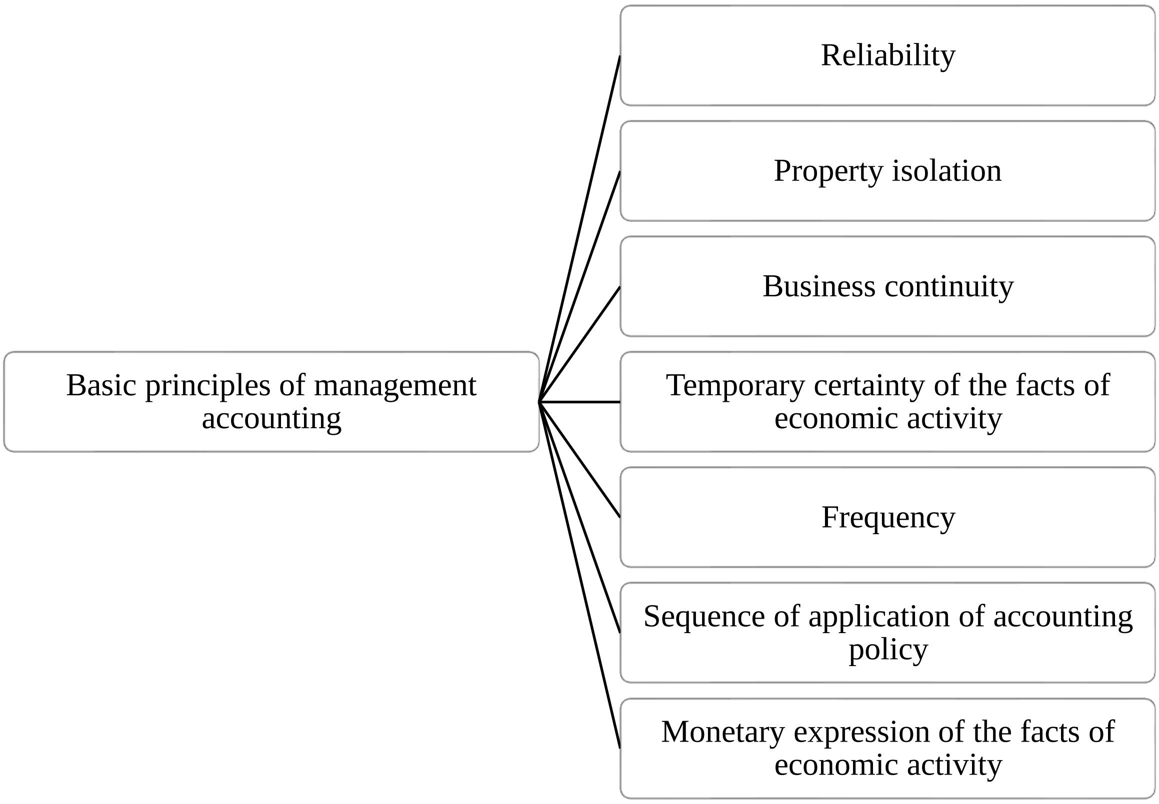

Fig. 4 Basic principles of management accounting [5]

As shown in Figure 4, the basic principles of management accounting include:

– the principle of reliability – the basic concept of accounting is the reliability of information of transactions. The entire data system should be presented in such a way that its user can get an idea of the actual financial condition of the company;

– property isolation – means that the enterprise exists as a single independent economic entity of economic relations, its property is strictly separated from the property of its owners, employees and other organizations;

– continuity of activity – means that the organization functions normally and will maintain its position in the market in the foreseeable future, paying off obligations to suppliers, consumers and other partners in accordance with the established procedure;

– sequence of application of accounting policy – the accounting policy chosen by the organization is applied consistently, from one reporting year to another;

– temporary certainty of the facts of economic activity – the facts of the company's economic activity relate to the reporting period (and, therefore, are reflected in the accounting) in which they took place, regardless of the actual receipt or payment of funds related to these facts;

– the principle of monetary expression or the principle of applying a common system of units of measurement – all facts of economic activity, property, assets and liabilities of the company are estimated in monetary terms, non-digitized information in management accounting is estimated by calculating the maximum possible losses / risks.

