

INFORMATION SUPPORT OPTIMIZATION OF THE AUDIT OF THE ECONOMIC SECURITY SYSTEM IN CONSTRUCTION INDUSTRY ENTERPRISES

Vasyl Dmitrenko¹, Yury Prav²

¹Ph.D. (Economics), Professor, Cherkasy Institute of Fire Safety named after the Heroes of Chernobyl, Cherkasy, Ukraine, dmytrenkovi@ukr.net, ORCID : <https://orcid.org/0000-0003-1860-418X>

²Ph.D. (Economics), Associate Professor of the Public Administration Department of the Educational and Scientific Institute of International Relations and Social Sciences, Interregional Academy of Personnel Management, Kyiv, Ukraine, e-mail: vseгда_prav@ukr.net

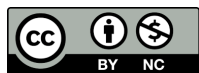
Citation:

Dmitrenko, V., & Prav, Y. (2020). Information support optimization of the audit of the economic security system in construction industry enterprises. *Economics, Finance and Management Review*, (3), 65–71. <https://doi.org/10.36690/2674-5208-2020-3-65>

Received: August 17, 2020

Approved: September 21, 2020

Published: October 01, 2020



This article is an open access article distributed under the terms and conditions of the [Creative Commons Attribution \(CC BY-NC 4.0\) license](https://creativecommons.org/licenses/by-nc/4.0/)



Abstract. The article is devoted to the study of the information support optimization for the audit of the economic security system in construction industry enterprises. The purpose of this article is to provide recommendations for information support optimizing of the audit of the economic security system in the construction industry enterprises, depending on the functional components of such a system. Research methodology: methods of comparison, analysis and synthesis are used to achieve this goal. The article highlights the debatable issues of interpretation of the definition of "information support of the audit of the economic security system." The classification of components of information support by content is considered, the problems of information support in the normative-legal aspect and by objects of audit of the system of economic security, depending on its functional components are revealed. The result of the study is the construction of an optimal system of information support to meet the needs of users in the management process.

Keywords: information support, audit of economic security system, construction industry enterprise, components of economic security system.

JEL classification: L53, L70, L74, M42, M48

Formulas: 0; **fig.:** 1 **tabl.:** 1; **bibl.:** 11

Introduction. In modern economic conditions, the requirements for creating a system of economic security for enterprises, including enterprises in the construction industry, which, in turn, necessitates a comprehensive audit of such a system and improve the quality of its information support.

The rapid development of scientific and technological progress and the introduction of innovative technologies in the construction industry complicate the management process of such enterprises; provide timely, reliable, comprehensive information needed to make optimal management decisions. That is why, in order to effectively manage the construction business and ensure its economic security, there is an urgent need to create a system of information support during the audit of the system of economic security of construction companies.

Literature review. The improvement of theoretical and practical aspects of information support of audit in general and control in the management system of the enterprise, in particular, are devoted to the scientific works of M. T. Belukhy, F. F. Butynets, N. G. Vyhovska, O. O. Gasilo, M. V. Kyzelny, A. M. Kuzminsky, E. V. Kaluha, I. B. Markina, V. P. Panteleeva, O.A. Spy and others. Paying tribute to the scientific contribution of these scientists, it should be noted that the issue of information support of the audit of the economic security of construction companies is covered only in the context of internal control over the activities of the enterprise.

The lack of scientific substantiation of the audit of the economic security system of construction enterprises determines the need for further study of its conceptual foundations and organizational and methodological foundations, which is the scientific basis for building this type of control to optimize the activities of enterprises.

Aims. The purpose of this article is to provide recommendations for optimizing the information support of the audit of the economic security system of enterprises in the construction industry, depending on the functional components of such a system. The main objectives of the study are: to define the concept of "information support of the audit of the economic security system of construction companies"; creation of classification of components of information support on functional components of system of economic safety; detection and neutralization of threats to information support in order to create an effective system of economic security of construction companies. Research methodology: methods of comparison, analysis and synthesis are used to achieve this goal.

