



METHODOLOGY FOR THE PROPER IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM IN CUBAN ENTITIES

METODOLOGÍA PARA LA ADECUADA IMPLEMENTACIÓN DEL SISTEMA DE CONTROL INTERNO EN LAS ENTIDADES CUBANAS

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Internal Control is a management tool that promotes and optimizes the efficiency, effectiveness, transparency and economy of the operations of the entities, as well as the quality of the public services it provides, this is carried out by the members of a organization through its actions. The implementation of an adequate Internal Control System allows companies to be strengthened and drives them to achieve their objectives, prevents resource losses, improves ethics, reduces risks and is applicable regardless of the entity's organizational size. In our country for a long time the scope of the Internal Control System was limited to the economic areas, there was talk of Internal Control and there was a culture that it was inherent in accounting and finance activities; the rest of the operational areas and in fact their workers did not feel involved, since not all the directors of our organizations saw in the Internal Control System a management instrument capable of being used to achieve the efficiency and effectiveness of the operations that they had proposed. Resolution No.60/2011 of the Comptroller General of the Republic in its new conceptual framework also establishes the technical-methodological reference criteria for the design, harmonization, implementation and systematic self-control of Internal Control procedures in any entity, in accordance with its mission, vision, objectives, fundamental strategies, characteristics, competencies and attributions and, on the other hand, requires its integration with its own management systems that are applicable in its organizational field.

El Control Interno es una herramienta de gestión que promueve y optimiza la eficiencia, la eficacia, transparencia y economía de las operaciones de las entidades, así como la calidad de los servicios públicos que presta, este es llevado a cabo por las personas miembros de una organización, mediante sus acciones. La implementación de un adecuado Sistema de Control Interno permite fortalecer a las empresas y las impulsa a conseguir sus objetivos, previene pérdidas de recursos, mejora la ética, reduce riesgos y es aplicable independientemente del tamaño organizativo de la entidad. En nuestro país por mucho tiempo el alcance del Sistema de Control Interno estuvo limitado a las áreas económicas, se hablaba de Control Interno y se tenía la cultura de que era inherente a las actividades de contabilidad y finanzas; el resto de las áreas operacionales y de hecho sus trabajadores no se sentían involucrados, ya que no todos los directivos de nuestras organizaciones veían en el Sistema de Control Interno un instrumento de gestión capaz de ser utilizado para lograr la eficiencia y eficacia de las operaciones que se habían propuesto. La Resolución No.60/2011 de la Contraloría General de la República en su nuevo marco conceptual establece, además, los criterios técnico-metodológicos de referencia para el diseño, armonización, implementación y autocontrol sistemático de los procedimientos de Control Interno en cualquier entidad, de acuerdo con su misión, visión, objetivos, estrategias fundamentales, características, competencias y atribuciones y, por otro lado, obliga a su integración con los sistemas de gestión propios que le son aplicables en su ámbito organizativo.

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Palabras claves: herramienta de gestión, desarrollo, seguridad razonable

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INTRODUCTION

In the 1940s, the concept of Internal Control was defined, which stated that Internal Control includes the Organization Plan of all methods and coordination measures agreed upon within a company to safeguard its assets, verify the correctness and reliability of its accounting data, promote operational efficiency and adherence to established management policies. After several years following this procedure, it became clear that an internal control system extends beyond those matters that are directly related to the functions of the accounting and finance departments.

Recent years have been characterized by the occurrence of great scientific, technological and political changes. In the 90s, after the fall of the Socialist Camp and in the face of the crisis suffered in the world that affected our country even more, since its economy at that time was largely dependent on socialist countries, the concept of Internal Control and it once again gains renown and value in [Resolution No.60/2011 of the Comptroller General of the Republic](#), in which it broadly states that it is a process carried out by the Board of Directors, Management and the other members of an entity, with the objective of providing a reasonable degree of confidence in the achievement of objectives that must be directed towards the effectiveness and efficiency of operations, reliability of financial and accounting information and compliance with laws and regulations. applicable standards

The Internal Control System involves verification, inspection, examination and criticism of the situation surrounding the entity. The main objective of control is to ensure that the results conform, as much as possible, to the intended objectives. It includes the organizational plan, coordinated methods and measures adopted within a company to safeguard its assets, verify the accuracy and veracity of its accounting data, promote operating efficiency and encourage adherence to prescribed administrative policies.

