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Internal Control and Audit in the Financial Management System of an Enterprise

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ABSTRACT

The relevance of the study lies in the growth of financial risks, the complexity of management decisions, and the need for enterprises to have more flexible and effective control mechanisms in the context of digital transformation in financial management. The purpose of the article is to substantiate the role of internal control and internal audit as interrelated elements of the enterprise's financial management system and determine their impact on the effectiveness of financial process management. The methodological basis of the study is the system and structural-functional approaches, logical-analytical analysis, generalization of scientific results of previous studies, as well as a comparative analysis of the practices of internal control and audit in the financial management of enterprises. As a result of the study, it was established that internal control in modern financial management performs not only a regulatory, but also a preventive function aimed at reducing financial risks. It was found that internal audit is a key tool for assessing the effectiveness of financial processes and the effectiveness of the internal control system, providing management feedback. It is proven that fragmentation and formalization of control procedures significantly reduce the managerial value of internal control and audit. It is substantiated that integrating audit and control functions into the financial management system enhances the quality of financial decisions and the financial stability of the enterprise. It is established that the digitalization of financial processes changes the role of internal audit, transforming it from a tool for post-facto control to a mechanism for continuous monitoring and analytical support of management. The practical significance of the results obtained lies in the possibility of their use in improving the financial management systems of enterprises, developing internal control and audit regulations, as well as forming managerial decisions aimed at increasing the financial efficiency and sustainability of the enterprise.

KEYWORDS

management tools, operational risks, benchmarking, SWOT analysis, early response system.

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Внутрішній контроль і аудит у системі фінансового менеджменту підприємства

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АНОТАЦІЯ

Актуальність дослідження зумовлена зростанням фінансових ризиків, ускладненням управлінських рішень та потребою підприємств у більш гнучких і результативних механізмах контролю в умовах цифрової трансформації фінансового менеджменту. Метою статті є обґрунтування ролі внутрішнього контролю та внутрішнього аудиту як взаємопов'язаних елементів системи фінансового менеджменту підприємства й визначення їх впливу на ефективність управління фінансовими процесами. Методологічну основу дослідження становлять системний та структурно-функціональний підходи, логіко-аналітичний аналіз, узагальнення наукових результатів попередніх досліджень, а також порівняльний аналіз практик функціонування внутрішнього контролю й аудиту в управлінні фінансами підприємств. У результаті дослідження встановлено, що внутрішній контроль у сучасному фінансовому менеджменті виконує не лише регламентну, а й превентивну функцію, спрямовану на зниження фінансових ризиків. Виявлено, що внутрішній аудит виступає ключовим інструментом оцінювання ефективності фінансових процесів і результативності системи внутрішнього контролю. Доведено, що фрагментарність і формалізація контрольних процедур істотно знижують управлінську цінність внутрішнього контролю та аудиту. Обґрунтовано, що інтеграція аудиторських і контрольних функцій у систему фінансового менеджменту підвищує якість фінансових рішень і фінансову стійкість підприємства. Встановлено, що цифровізація фінансових процесів змінює роль внутрішнього аудиту, трансформуючи його з інструменту постфактумного контролю на механізм постійного моніторингу й аналітичної підтримки управління. Практична значимість отриманих результатів полягає у можливості їх використання під час удосконалення систем фінансового менеджменту підприємств, розроблення внутрішніх регламентів контролю й аудиту, а також формування управлінських рішень, спрямованих на підвищення фінансової ефективності та стійкості діяльності підприємства.

КЛЮЧОВІ СЛОВА

управлінські інструменти, операційні ризики, бенчмаркінг, SWOT-аналіз, система раннього реагування.

1. Introduction

Financial management of a modern enterprise is increasingly functioning in conditions where classical management tools are insufficient to ensure stability and predictability of financial results [14]. Market volatility, complication of financial flows, growing regulatory pressure, and digitalization of accounting and analytical processes significantly increase the sensitivity of enterprises to errors in financial decision-making. In such conditions, internal control and internal audit cease to be auxiliary or formal elements of management and actually turn into critical components of the financial management system [9]. At the same time, in the practice of many enterprises, they continue to be perceived in fragments, without clear integration into the management logic.

The problem is exacerbated by the fact that internal control is often reduced to a set of formal procedures focused mainly on compliance with regulatory requirements and internal regulations. This approach does not allow to fully use its potential as a tool for managing financial risks and ensuring the quality of management decisions. Internal audit, in turn, often functions in isolation from the strategic goals of the enterprise, focusing on retrospective analysis, and not on assessing the systemic effectiveness of financial management [12]. As a result, there is a gap between the control functions and the processes of financial management, which reduces the overall manageability of the financial system of the enterprise.