– the principle of periodicity – often different trends in the financial condition of a company can be identified only by comparing data that have been generated over similar time periods, therefore, consistency in the frequency of providing data analysis is important for management accounting.

Figure 5 shows the basic requirements for management accounting.

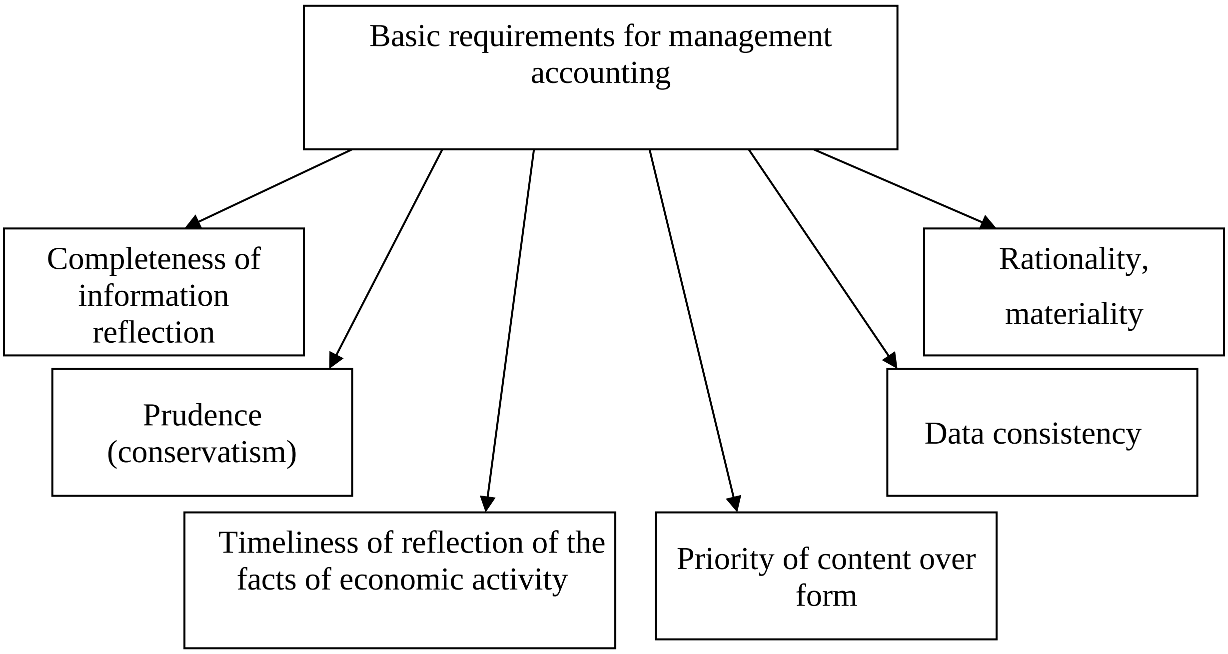

Fig. 5 Basic requirements for management accounting [4]

As shown in Figure 5, the main requirements for management accounting include:

– completeness of accounting information – accounting policy should ensure that all facts of the organization's economic activity are fully reflected in accounting;

– prudence (conservatism) – implies a certain degree of caution in the process of forming expert judgments necessary for calculations made under conditions of uncertainty, which avoids overestimating the value of assets or income, and underestimating the value of liabilities or expenses;

– timeliness of reflection of the facts of economic activity – some time passes between the commission of a business transaction and the moment of its registration in the accounting. This time lag should be minimal, since its impact on the financial result of the organization depends on the date on which the fact of economic life will be registered.;

– priority of content over form – reflection in accounting of the facts of economic activity, based not only on their documentary or legal form, but also on the economic content of the facts, conditions and economic essence of the operation;

– consistency of data – identities of synthetic and analytical accounting data;

– rationality and materiality – rational and economical accounting based on the conditions of economic activity and the size of the organization, reflecting the facts and future operations that will have a significant impact on the company's economy. The management accounting policy establishes for each item of expenditure an acceptable percentage of deviation from the point of view of materiality.

