

Anna MUCHA *

DUTIES OF A UNIT BELONGING TO THE PUBLIC FINANCE SECTOR WITH RESPECT TO DOCUMENTATION OF MANAGEMENT AUDIT

Summary

The paper discusses the issue of control in the public finance sector. The issue in question is particularly important in the context of transition from heavily bureaucratic financial control of the public finance sector entities used so far to the management control based on regulations observed in the commercial sector. The paper underlines the essence and the concept of the analyzed phenomenon s as well as legal regulations and standards constituting the management control. The management control solutions applicable in the public finance sector are presented. The applicable regulations and standards form an ordered set of guidelines which persons responsible for functioning of the management control should use to create, evaluate and improve management control systems. The purpose is to promote the implementation of coherent and standard management control model based on international standards in this field with taking into consideration specific unit tasks and conditions. The implemented regulations should be valid and adequate to a situation present in the entity. The obligations of the entities in the scope of management control documentation, which arise from standards in force, are underlined.

Key words: *management control, public sector, standards of management control*

Introduction

The evolution of the legal system concerning concepts, the scope and tasks of control and management in the public sector, including a financial audit, an internal audit and management control, results from a need to adapt to the European and international regulations. Globalization in the field of economy and management in the public sphere resulted in the blurring of the traditional division into the institution of control and management. Apart from the customary control

* Anna Mucha MA, University of Economics in Kraków

of legality, that is compliance of doings governing the budgetary law, management of the public sector according to the principles of the best effects was initiated, and it was inspired by experiences and results of the commercial sector, that is de facto the business world.

The aim of this paper is to present solutions in the scope of management control in force in the public finance sector. All entities of the public finance sector are obliged to implement the management control, and it is regardless of an object of their activity, a legal form and an amount of the public funds accumulated or spent. The essence and the concept of the analyzed phenomenon will be determined. The legal regulations and the prevailing standards of the management control forming the basis of functioning of the system will be indicated. Particular consideration will be given to obligations of the entities in a scope of documentation which follow from the prevailing standards.

1. The essence and the concept of management control

Nowadays there are changes recorded in understanding the control concept. The difference between the traditional and the contemporary approach to the notion of control is in the involved funds and methods of their use. Traditional control is focused on undertaking inspection activities (auditing, lustration) and it reacts to an error committed. While control, in the contemporary meaning, is focused on achieving specified objectives. Hence, one can speak of *the culture of applying provisions*, but also of *the culture of achieving results*¹. Nowadays, the truth about the past which is provided by internal audit, is superseded by risk identification, risk assessment and management, so future events².

The essence of control can be presented by indicating a function which it fulfils, namely the following functions³:

- informative, that is consisting in providing information on the state of a course and effects of actions,

¹ Lubimow-Burzyńska I, Kowalczyk E., [2013], *Wdrożenie efektywnego modelu zarządzania finansami publicznymi w regulacjach prawnych dotyczących kontroli zarządczej* [in:] *Nierówności społeczne a wzrost gospodarczy*, the University of Rzeszów 2013,

² Kuc B.R., [2009], *Kontrola jako funkcja zarządzania*, Difin, Warszawa 2009, p. 82.

³ Chrisidu-Budnik A., Korczak J., Pakuła A., Supernat J., *Nauka organizacji i zarządzania*, Kolonia Limited, Wrocław 2005, p. 463.

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- instructional, that is expressed by controlled advising, instructing or providing appropriate help,
- stimulating, that is encouraging to raise a level of motivation of the audited for more efficient operations,
- prophylactic, of which the essence lies in exposing prevention of adverse phenomena.