The objective pursued with this research is to recognize the role played by worker managers and institutions in general in terms of the adequate treatment of the Internal Control System, in addition to emphasizing the main problems that it faces today in the economic and propose solution actions based on scientific research.

DEVELOPMENT

The new conceptual framework of Internal Control is capable of integrating the various definitions and concepts that have been used on this topic, achieving at the level of organizations and others that there is a common conceptual framework, and an integrative vision that satisfies the demands of all entities involved. [Resolution No.60/2011](#) defines a standard model of the Internal Control

System to be designed and implemented and highlights among its particularities the following: comprehensiveness, considering all the processes, activities and operations with a systemic and participatory approach to all workers; flexibility, by responding to its own characteristics and conditions, and allowing its adaptation, harmonization and periodic updating; and reasonableness, designed to achieve the objectives of the Internal Control System with reasonable security and satisfy, with the required quality, its needs based on the existence of limitations. During the time of the pandemic in our country, we did not stop working, fulfilling the duty of exercising control, benefiting the administration, to collaborate, prevent and achieve the greatest efficiency in the use of resources. Cuba and its modest contribution to the country's aspiration, to the call of our selfless president Miguel Díaz-Canel Bermúdez: to produce, produce efficiently, avoid limiting imports, using the creativity of Cubans and in the same way export to our own efforts continue development.

The research methods used to obtain and analyze the information include the practical-theoretical method, as well as the empirical-analytical method, based on a scientific study model of direct experimentation and empirical logic, analyzing the phenomenon being studied. and developing ideas to improve it.

1. Emergence and evolution of the Internal Control System in Cuba

The bases of Internal Control in Cuba were established in [Resolution No.297/2003](#) of the Ministry of Finance and Prices, which put into force the Definitions of Internal Control, the Content of its Components and its Standards, and established the systematic updating of the internal procedures manuals in each entity, delimiting what each of the parties involved in any of its processes must do. By [Law No. 107/2009](#), approved by the National Assembly of People's Power, the Comptroller General of the Republic is created, which has among its specific functions, as established in Article 31 paragraph 1), regulating, supervising and assess

internal control systems and formulate the necessary recommendations for their continuous improvement and improvement.

The need to continue perfecting internal control raised the need to repeal [Resolution No. 297/2003](#) of the Ministry of Finance and Prices, and to issue a new standard tempered with the provisions that regulate this activity and the requirements of economic-administrative development. of the country, thus arising [Resolution No. 60/2011](#) issued by the Comptroller General of the Republic on March 1, 2011, which constitutes a standard model of the Internal Control System, through which it approves the Standards of the Internal Control System according to current circumstances.

1.1. Legal Framework

Currently, Internal Control in Cuba is governed by [Law 107/09 of the Comptroller General of the Republic](#), its regulations and its implementation in accordance with components and standards established in [Resolution No. 60/11 of the Comptroller General of the Republic](#), which puts into force the Definition of Internal Control, as well as the Basic Principles, the General Characteristics, the Content of the Components and Standards, of the Internal Control System. Likewise, it establishes that the Organizations design, harmonize, implement and self-control systematically in accordance with their mission, vision, objectives, fundamental strategies, characteristics, competence and attributions, and validate the Internal Control System of the agencies that are subordinate to them, according to its structure.