The principles and requirements imposed on the management accounting system as part of the control and information environment of the organization make this type of accounting conceptually similar to International Financial Reporting Standards. IFRS are a set of documents in the form of standards and their interpretations governing the rules for the preparation of financial statements [5].

IFRS, unlike most Russian reporting rules, are standards based on principles, and not on rigidly prescribed dogmatic guidelines. The purpose of this approach is that in any practical situation, the compilers could proceed from the economic essence of business transactions, take into account and form a financial result not only on the basis of retrospectively and documented facts of economic life, but also based on all available information, to compile and calculate expert possible economic consequences. It is this technique, characteristic of IFRS, that is embedded in the concept of management accounting.

In 1998, a program of accounting reform in accordance with IFRS was adopted in Russia. In particular, since 2005, all credit institutions (banks) have been required to prepare financial statements in accordance with IFRS standards.

In 2011, the "Regulation on the Recognition of IFRS and their Explanations for Application in the Territory of the Russian Federation" was adopted (Decree of the Government of the Russian Federation No. 107 of 25.02.2011). In 2011, the first 63 standards and interpretations were recognized as applicable in the territory of the Russian Federation. On November 25, 2011, the Ministry of Finance approved Order No. 160n on the introduction of IFRS in the Russian Federation [11].

In our opinion, the organization of management accounting by Russian enterprises is difficult due to the predominant accounting in accordance with Russian accounting standards, which are aimed at external users of financial statements. IFRS and management accounting are mainly focused on the formation of the most complete information for internal users who make management decisions and exercise internal control in the organization.

It should be noted that the advantage of the organization of management accounting as an element of the control and information environment in accordance with the Conceptual Foundations of IFRS is determined by the recommendatory nature of international standards, which contributes to their application in national accounting systems. The advantage of management accounting is that the company can independently choose the accounting method based on strategic goals. Based on the principles of reporting in accordance with IFRS, the management of an enterprise can create reporting forms and implement forms of control that are most appropriate for a particular enterprise in accordance with the specifics of national legislation and the organization's activities within the framework of management accounting.

Conclusion

Management accounting as an element of the control and information system of a modern enterprise is its basic basis. Not limited by strict legal requirements, it allows you to use a more extensive set of information sources: both accounting and non-digitized, compared to accounting. All departments of the organization participate in the organization and operation of the management accounting system, which ensures the involvement of various functions in making management decisions and achieving the main goal of the enterprise – managing the effectiveness of its activities.

There is no consensus in scientific circles regarding the category of management accounting. As a result of the study of the basic formulations of this concept, it was determined that management accounting is a system for collecting, registering, summarizing and presenting information about the economic activities of an organization and its structural divisions for planning, monitoring and managing these activities.

Management accounting is one of the elements of the control and information environment of the organization, which is an integral structure created by the interaction of elements of internal control functions with the support of data generated as a result of accounting and production control. The coordinated work and interaction of the system elements are aimed at achieving the effectiveness of management accounting, increasing its efficiency by standardizing business processes, improving them and integrating them into various management tools, such as internal audit, cost and income control, budgeting and others.

In many ways, management accounting is close to the standards and principles of international financial reporting. For example, in management accounting, methods of indirect preparation of a cash flow statement and methods of assessing the fair value of assets are widely used. Nevertheless, the lack of widespread application of IFRS in the accounting practice of

Russian enterprises makes it difficult to form management accounting systems. The solution to the problem of organizing and implementing management accounting in the work of domestic companies may be a more active reform of Russian accounting in accordance with IFRS.

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