The management control appeared under the provisions of the Public Finance Law of 27 August 2009⁴. It is worth noting that the act does not use the concept of financial control which was used when the Public Finance Act of 30 June 2005 was in force⁵. However, it does not mean that managers have been released from the obligation to perform financial control. It should be assumed that the management control concept also includes the aspects connected with existing operating of the financial control in its scope. It means an increased responsibility which rests with the entity manager. By introducing the management control term in place of the former financial control, the legislator aims at improving management in the public sector by an evolutionary shift from the Weber's ideal bureaucracy principles toward the managerial model⁶. In the managerial model the control includes:

- supervision – comprising sensu stricte control activities, which then is a manner of collecting information to undertake authoritative verifying activities,
- controlling – comprising a number of functions constituting an information support of performance of managerial functions, that is strategic and operational planning, organizing and human resources management,
- audit – including auditing and assessment of adequacy and effectiveness of the internal audit system, identification and management of risk and quality of the performed tasks,
- risk management – by forming and verifying specific control nodes where needed, that is where irregularities may be expected.

⁴ Journal of Laws 2009 no 157 item 1240.

⁵ Journal of Laws 2005 no 249 item 2104.

⁶ Kieżun W., *Sprawne zarządzanie organizacjami*, SGH, Warszawa 1998, p. 23.

The management control is a new name for the internal audit well-known in the commercial institutions⁷. It is shown by:

- the definition included in the Public Finance Act (all activities undertaken to provide the achievement of the objectives),
- a division of the standards into five thematic areas (internal environment, risk management, control mechanisms, information and communication and monitoring and assessment),
- references to COSO publications quoted directly in the standards.

The public finance reform implemented by the act⁸ of 27 August 2009 is intended primarily to increase supervision over the public expenditure and to maintain continuity of the task performance. Appropriate management instruments should be designed to realize these objectives⁹.

2. Legal regulations and management control standards in force

Chapter six of the first section of the Public Finance Act¹⁰ is devoted to management control. In the chapter the following matters are determined:

- a management control objective (art. 68),
- persons responsible for functioning of the adequate, efficient and effective management control (art. 69),
- principles of preparing a scheme of operations for the next year by the ministers managing the government administration department (art. 70),
- tasks of the minister of finance in the scope of co-ordination of management control in the entities of the public finance sector (art.71).

⁷ Domańska J., *Ocena wdrożenia systemu kontroli zarządczej w Urzędzie Miejskim w Złocieńcu* [in:] *Audyty wewnętrzny i kontrola zarządcza. Studium przypadku*, B. Gumińska, K. Marchewka-Bartkowiak, B. Szelağ (eds.), CeDeWu Sp. z o.o., Warszawa 2012, p. 25.

⁸ Journal of Laws 2009 no 157 item 1240.

⁹ Sławińska-Tomtała E., *Kontrola zarządcza w sektorze publicznym. Praktyczne wskazówki i wdrożenia systemu*, C.H. Beck, Warszawa 2010, p. 1.

¹⁰ Journal of Laws 2009 no 157 item 1240.

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Regulations of functioning of the management control are also included in:

- Bulletin no 3 of the Minister of Finance of 16 February 2011 on detailed guidelines in a scope of self-assessment of management control for the entities of the public finance¹¹,
- Ordinance of the Minister of Finance of 29 September 2010 on a scheme of operations and a report on its implementation¹²,
- Ordinance of the Minister of Finance of 2 December 2010 on a template of a statement of the management control state¹³.

Pursuant to the provisions of art. 68 para. 1 of the Public Finance Act of 27 August 2009¹⁴ all activities undertaken to facilitate the implementation of the objectives and the tasks consistent with the law, effectively, economical and timely constitute management control in the entities of the public finance sector. The management control definition underlines that it is each activity of an entity, all written and unwritten rules applicable in it, everything is intended to ensure the implementation of the objectives and the tasks¹⁵.

The former financial control system in force included performing a preliminary assessment of advisability of incurring financial liabilities and making expenditure, conducting financial management and applying procedures concerning specific processes, and also investigating and comparing the factual state with the required state in a scope of the specific processes. While analyzing the present regulations, it may be noticed that there was not only nomenclature changed, but new solutions aiming at an increase in the control over the public expenditure were introduced¹⁶.

The management control system includes all entities of the public finance sector. Pursuant to provisions of art. 9 of the Public Finance Act¹⁷ the public finance sector is formed of:

¹¹ Official Journal of the Minister of Finance 2011, No 2, item 11.