Results. The organization and methodology of the audit of the system of economic security of enterprises in the construction industry is determined by the appropriate information support about the business entity.

Information in the context of the audit should be considered a set of different documents on the status and content of the audited entities.

Under the information support of the audit of the system of economic security of enterprises in the construction industry can be understood in a certain orderly set of information that is formed and used at different stages of the audit process.

According to individual scientists, information support is a set of forms of documents, regulations and implemented decisions on the volume, location and forms of information organization, which circulates in the system of automated processing of economic information or in the information system "[1, p. 441].

According to other scientists, information support is the information necessary for management of economic processes which is stored in databases of information systems [10, p. 124].

A number of scientists consider information support as a set of all information, accumulation of databases, their processing and obtaining initial results in relation to the characteristics of economic entities, or as a dynamic system of obtaining, evaluating, storing and processing data created to make management decisions "[6, p. 154].

Information support can be considered as a process of providing information, and as a set of forms of documents, regulations and implemented decisions on the volume, location and forms of existence of information used in the information system in the process of its operation [4, p. 111].

Highly appreciating the scientific work of scientists in the study of "information support" it should be noted that their proposals are not alternative, serve as additions and clarifications of the essential load of this definition, and do not contradict the use of the term "information support" in the context of auditing industry.

Information support of the audit should be formed on the principles of information integrity, adequacy, flexibility, adaptability, standardization and unification, the ability to compare and verify the created databases, with which most scientists and scientists agree [2, p. 206, 4, p. 111].

The task of information support of the audit is to inform the participants of the audit process about the condition and functioning of the controlled object.

In terms of content, the components of information support for the audit of the economic security system of construction industry enterprises can be represented in Fig. 1.