An additional factor in the actualization of the problem is a change in the nature of financial risks. If earlier the focus was on liquidity or solvency risks, today operational, informational and compliance risks are becoming increasingly important. They are complex in nature and cannot be effectively identified without a holistic internal control system and regular analytical assessment by the internal audit [9]. However, in practice, there is often no methodological consistency between these elements, and their interaction remains declarative. Thus, the relevance of this study is due to the need to bridge the gap between theoretical approaches to internal control and audit and the real challenges of financial management of the enterprise.

2. Literature Review

In the works of Papp and Boshota [15], financial controlling is considered as a key tool for ensuring the effectiveness of enterprise financial management. The authors prove that the introduction of controlling mechanisms allows to increase the consistency of financial planning, control and analysis, as well as reduce information asymmetry between management levels. At the same time, in their conclusions, internal control and audit are considered mainly as functional components of controlling, without a detailed analysis of their independent role in the financial management system.

Research by Melnyk et al. [13] focuses on the functioning of the internal financial control system in budgetary institutions. The authors found the presence of systemic problems associated with fragmentation of control procedures and limited focus on risk management. An important result is the conclusion about the insufficient integration of internal control into the processes of strategic management of financial resources, which reduces its managerial efficiency. At the same time, the specifics of the budget sector limit the possibility of direct transfer of these conclusions to entrepreneurial structures.

In the work of Adonin and Kalashnikova [1], financial controlling is interpreted as a system-forming element of enterprise management. The authors emphasize that it is through controlling that the connection between financial goals, control of results and managerial decision-making is ensured. At the same time, the study considers internal audit rather as an auxiliary control tool, which indicates insufficient attention to its analytical and consulting functions.

The issue of organization of internal control at the enterprise level is thoroughly disclosed in the work of Melnyk and Vabishchevych [12]. The authors substantiate the need to build internal control as a continuous process integrated into management cycles. It has been established that the effectiveness of internal control largely depends on the clarity of the distribution of powers and responsibilities. At the same time, the study does not sufficiently disclose the interaction of internal control with internal audit in the context of financial management.

In more modern studies, in particular in the work of Bardadym [2], the emphasis is placed on the role of internal control as a factor in increasing the overall efficiency of the enterprise. The author proves that internal control contributes not only to the reduction of financial losses, but also to the formation of managerial discipline.

Organizational and methodological aspects of control of financial activity are revealed in the study of Miniailo et al. [14]. The authors found that the effectiveness of financial control largely depends on the consistency of control procedures with the management goals of the enterprise.

A significant contribution to the study of the relationship between internal control and internal audit was made by Datsenko [6]. The author proves that it is the combination of these tools that forms the basis of the financial security of the enterprise. At the same time, the conclusions emphasize that in practice their functioning is often inconsistent, which reduces the effectiveness of financial risk management.

In the work of Chernetska et al. [5] Internal control is considered through the prism of its relationship with the accounting and analytical resource of the enterprise. The authors substantiate that the quality of managerial decisions directly depends on the consistency of control procedures and information support. At the same time, internal audit in the study is considered mainly as an element of the accounting system, and not as an independent tool for assessing the effectiveness of financial processes.

The issue of internal audit as an element of management of the economic security of the enterprise is disclosed in the work of Budnyk et al. [4]. The authors found that internal audit plays a key role in identifying financial threats and preventing crisis phenomena. At the same time, the study focuses mainly on the protective function of audit, while its role in improving the effectiveness of financial management remains secondary.

A similar position in content is taken by Berjanir et al. [3], which considers internal audit as a component of the enterprise management system. The author argues that internal audit contributes to increasing the transparency of management processes and the quality of decision-making. At the same time, the results of the study indicate the insufficient integration of internal audit into financial planning and budgeting, which limits its impact on financial management.

Thus, the analysis of scientific sources shows that internal control, internal audit and financial controlling are mostly studied as separate elements of management [14]. Their interaction in the context of the financial management system of the enterprise and the assessment of the effectiveness of financial processes remains insufficiently disclosed. Filling this gap necessitates further research aimed at forming a holistic vision of the role of internal control and audit as tools for creating managerial value.