¹² Journal of Laws 2010 no 187 item 1254.

¹³ Journal of Laws 2010 no 238 item 1581.

¹⁴ Journal of Laws 2009 no 157 item 1240.

¹⁵ Mazurek A., Knedler K., *Kontrola zarządcza. Ujęcie praktyczne*, Handikap, Warszawa 2010, p. 38.

¹⁶ Sławińska-Tomtala E., *Kontrola zarządcza...* op. cit. p. 3

¹⁷ Official Journal of the Ministry of Finance 2009, No 15, item. 84.

- public authorities, including government administration authorities, authorities of state inspection and law protection and courts and tribunals;
- entities of local governments and their related entities;
- budgetary entities;
- local government budgetary establishments;
- executive agencies;
- public sector enterprises;
- state earmarked funds;
- the Social Insurance Institution and the funds managed by it, the Agricultural Social Insurance Fund and the funds managed by the President of the Agricultural Social Insurance Fund;
- the National Health Fund;
- independent public health care centers;
- state universities;
- the Polish Academy of Sciences and organization units formed by it;
- state and local government cultural institutions and state film institutions;
- other state or local government legal persons formed on basis of separate acts to perform public tasks, excluding enterprises, research and development units, banks and commercial law companies.

Pursuant to the management control goal specified in the Public Finance Act it is to provide in particular:

- compliance of operations with the law and internal procedures;
- effectiveness and efficiency of operations;
- statement reliability;
- conservation of resources;
- following and promoting ethical conduct principles;
- effectiveness and efficiency of information flow;
- risk management.

Good design of the management control system is of a great importance for the newly adopted solutions in the public finance management, that is for activity-based budgeting. For this reason the management control system in the public finance sector was established at two levels:

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- the management control system in the government administration branch, and also at the level of the local government (II management control level);
- the management control system in particular entities (I management control level)¹⁸.

The basis of the above division is art. 69 para. 1 of the Public Finance Act. Owing to it the minister managing the branch is entrusted with a double role, because the minister provides adequate, effective and efficient management control in the ministry (as the manager of the entity) and in the government administration branch (as the minister managing the branch). Like a commune head, a mayor, a president of a city, a district head and a province marshal are responsible for functioning of the management control in the entities of the public finance sector (a commune office, a municipal office, a district authority office or a marshal's office) including the entire local government entity¹⁹. The adopted solutions are to increase transparency and effectiveness of public fund expenditure, and thus to strengthen standing of the Polish public finance sector. The activity-based budget is to be a tool for managing the public expenditure. Therefore, it is important to work out appropriate standards which serve to implement an effective management control system, and they also constitute a criterion of its assessment.

On 16 December 2009 the Minister of Finance issued Bulletin No 23 on the management control standards for the public finance sector²⁰. These standards are based on the international standards²¹, that is:

reports developed by the Committee of Sponsoring Organizations Treadway Commission (COSO):

- The internal control – integrated framework concept,
- Risk management in the enterprise,
- Guidelines on the internal control standards, adopted in 2004 by the International Organization of Supreme Audit Institutions (INTOSAI),

¹⁸ Sławińska-Tomtała E., *Kontrola zarządcza...* op. cit. p. 4

¹⁹ Ibidem. P. 44

²⁰ Official Journal of the Ministry of Finance 2009, No 15, item. 84.

²¹ Kiziukiewicz T., Szymańska H., [2013], *Kontrola zarządcza w jednostkach sektora finansów publicznych* [in:] *Audyt wewnętrzny w strukturze kontroli zarządczej*, T. Kiziukiewicz (ed.), Difin, Warszawa 2013, p.44.

- The Changed Standards of Internal Control for effective management of the European Committee adopted in 2007 .