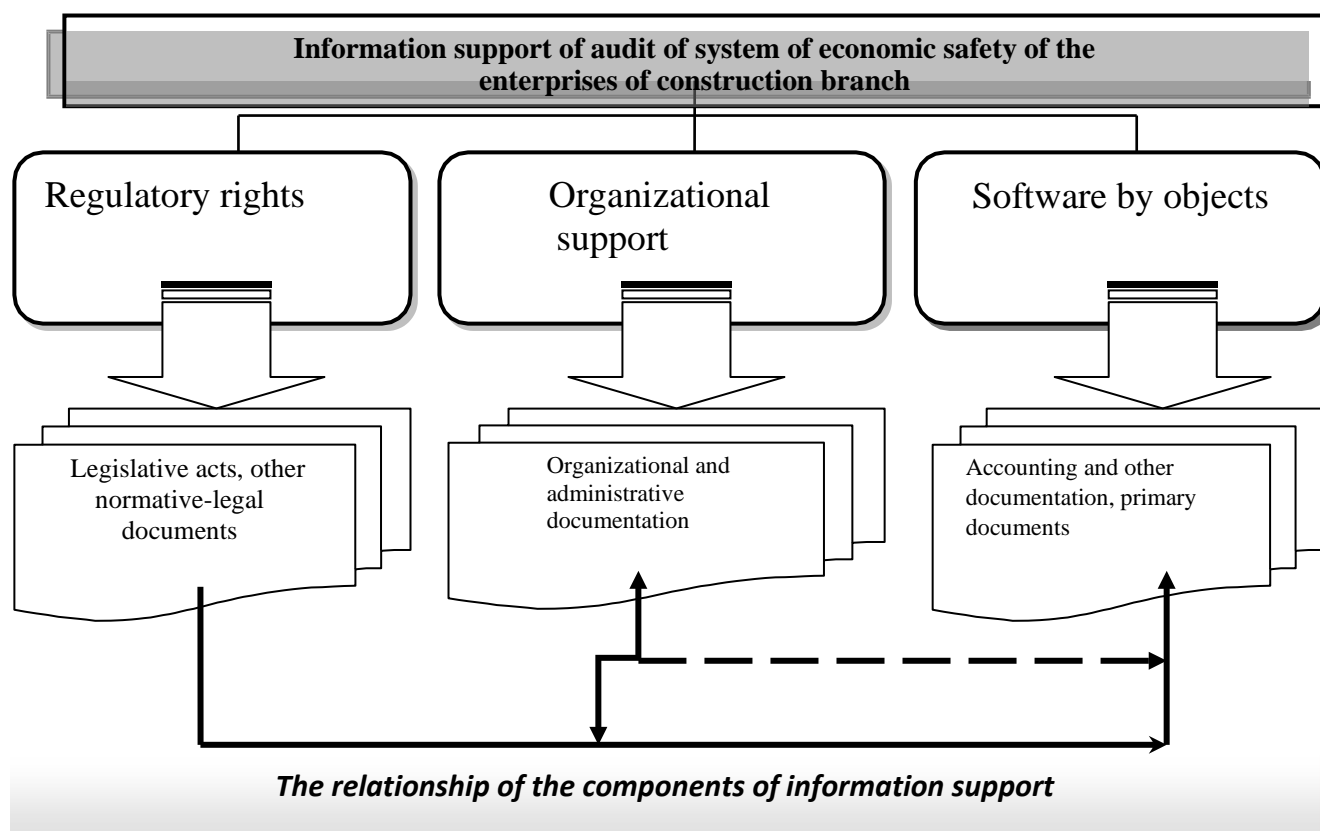


Figure 1. Classification of components of information support for the audit of the economic security system of enterprises in the construction industry

Source: developed by authors

To identify the problems of information support of the audit of the system of economic security of enterprises in the construction industry, it is advisable to consider in more detail the content of information support for its components.

Thus, the legal framework for auditing in Ukraine is regulated by the Law of Ukraine "On Auditing in Ukraine", the Commercial Code of Ukraine, which contain only general requirements for auditing and aimed at creating a system of independent financial control to protect the interests of financial and other economic information, so the unresolved issue remains the legal interpretation of the audit of management activities.

Article 3 of the Law of Ukraine "On Auditing in Ukraine" defines auditing as business activities that include organizational and methodological support of the

audit, the practical implementation of audits (audit) and the provision of other audit services [3].

Thus, the definition of "audit" in the legal aspect is considered only as a verification of accounting data and financial statements in order to express an independent opinion of the auditor on the reliability of accounting and reporting in significant aspects, compliance with the laws of Ukraine, UAS or other rules (internal regulations of business entities), which does not correspond to the modern realities of economic control in the field of enterprise management in connection with the restriction of audit objects. It should be noted that there are significant contradictions between the general definition of the essence of the audit by law and such type of audit as the audit of the economic security of construction companies.

The audit of the economic security system of construction companies should be considered the process of checking and assessing the impact of external and internal threats on the activities of construction companies that negatively affect the state of their economic security system to neutralize such threats and achieve goals in the management of such enterprises. Based on the definition of the content of the audit of management activities, we can formulate its main conceptual categories.

Thus, the definition of "audit of the economic security of construction companies" has a multi-vector functional focus in contrast to the statutory term "audit", the essential workload of which is reduced to the verification of accounting data and financial statements.

It should be noted that certain tasks of the audit of the system of economic security of enterprises in the construction industry are regulated by special regulations.

Thus, the decision of the Audit Chamber of Ukraine dated 22.12.11. for № 244/14 "On the List of services that can be provided by auditors (audit firms)" approved types of audit services [9]. A review of this list of services revealed that audit services that include assurance engagements are declared as services that are not audits or reviews of historical financial information, but are essentially audited by management.

Thus, services for assessing and analyzing the efficiency of production capacity, operation of management systems, information systems (technologies), systems of material incentives and remuneration of personnel, personnel management systems, corporate governance involve checking the effectiveness of management decisions or individual business processes (operations), based on the results of which the auditor's independent opinion on the condition of the objects of assessment, the results of economic activity is expressed.

Audit activities in the field of economic control are regulated by auditing standards, that is, documents that formulate common basic requirements, methodology issues and basic principles for conducting audits.