3. Problem Statement

The purpose of the study is to substantiate the role of internal control and internal audit as interrelated elements of the financial management system of the enterprise.

4. Methods and Materials

The study employed a comprehensive approach to investigate the role of internal control and internal audit within the enterprise financial management system. A review and analysis of contemporary scientific literature on financial controlling, internal control, and audit were conducted to identify their impact on the effectiveness of financial management processes. A systemic approach was applied to conceptualize internal control and audit as interconnected elements of the financial management system. Comparative analysis was used to evaluate traditional and risk-based approaches to financial control, while expert assessments and practical experience were considered to identify key challenges and gaps in implementation. Data were also systematized and analyzed using tabular and graphical methods to illustrate structural components of internal control, main operational issues, and the effectiveness of management decisions. This methodological framework enabled the study to highlight the interaction between internal control and internal audit, uncover existing inefficiencies, and propose recommendations for improving enterprise financial management.

5. Results and Discussion

Internal control in the financial management system can be considered as a practical tool for the daily management of the enterprise's finances, which helps to maintain its stability, solvency and ability to develop in the long term [1]. Its importance lies not only in fixing financial results, but primarily in the timely identification of risks, deviations and potential threats that may affect the financial equilibrium of the enterprise. The main task of internal control is to organize financial processes in such a way as to minimize errors, prevent ineffective management decisions and ensure transparency of financial information. Thanks to this, the management receives a clear, reliable and analytically developed basis for decision-making both in current activities and in strategic planning. In this sense, financial controlling logically complements internal control and auditing and reinforces their effectiveness. An important feature of internal control is its ability to combine various managerial functions into a single system – planning, control, analysis and evaluation of results. It helps to build a holistic management cycle, within which financial goals are transformed into specific plans, and the results of their implementation are constantly analyzed and adjusted [15, p. 91].

The modern internal control system is based on a wide range of methods and analytical tools (Table 1), which greatly facilitate the process of monitoring the financial condition of the enterprise, increase the validity of management decisions and contribute to the timely identification of problem areas in the company's activities. The use of such methods allows not only to record financial results, but also to predict possible deviations and risks arising in the process of economic activity [5].

The most common methods of internal control include CVP analysis (analysis of the relationship "costs – volume – profit"), which makes it possible to determine the break-even point and assess the impact of changes in production volume or costs on the financial result of the enterprise [14]. SWOT analysis is used to strategically assess the internal strengths and weaknesses of the enterprise, as well as external opportunities and threats that affect its financial stability and competitiveness. Cost analysis is aimed at assessing the efficiency of resource use and the ratio of costs and results, which allows optimizing the cost structure and increasing the economic feasibility of management decisions. Benchmarking involves comparing the financial and operational indicators of the enterprise with the indicators of the leading companies in the industry in order to identify reserves for improving the efficiency of activities. Ratio analysis is a basic tool of operational financial controlling, as it allows you to quickly assess the liquidity, solvency, profitability and financial stability of the enterprise on the basis of a system of relative indicators. That is why it is most often used in the process of current and operational controlling. At the same time, in strategic financial controlling, preference is given to SWOT analysis and other strategic methods that allow assessing long-term trends in the development of the enterprise, its position in the market and the impact of the external environment. A special place is occupied by the early response system, which is aimed at identifying the first signals of financial threats, crisis phenomena or negative trends at the initial stages of their formation, which allows the management to take corrective measures in time [1].

Internal control at the enterprise is implemented through the tools of operational financial planning, which provides control over the actual receipts and expenditures of funds in the process of economic activity, as well as over the implementation of current financial plans [4]. The internal control system is considered as an integral part of the overall enterprise planning system, using a unified approach to methods and tools of financial management. Financial planning is a key process that determines the system of financial indicators and planning guidelines for providing the enterprise with resources and increasing the efficiency of its financial activities in the future. It allows you to determine the total need for financial resources to ensure production and economic activities and the possibility of obtaining them [3]. The importance of financial planning is manifested in determining the necessary amount of funds to finance the expansion of production, the fulfillment of financial and credit obligations to the budget, banks, as well as the solution of social issues and staff motivation. Planning helps to prevent excessive expenditure of resources both in individual areas of activity and on the scale of the entire enterprise. The process of financial planning includes the analysis of the current financial condition of the enterprise, modeling the future values of planned indicators, drawing up plans and developing a methodology for making adjustments during their implementation. The implementation of this concept is aimed not only at the formation and approval of financial plans, but also at monitoring their implementation and the prompt introduction of the necessary changes. The financial planning system and internal control are interrelated management functions [9]. Controlling cannot be effectively implemented without clearly defined plans and goals, and the lack of control over their implementation makes planning ineffective. Planning procedures provide for the description of tasks, expected results and ways to achieve them, while controlling ensures the verification of completed operations, timely detection of deviations and minimization of financial risks. Based on the results of internal control, the financial planning system is improved and the overall efficiency of enterprise management is increased [1].