The management control standards for the public finance sector are an ordered set of guidelines which the persons responsible for functioning of the management control should use to make, assess and improve the management control systems. The objective is to promote implementation of a coherent and uniform management control model in compliance with the international standards in this scope in the public finance sector, with regard to specific tasks of an entity which implements it and conditions in which the given entity operates. The standards define the management control elements – five most important areas. A condition of each of them has an impact on performance of all objectives and tasks of the public finance sector in compliance with the law and in the economic and timely manner. Each of them is present in all organizational units in the entity. Each of them can be assessed in terms of the criteria of adequacy, effectiveness and efficiency. It should be emphasized that the order of the criteria is not accidental and an assessment of the management control should be similar. All elements should be monitored, assessed and corrected in a continuous and simultaneous manner. The standards were presented in five groups corresponding to the particular elements of the management control:

- internal environment,
- objectives and risk management,
- control mechanisms,
- information and communication,
- monitoring and assessing.

The internal environment constitutes the basis of functioning of the management control in each organization. It is formed by a set of all formalized or informal solutions, regulations, relations and conduct which form a structure, a culture, a character and attitudes of an organization²². The internal environment in the management control standards includes: compliance with ethic values, professional competence, an organizational structure and delegation of powers.

The principle of compliance with ethic values requires, first of all, that the ethic values were determined (defined) in an entity. These values

²² Sławińska-Tomtała E., *Kontrola zarządcza...* op. cit. p. 50

should be respected by both managing persons and employees²³. The compliance with ethic values also includes propriety of employees, the culture of dealings with clients of an office, the culture of co-operation in the entity.

With reference to the professional competence principle care must be taken that the managing persons and the employees have knowledge, abilities and experience allowing effective and efficient performance of tasks entrusted to them. An area of performance of this standard also includes an implementation of a rational policy of employment and recruitment for vacant posts. It is important to match abilities, knowledge, experience and ethical attitude of a candidate to a post, not the other way round. On the other hand, the situations in which competences of an employee go far beyond the post requirements should be avoided. It will not only be a waste of resources but it can often result in downplaying or disregarding the duties by this person²⁴.

The organizational structure element includes an arrangement of posts and the organizational units inside an organization. It is regulated in the organizational regulations and comprised in the organizational chart with the assigned tasks and powers²⁵. The structure should be adapted to the current organization objectives and tasks. The requirement of making a description in a document form should be also applicable to a scope of duties, powers and responsibilities for particular employees²⁶.

Delegating powers is the last internal environment element. This standard concerns an obligation to describe precisely the powers and duties delegated to a particular person in the organization.

Objectives and risk management constitute the second group of the management control standards. The management control standards in this area indicate two issues closely related with each other. The first one is to establish the basic mission of the organization, determine its objectives, plans and tasks and monitor a degree of their implementation in a reliable manner. The second issue is to recognize risks connected with the plans, to analyze and undertake appropriate reactions²⁷.

²³ Ibidem p.15

²⁴ Ibidem p. 50-51

²⁵ Ibidem p. 17

²⁶ Ibidem p. 52

²⁷ Ibidem p. 53

The entity mission should be precise and present intentions and aspirations in an understandable way for the employees and the clients of the entity. It specifies a reason for organization existence and it determines the basic context for all its actions and intentions.

The third group of the management control standards consists of control mechanisms enabling to perform the objectives and tasks planned and they are an answer to the identified risks. They are comprised primarily of procedural rules included in the legislation, solutions in the internal order and organizational procedures, supervision of the business activities and protection of resources, in particular financial and IT. The standards do not make a closed catalogue of these mechanisms, because there are lots of mechanisms to be used. Their aim is to limit the identified risk which the entity cannot accept. In other words, the control mechanisms should provide an answer to the specific risk²⁸. However, costs of an implementation and an application of the control mechanisms should not be higher than the benefits obtained owing to them²⁹. Within this group of the standards the following elements can be identified³⁰:

- documenting the management control system,
- supervision,
- business continuity,
- protection of resources,
- detailed control mechanisms concerning financial and economic operations,
- control mechanisms concerning IT systems.

Internal procedures, instructions, guidelines, documents specifying a scope of duties, powers and responsibilities of employees, and also other internal documents, constitute the basic documentation of the management control system. This documentation should be written, cohesive, reliable and available to all persons for whom it is necessary³¹.