Since January 1, 2004, the standards of auditing and ethics of the International Federation of Accountants have been adopted as national auditing standards and are subject to mandatory application by auditing entities in accordance with the Decision of the Audit Chamber of Ukraine of April 18, 2003 №122 / 2 [7].

In order to develop domestic audit and unify approaches to auditing internationally by the Decision of the Audit Chamber of Ukraine dated 30.11.06. № 168/7 "On the Application of the International Standards on Auditing of the 2006 Edition" establishes the mandatory application by the auditing entities of the International Standards on Auditing as National Standards, starting from January 1, 2007 [8]. Due to the fact that International Standards on Auditing define only general approaches to auditing, clarify the main issues of audit methodology, the issue of conceptual framework and methodological support for management audit remains unresolved.

The results of the analysis of regulatory and legal support of domestic audit (legislation → other regulations → audit standards) indicate that at the present stage the legislation on auditing needs to be improved in terms of interpretation of conceptual categories of the definition of "audit of economic security", conceptual principles and methodological support for the audit of the economic security system of enterprises, including and construction industry.

Organizational support for the audit of the economic security system of construction companies includes organizational and administrative documentation, which is formed on the basis of applicable laws and regulations, depending on the activities of the enterprise, its legal form, form of ownership and other aspects. Organizational and administrative documents of the enterprise must comply with the unified forms of documents established by state standards for documentation and other regulations that contain requirements for the construction of forms and rules for creating documents. The organizational component of information support should be focused on creating an economic structure of an innovative nature with a certain range of powers and opportunities in the field of documentary functioning.

The organizational documentation of any business entity may include statutory documents, regulations, rules, instructions and other documents that establish general requirements for the activities of the enterprise. Administrative documentation should include management resolutions, orders, instructions, instructions, orders, decisions, internal management standards and other documents that define the main functional activities of the institution, long-term plans, management systems management, regulations on units and the order of their interaction, functional powers of employees, plans for control measures and more.

Thus, organizational and administrative documentation and monitoring of its use in the decision-making process and implementation of basic management functions is a necessary component of information support in the audit of the economic security system of construction companies.

The main components of information support for the audit of the economic security system of construction companies can be classified according to its objects, which are listed in table. 1. Thus, the basis of information support for the audit of the economic security of the construction industry can be considered economic information that characterizes the financial and economic activities of the subjects of control and is documented in the accounting subsystems. Depending on the objects of audit, information support is subject to a kind of differentiation by functional

components of the system of economic security of enterprises in the construction industry.

Table 1. Components of information support for the objects of audit of the system of economic security of enterprises in the construction industry

Audit objects	Information support of audit of system of economic safety of the enterprises of construction branch	
	Semantic orientation of documentary support during the audit of the economic security system of construction companies	Source of information for the audit of the economic security system of construction companies
The system of economic security in general	Documents that allow you to check and evaluate the business of the client, the main directions, the specifics of its activities, competitiveness, economic and social policy, management decisions on ownership, forms of management, legitimacy of individual transactions, reveal the organizational structure, assess the functioning of the internal system. control, state and prospects of enterprise development, efficiency of the general management system, etc.	Statutory, other organizational and administrative documents, collective agreement, business plans, agreements with contractors, financial, statistical industry reporting, inspection reports
Safety rules	Documents that allow to check and evaluate the effectiveness of the organizational structure of the management system and its functions (including the organization of structural units, their specialization, coordination of relations between line and functional management, its level of centralization), management methods. Documents that give the right to disclose the basic style of leadership and the degree of employee participation in management, to determine the rational distribution of functions of planning, accounting, control, analysis, regulation between management and departments, and so on.	State and internal bodies, materials of mass media about kinds of activity, about the enterprise, about current economic processes in the region, branch, other information data of external sources. Questionnaires and tests of employees, etc.
Personnel security	Documents that allow to check and analyze the effectiveness of management decisions on personnel selection, remuneration and other motivation, internal standards of corporate governance, evaluate the system of staff incentives, anti-crisis measures and more. Documents that give the right to check the level of provision of workers with regulatory, reference, planning, accounting and operational-analytical information, etc.	Job descriptions, documents on education, information on advanced training, internships, characteristics of the management staff; information on the results of the units, regulations on incentives for workers, etc.
Marketing security	Documents that allow you to check the marketing process, which includes analysis of marketing strategies and opportunities, planning and implementation of marketing programs using system tools, evaluate marketing work on pricing policy, use of resources, their savings and more.	Business plans, contracts with contractors, financial, statistical industry reporting, inspection reports, materials on markets in the region, industries, data on marketing research, pricing, etc.
Management of industrial safety	Documents that allow you to check and evaluate the production management process (in the context of successive actions of management staff, including: production planning → production process → production result), evaluate productivity, production efficiency, resource use, analyze strategic and tactical functions of production management, etc.	Planning and technical and technical data related to the implementation of business plans, materials of control measurements, laboratory tests, etc., accounting data of accounting (financial, management), accounting for tax purposes, non-accounting information;
Financial security	Documents to check and assess the condition: - economic resources, liabilities and financial resources of the firm; - level of profit and expenses; - turnover of the firm and the quality of its assets; - the volume and quality of cash flows and overall financial management efficiency	Audit materials, pre-audit, ongoing production meetings, memos, correspondence with contractors, etc.