Table 1. Structural elements of the formation of the internal control system at the enterprise

System Unit	Element content	Characteristics	Role in the financial management system
Principles of financial controlling	Focus on financial strategy	Consistency of control with the strategic goals of the enterprise	Provides long-term orientation of financial decisions
	Multifunctionality	A combination of planning, analysis, control, and coordination	Forms an integrated approach to financial management
	Focus on quantitative indicators	Use of financial ratios and indicators	Increases the objectivity of managerial decisions
	Compliance with analysis and planning methods	Coordination of controlling instruments with financial analysis and budgeting	Ensures the methodological integrity of the system
	Timeliness, simplicity, flexibility	Responsiveness and adaptability of the system	Allows you to quickly adjust financial decisions
	Economic feasibility	The costs of controlling do not exceed the effect of its implementation	Ensures system efficiency
Stages of building a system	Definition of the object of control	Management decisions regarding financial activities	Focuses on key financial processes
	Definition of types of control	Strategic, current, operational	Provides different time horizons of control
	Formation of a system of priorities of indicators	Ranking of indicators by levels of significance	Allows you to concentrate control on critical parameters
Functions of financial controlling	Planning and budgeting	Formation of financial plans and budgets	Ensures resource balance
	Financial analysis and control	Analysis of results and deviations	Detects problems and reserves
	Risk assessment and early warning	Diagnostics of threats to financial stability	Increases financial security
	Internal audit and consulting	Verification and recommendations to management	Maintains the quality of management decisions
	Adjustment of management decisions	Response to changes in the environment	Increases the adaptability of the enterprise
Information and technological support	Controlling automation	Use of ERP and analytical systems (SAP, Oracle, etc.)	Provides fast collection and processing of information
	Information base	Financial, managerial, statistical information	Increases the reliability of the analysis
Subjects of financial controlling	Financial controllers	Specialists responsible for the functioning of the system	Ensure the implementation of controlling in practice

Source: Compiled based on [1; 15].

The effectiveness of the internal control system is determined primarily by two interrelated factors [17]. The first of them is the level of achievement of the main goal of internal control, i.e. the ability of the system to timely detect errors, violations and risks, as well as to prevent their negative impact on the activities of the enterprise. The second factor is the scale of the impact of the detected deviations on the results of financial and economic activities, i.e. the extent to which a change in one indicator (for example, expenses, income or liquidity) can cause changes in other key financial parameters. On the other hand, significant errors or system deviations can lead to distortion of financial statements, incorrect management decisions, loss of resources, or even financial risks of the strategic level [12].

The evaluation of financial processes within the internal audit goes beyond verifying the correctness of accounts or compliance with internal regulations. The focus is on the logic of building the processes themselves: budgeting, cash flow management, cost formation, and financing of investment projects [16]. Internal audit analyzes their consistency with each other, compliance with the strategic guidelines of the enterprise and the economic feasibility of the management decisions made. Thus, it acts as a tool for qualitative assessment of financial management, and not only as a means of fixing deviations.

Internal audit occupies a special place in the process of assessing the effectiveness of the internal control system. In fact, it performs the function of the "second level" of control, aimed at checking the extent to which the existing control procedures correspond to the level of financial risks and can prevent undesirable financial consequences [17]. In this context, internal audit does not duplicate control functions, but analyzes their effectiveness, identifying weaknesses, excessive formalization, or, on the contrary, gaps in control. Thanks to this, the internal control system ceases to be static and acquires an adaptive character.

An important feature of modern internal audit is a combination of evaluation and consulting functions. The results of audit procedures are increasingly used not as a basis for sanctions, but as an information basis for improving financial processes [3]. Internal audit recommendations may relate to optimizing the cost structure, reviewing approaches to liquidity management, adjusting budget priorities, or improving the transparency of financial statements. In this format, internal audit begins to play the role of an intelligent intermediary between financial information and management decisions.