²⁸ Ibidem p. 56

²⁹ Announcement No 23 of 16 December 2009 *on standards of management audit for the public finance sector* (Official Journal of the Ministry of Finance 2009, No 15, item 84).

³⁰ Sławińska-Tomtała E., *Kontrola zarządcza...* op. cit. p. 56

³¹ Announcement No 23 of 16 December 2009 *on standards...* op. cit

The supervision is not limited to observing events, but it is linked with peremptory powers, therefore it is a wider concept than control³². Its purpose is to perform objectives and tasks. Supervision is to be the answer to the risks connected to their implementation. The standard defines an objective of performing the supervision which is economical, effective and efficient performance of the tasks. Management of the business continuity is a process within which risks for the organization are identified and an emergency plan is developed to resume the operations³³ since specific characteristics of the public administration exclude the possibility of suspension or cessation of operations.

Protection of resources includes, first of all, three aspects: physical security of the entity and its employees, protection of material resources, protection of financial resources and protection of information³⁴.

With reference to the control mechanisms concerning financial and economic operations the most important thing is to maintain documentation and to protect it properly against unauthorized persons. Moreover, the documents are protected against unauthorized changes, and the authorized ones have a definite owner³⁵. The control mechanisms concerning IT systems are to provide safety of data and IT systems³⁶.

The fourth group of the management control standards includes issues connected with information and communication. Functioning of an effective IT system is one of the conditions of appropriate and effective operations of the entity. An effective internal communication system which should not only provide an information flow to the right persons but correct understanding of this information by recipients as well, is also needed. In this area there are the following standards³⁷:

- current information,
- internal communication,
- external communication.

Managing persons and employees should be provided with proper and reliable information needed to perform tasks in an appropriate form

³² Sławińska-Tomtala E., *Kontrola zarządcza...* op. cit. p. 29

³³ Ibidem p. 30

³⁴ Ibidem p. 58

³⁵ Ibidem p. 59

³⁶ Announcement No 23 of 16 December 2009 *on standards...* op. cit

³⁷ Sławińska-Tomtala E., *Kontrola zarządcza...* op. cit. p. 61

and in due course. It is, especially, applicable to the internal information relevant to achieve the objectives of the entity.

The internal communication system in the entity of the public finance sector must provide effective mechanisms of transferring important information within the organizational structure of the entity so that each employee understands objectives of the entity and the management control goals, a way of its functioning, and also his/her role and a scope of his/her responsibility. An effective system of an exchange of important information with the external entities having an impact on achieving the objectives and implementing the tasks should be provided. It concerns, in particular, open and effective communication channels with clients, suppliers, service providers and other entities which can influence an improvement of the quality of products and services or entity operations³⁸.

The last group of the management control standards consists of monitoring and assessing, that is issues connected with an assessment of efficiency of management control. Requirements of monitoring and assessing are formulated in the following standards³⁹:

- monitoring of the management control system,
- self-assessment,
- internal audit,
- assurance of the state of the management control.

While performing daily duties and solving the identified problems on the current basis the management should monitor continuously a manner of functioning of all elements of the management control and its particular mechanisms⁴⁰. Self-assessment of the management control system should be made at least once a year by the managing persons and the employees of the entity. The self-assessment should be included within the framework of a process separated from the current activities and documented properly⁴¹. An internal auditor makes an objective and independent assessment of the management control parallel in the cases and on the conditions determined in the act⁴². A source of obtaining

³⁸ Ibidem p. 61-62

³⁹ Ibidem p. 35

⁴⁰ Announcement No 23 of 16 December 2009 *on standards...op. cit*

⁴¹ Ibidem

⁴² Ibidem

assurance of the state of management control by the entity manager should be, in particular, the results of: monitoring, self-assessment and the audits and inspections carried out. Fulfilling the above activities in the scope of monitoring, self-assessment and the audits and inspections carried out is to obtain assurance of the state of the management control, as evidenced by a statement of the management control state issued each year the entity manager⁴³.