Source: compiled by the author on the basis of [1-11]

Discussion. It should be noted that due to the fact that there is no legal regulation of documentation of activities in the field of economic security and, accordingly, in the audit activities for the inspection and assessment of economic security, businesses should create such a model of accounting policy enterprise, which would take into account the requirements for the creation of special documentation for such facilities. Building such a model in modern business conditions will help:

- organization of adequate documentation of management, which will be based on the principles of normative-legal regulation of the processes of the main functions of economic security;
- unification and standardization of the documentation system;
- development of software to optimize documentary flows in accordance with the levels and objectives of management;
- creation of a system of training specialists in the field of documentary support of economic security;
- effective organization of information support for the audit of the economic security system of enterprises in the construction industry.

Conclusions. The results of the study allow us to conclude that solving the problem of information support at the legislative level and on the objects of audit of the economic security system of construction companies will create an effective information system that will meet the needs of users in performing control functions in enterprise management. To date, there are quite favorable conditions for the audit of the economic security of the construction industry to demonstrate its broad methodological capabilities and prove its need for the management system to create a powerful tool to improve the efficiency of the management process.

References:

1. Heitz V. M. (2007). Strategic challenges of the XXI century to society and economy of Ukraine: in 3 vols., Vol.1: *The knowledge economy - a modernized project of Ukraine*. 542 p.
2. Grebeshkov O. N. (2009). Information support of the enterprise: information needs and sources of their satisfaction. *Visnyk of Khmelnytsky National University*. № 6. Vol.3, 205–208.
3. Law of Ukraine "On auditing" Retrieved from: <https://zakon.rada.gov.ua/laws/show/3125-12#Text>.
4. Korytska O. I. Macroeconomic approach to the study of information support for evaluating the activities of industrial enterprises of Ukraine, 2012, p. 111-115.
5. International Standards on Auditing and the Code of Ethics for Professional Accountants (2000).
6. Petrenko S. M. (2009). Methodical bases of information support of internal control. *Trade and market of Ukraine*: Issue. 26, Vol.2. 152-158.
7. Decision of the Audit Chamber of Ukraine of April 18, 2003 №122 Retrieved from: <https://www.apu.com.ua>.
8. Decision of the Audit Chamber of Ukraine dated 30.11.06. № 168/7 Retrieved from: <https://www.apu.com.ua>.
9. Decision of the Audit Chamber of Ukraine dated 22.12.11. № 244/14 Retrieved from: <https://www.apu.com.ua>.
10. Shmorgun L. G. (2010). Management of organizations: textbook. 530 p.
11. Artyukh O. V. (2013). Problems of information support of management audit. *Naukovyj visnyk*. №12 (191), 61-72.