Significant potential of internal audit is revealed in the field of financial risk management. Assessing the effectiveness of financial processes, the audit identifies areas of increased risk, analyzes the causes of their occurrence, and assesses the adequacy of the implemented response mechanisms [18]. This allows not only to reduce the likelihood of financial losses, but also to increase the predictability of financial results in the medium and long term. In this way, the internal audit directly affects the financial stability of the enterprise.

The digitalization of financial management significantly changes the tools and approaches of internal audit, while at the same time enhancing its importance. Automation of accounting and control procedures, the use of large amounts of financial data and analytical platforms create conditions for the transition from periodic inspections to constant audit monitoring [16]. In such conditions, internal audit becomes not only a tool for retrospective assessment, but also a means of prompt detection of deviations and support of management decisions in real time.

Despite the conceptual certainty of the role of internal control and internal audit in the financial management system, the practice of their application at enterprises demonstrates the presence of a number of persistent dysfunctions [11]. They are manifested not in the absence of control mechanisms as such, but in the way they are integrated into management processes. As a result, formally built control and audit systems often do not fulfill the expected managerial role and do not ensure the proper quality of financial decisions.

One of the most common problems is the dominance of a formalized approach to internal control. Control procedures in many cases are focused on compliance with internal instructions or external regulatory requirements, while their connection with real financial risks remains weak [8]. Control records the fact of execution of transactions, but rarely assesses their feasibility or impact on financial results. In this configuration, internal control loses its preventive character and turns into a tool for post-factum response.

The problem is aggravated by the fragmentation of the internal audit in the financial management system. Audit functions often exist separately from the processes of budgeting, liquidity management or financial planning [10]. The results of the audit are not always transformed into specific management actions, and recommendations remain outside the context of strategic and tactical decisions. As a result, internal audit does not play the role of a feedback mechanism, and its potential as a tool for improving the effectiveness of financial management is only partially realized. A significant limitation of the effectiveness of internal control and audit is the discrepancy between their depth and the real level of financial risks [17]. In the practice of enterprises, asymmetry is often observed: detailed control of small transactions is combined with a superficial analysis of strategically important financial processes. Such an imbalance leads to overloading of the control system with secondary inspections and, at the same time, leaves out critical risk zones that directly affect the financial stability of the enterprise.

Another characteristic problem is the narrowing of the functional content of internal audit to purely audit activities. In many cases, the audit focuses on finding errors and deviations without proceeding to the analysis of their causes and systemic prerequisites [19]. This approach limits the possibilities of using audit as an analytical tool to support management decisions and reduces its value for financial management. Organizational and personnel factors are no less important [11]. The limited independence of internal audit, the combination of control and operational functions, as well as the shortage of specialized competencies, hinder the development of risk-based approaches. As a result, internal control and audit often do not have time to adapt to changes in the financial environment, and their methodology remains inertial.

Additional challenges are formed by the digitalization of financial management. Automation of financial processes significantly increases the speed and volume of data processing, but control and audit procedures do not always evolve in accordance with these changes [18]. The limited use of data analytics, insufficient attention to information and cyber risks, and the fragmentation of digital solutions are exacerbating the gap between modern financial technologies and traditional approaches to control. Summing up, the problems of the functioning of internal control and audit in the practice of financial management of enterprises are systemic in nature (Table 2). They are due not only to organizational shortcomings, but also to the incompleteness of the integration of control instruments into the general logic of financial resources management. Awareness of these problems creates the basis for searching for directions for improving internal control and audit as elements that form managerial value, and not just a control function.

Table 2. Systematization of the main problems of internal control and audit and their managerial consequences

Problem	Manifestation in the practice of enterprises	Managerial implications for financial management
Formalization of internal control	Focus on regulations without taking into account financial risks	Reducing the preventive role of control, increasing financial losses
Fragmentation of internal audit	Lack of integration with budgeting and financial planning	Ineffective use of audit results in management decisions
Imbalance between risks and control procedures	Excessive control of small operations and weak control of key processes	Loss of financial risk management
Narrowing the audit to the verification function	Focus on error detection without analyzing the causes	Limitations of the analytical value of the audit
Organizational and personnel limitations	Lack of independence and a deficit of competencies	Decrease in the objectivity of evaluating financial processes
Technological lag	Slow adaptation of control to digital financial processes	Increased information and operational risks

Source: Author’s own development.