3. The scope of obligations in the management control

The Public Finance Act makes the minister of finance responsible for co-coordinating management control in the entities of the finance sector. His/her most important duties include: dissemination of standards, issuing guidelines, co-operation with national and international organizations and internal audit committees⁴⁴. The ministers perform the tasks connected with management control by developing principles and procedures and use of other mechanisms which they have at their disposal in relation to the entities subordinated and supervised on basis of the regulations in force. It is important that in their work the persons responsible for functioning of management control in the entities of the public finance sector use the standards of management control determined by the minister of finance for the public finance sector to make, evaluate and improve the management control systems, considering specific tasks of the entity and the conditions in which the entity operates. Within his/her duties the minister managing the department prepares a scheme of operations for the next year for the branches of the government administration subjected to him/her, a report on the implementation of this plan and a statement of the management control state in these branches in the last year.

The plan, prepared each year until the end of November, comprises in its scope: objectives of performance of the particular budget tasks, sub-tasks enabling to achieve the assumed objectives and measures for expressing the planned volumes and determining a degree of implementation of the tasks. The minister prepares a report from the

⁴³ Ibidem

⁴⁴ Winiarska K., Postuła M., *Kontrola zarządcza w systemie kontroli finansów publicznych* [in:] *Kontrola zarządcza w jednostkach sektora finansów publicznych*, K.Winiarska (ed.), Wolters Kluwer Polska Sp. z o.o., Warszawa 2012.

implementation of the scheme of operations of the administrative branches subordinated to him until the end of April of the next year. Making annual statements about the management control state by the entity managers is an important element having an influence on an increase in the responsibility for the public funds⁴⁵. The statement is the final document on the assessment process of the management control state. This process usually takes place in the following way⁴⁶:

- the managers of the subordinated or supervised units pass the management control statement by 31 March of a given year to the supervisory unit, in accordance with competence of an organizational unit of the entity,
- the managers of the competent organizational units prepare a consolidated self-assessment by 10 April of a given year and they pass it to the organizational unit of the entity coordinating works connected with management control,
- the co-coordinating unit by 15 April of a given year prepares a consolidated self-assessment of the organizational units, including the issued post-audit recommendations unaccomplished until the date of the assessment preparation, passing it with the management control statement to the minister by 15 April of the given year and submitting it to the entity manager for a signature.

The statement template was specified in an annex to the ordinance of the Minister of Finance of 2 December 2010.⁴⁷ The statement consists of three sections: management control assessment, presentation of objections when the control did not function to a sufficient degree and information on the action undertaken to improve functioning of management control in the particular unit. The first section is the statement of the unit manager. Different sources, depending on a size of the particular unit, complexity of its organizational structure, a character and a number of tasks performed can be the basis of preparing the statement. The statement made by the unit manager should be based on

⁴⁵ Announcement No 23 of 16 December 2009 *on standards...op. cit*

⁴⁶ Winiarska K., Postuła M., *Kontrola zarządcza... op. cit*

⁴⁷ Journal of Laws 2010 no 238 item 1581.

his/her own opinion and information coming, in particular, from the following sources⁴⁸:

- monitoring of the implementation of objectives and tasks,
- self–assessment of functioning of management control made with regard to management control standards for the public finance sector ,
- internal audit,
- internal and external audits.

The second and the third section of the statement contain information supplementary to the one included in the first section. Objections to functioning of management control in the last year and actions which were undertaken to improve functioning of the management control in the last year, are provided respectively in these sections. The management control statement is publicized in the Public Information Bulletin.

While making the statement, the unit manager must take a position on propriety of functioning, irregularities present or weaknesses of each element constituting the management control system. He/she is obliged to express his/her opinion about adequacy, effectiveness and efficiency of management control in the scope of:

- compliance of the operations with the law and internal procedures,
- effectiveness and efficiency of operations,
- reliability of reports,
- protection of resources,
- observance and promotion of the ethic conduct principles,
- effectiveness and efficiency of information flow,
- risk management.