Strengthening the risk-based approach in the internal control and audit system is one of the key directions of improving the efficiency of financial management of the enterprise in modern conditions (Table 3). This approach allows not only to record violations and errors after their occurrence, but above all to timely identify potential threats and prevent them at the stage of managerial decision-making [7]. Within financial management, risk-based internal control is based on the systematic identification, assessment and prioritization of risks related to financial transactions, investment decisions, budgeting, liquidity management and liabilities of the enterprise. This means that control procedures are not the same for all processes, but adapt depending on the level of their risk [2]. This approach makes it possible to focus internal control and audit resources on the most vulnerable and critical areas of financial activity – where the probability of errors, abuse, losses or management miscalculations is highest. As a result, not only the effectiveness of control increase, but also its economic feasibility, since the time and efforts of controllers are used more rationally.

Table 3. Integration of the risk-based approach into the system of control of the financial activity of the enterprise

Functions and tasks of financial control	Content in the traditional control system	Implementation taking into account a risk-based approach	Expected managerial effect
Monitoring the progress of the implementation of financial tasks	Monitoring the implementation of budgets, financial plans and indicators	Monitoring focuses primarily on processes with a high level of financial risk (liquidity, accounts receivable, cash flows)	Early detection of threats to financial stability
Measurement of deviations of actual indicators from the planned ones	Comparison of actual and planned data	Deviations are analyzed from the point of view of their riskiness and potential consequences	Focus on critical deviations instead of formal ones
Diagnosis of deterioration of financial condition	Identification of negative trends in financial results	Diagnostics is carried out taking into account the likelihood of bankruptcy, loss of liquidity, reputational risks	Crisis prevention
Development of operational solutions for the normalization of activities	Adjust financial plans and budgets	Solutions are aimed at minimizing key risks (insolvency risk, currency risk, credit risk)	Increasing the adaptability of the enterprise
Adjustment of financial goals and indicators	View planned landmarks	The adjustment is carried out taking into account changes in the external environment and the risk profile of the enterprise	Aligning the strategy with real-world conditions
Assessment of the effectiveness of the use of financial resources	Analysis of profitability and performance of assets	Valuation taking into account the “profitability – risk” ratio	Improving the quality of investment decisions
Analysis of business activity and position in the financial market	Analysis of turnover, market indicators	Consideration of competitive, market and industry risks	A more stable position in the market
Assessment of the competitiveness of the enterprise	Comparison with competitors	Analysis of the vulnerability of the enterprise to strategic and reputational risks	Increasing strategic resilience
Assessment of liquidity, solvency and financial stability	Analysis of financial ratios	Interpretation of indicators through the prism of the risk of loss of solvency	Prevention of financial crises

Source: Compiled by the author based on [2; 14].

The integration of a risk-based approach into the financial control system allows the enterprise to move from formal surveillance to proactive threat management [8]. Control ceases to be a tool only for fixing deviations and becomes a means of preventing financial losses, crises and strategic mistakes. This improves the quality of management decisions, the efficiency of resource use and the overall financial security of the enterprise.

6. Conclusions

The study made it possible to rethink the role of internal control and internal audit in the financial management system of the enterprise. In the course of the analysis, it was found that the effectiveness of financial management is largely determined not by the formal presence of control mechanisms, but by the level of their integration into the processes of planning, implementation and evaluation of financial decisions.

It is substantiated that internal control in modern conditions performs not only the function of observing financial discipline, but also serves as a tool for preventive influence on financial risks. At the same time, internal audit provides an analytical assessment of the effectiveness of financial processes and the effectiveness of the internal control system, forming an information basis for adjusting management decisions. Their interaction creates a feedback mechanism, without which financial management loses its adaptability and strategic orientation.

In the course of the study, a number of problems have been identified that hinder the effective functioning of internal control and audit in the practice of enterprises. Among them are the dominance of formalized approaches, the fragmentation of audit procedures, and the discrepancy between the depth of control and the level of financial risks. The combination of these factors causes a gap between theoretical models of financial management and real managerial practice.

It has been proven that the digitalization of financial processes simultaneously increases the requirements for the internal control system and expands the possibilities of internal audit. The transition to automated and data-oriented approaches creates prerequisites for shifting the emphasis from post-factum control to constant monitoring and forecasting of financial deviations. Under such conditions, internal audit acquires the characteristics of a strategic tool for supporting management decisions.

It is advisable to direct further scientific research to the development of adaptive models of internal control and internal audit, taking into account industry specifics, the level of digital maturity of enterprises and the dynamics of financial risks. This will deepen the theoretical foundations of financial management and increase the applied significance of control instruments in modern economic conditions.

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