The responsibility of the unit manager for functioning of the management control does not entail that specialist section must be appointed or fundamental changes in the control system functioning so far in must be made. The management control is treated as conception of the assessment and the improvement of the entity management with use of the provisions and the regulations existing earlier which determine

⁴⁸ Majchrzak I., [2012], *Samoocena kontroli zarządczej, a oświadczenie o stanie kontroli zarządczej* [in:] *Finanse, rynki finansowe, ubezpieczenia*, no 53, Szczecin 2012, p. 66.

a general legal framework of the management control in the particular entity⁴⁹. Within the general legal frameworks the manager should implement the internal procedures determining the principles of functioning of the management control in the entity. They should be formulated in a simple and clear manner for the persons obliged to apply them. In practice the internal regulations specifying the management control procedures may take a twofold form. Some of them may refer directly to the provisions in force e.g.: the Accounting Act, the public procurement law or the Labor Code. In this case the regulations can take a form of guidelines containing explanations or instructions to the general provisions. The second group may constitute regulations resulting from the characteristics of the particular entity, its size or the organization structure. This group may include, for instance, byelaws, job descriptions or rules of the protection of the resources. The management control system must be documented in a transparent manner, enabling to identify applicable procedures, guidelines and proper documents, including the persons responsible for supervision over their use.

Pursuant to the standard of 'documentation of the management control system in force' for the entities of the public finance sector, the control system documentation should provide the answer to the questions, if⁵⁰:

- documentation of the control system is made in a written form and it comprises all procedures, instructions, guidelines, job descriptions and other documents connected with the financial control system,
- control documentation also includes a description of the IT systems, data processing systems and general and specific application control connected with these systems,
- control system documentation is complete, reliable and up-to-date,
- organization section or an employee who collects all internal acts regulating operating of the entity is designated,

⁴⁹ Szpor A., *Kontrola zarządcza, a mediacja w administracji publicznej. Alternatywne metody rozwiązywania konfliktów*, Kontrola Państwowa nr 5/2011, the Supreme Audit Office, Warszawa 2011, p. 23-24.

⁵⁰ Ochmańska L., Jarząbek T., [2012], *Organizacja kontroli zarządczej w jednostkach sektora finansów publicznych* [in:] *Kontrola zarządcza w jednostkach sektora finansów publicznych*, K.Winiarska (ed.), Wolters Kluwer Polska Sp. z o.o., Warszawa 2012, p. 117.

- the control system documentation is easily available for all authorized employees who need it to perform their duties,
- the control system documentation is easily available for the internal and external auditors and controllers.

Conclusions

The management control in the public finance sector has an objective to improve functioning of the public administration. Introducing a new term of management control in place of the former financial control aims at improving the management in the public finance sector by deviating from the ideal bureaucracy principle toward the solutions developed by the commercial sector. The regulations and the standards in force form an ordered set of instructions which the persons responsible for functioning of the management control should use to form, assess and improve the management control systems. The target is to promote the implementation of a cohesive and unified model of the management control in compliance with the international standards in this scope in the public finance sector, with regard to the specific tasks of the entity which implements it and the conditions in which the given unit operates. The implemented regulations should be up-to-date and pertinent to the situation present in the entity. Therefore, an approach of the manager to making the procedures should be characterized by dynamism. Their verification and modification should take place as the conditions of operating, legislative solutions change and as the economic processes take place.

However, the essence of functioning of the statement institution is not only to prepare this document but, first of all, to make systematic assessment of the management control state and to improve it continuously as well. The target is to encourage the ministers and the entity managers to initiate a process of regular assessment of the management control state and to conduct it in a less intuitive or non-formalized manner. Thus, the statement should be the final document of the annual process of the management control state assessment performed in the entities.

It should be also emphasized that effectiveness of the management control does not depend only on the manager, but decisively on an approach of the employers of the entity to the duties connected with it, as well. They participate in implementing and performing the management

control standards, especially, in the scope of applying the appropriate control mechanisms, risk management, monitoring and assessing the performance of objectives and tasks, and also indicating shortcomings and possibilities of improvements.

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