2. The Internal Control System

Internal Control is defined in [Resolution No.60/11 of the Comptroller General of the Republic](#), in its Chapter I, article 3: as the process integrated into operations with a focus on continuous improvement, extended to all activities inherent to management, carried out by management and the rest of the staff; It is implemented through an integrated system of standards and procedures, which contribute to predicting and limiting internal and external risks, providing reasonable security for the achievement of institutional objectives and adequate accountability.

To fulfill these purposes, Internal Control presupposes the application of organizational measures aimed at guaranteeing that the control system carries out self-verification of operations, with a view to reducing errors, omissions, fraud or waste that occur to the minimum possible.

can be generated. Internal Control is an integral part of the entity and works or fails in the same way as other parts of the entity. It is part of the processes of the fundamental activity carried out by the entity and is integrated into them, allowing its proper functioning by supervising its behavior and applicability at all times. It is a set of structured and coordinated actions aimed at achieving an end, not an end in itself, constituting a useful tool for management, not a substitute for it.

2.1 Basic Principles of the Internal Control System

In the design and implementation of the Internal Control System, organizations and entities must comply with the basic principles stipulated in [Resolution No. 60/2011](#), these being the following:

a.	Legality	e.	Establishment of responsibilities
b.	Objectivity	f.	Charge and discharge
c.	Administrative honesty	g.	Self-control.
d.	Division of functions		

2.2. General Characteristics of the Internal Control System

According to the most current conception, Internal Control is a process; That is, a means to achieve an end and not an end in itself, this considers the totality of the processes. In each area of the organization, the official in charge of directing it is responsible for Internal Control before his immediate boss in accordance with the established levels of authority; and all the entity's workers participate in its compliance, regardless of their occupational category. It has a systematic approach, responding to its own conditions, allowing for periodic adaptation and updating and, above all, designed to achieve the objectives it pursues with reasonable security and satisfy its needs with the required quality, which is why it is said to have the following characteristics:

- a. Integral
- b. Flexible
- c. Reasonable

2.3. Functions that the Internal Control System must fulfill within organizations

Other valuable functions include:

- Implement internal policies in compliance with current laws.
- Increase the efficiency of employees and officials with respect to their assigned responsibilities.
- Maintain adequate accounts by ensuring that financial statements provide only correct and reliable information.
- Safeguard business assets from theft or mismanagement of resources.
- Ensure compliance with trade policies and the law of the country.

2.4. Limitations on Internal Control

The concept of reasonable assurance is related to the explicit recognition of the existence of inherent limitations of Internal Control. Errors can be made in the performance of controls as a result of misinterpretations of instructions, errors in judgment, carelessness, distraction, and fatigue. Control activities dependent on the separation of functions can be circumvented by collusion between employees. The extent of controls adopted in an organization is also limited by cost considerations, therefore, it is not feasible to establish controls that provide absolute protection from fraud and waste, but rather to implement controls that ensure reasonable security from the point of view of costs.

3. Structure of the Internal Control System in Cuba

An internal control system requires great effort and time, but it is also vital. There must be one or more people responsible who are committed to meeting the objectives of this development and fostering an adequate control environment.

To maintain an adequate control environment, it is vital that those responsible promote certain activities such as:

- Training staff to help them understand appropriate management controls in all areas.
- Structure and process of internal controls to ensure their good implementation.

Given the interrelation and dynamism between these different components, it allows us to infer that the internal control system is not a linear and serial process where one component exclusively influences the next, but rather it is an interactive and multidirectional process, where any component influences the other.

3.1. Components of the Internal Control System

This System is composed of five components of Internal Control, with a strategic focus on the development of the entities, including general standards or procedures to be considered in the design of the Internal Control Systems in each entity, which will be accompanied by criteria of control in some areas of the organization.

Within the framework of the basic principles and general characteristics; The following components are exposed:

1. Control Environment.
2. Risk Management and Prevention.
3. Control Activities.
4. Information and Communication.
5. Supervision and Monitoring.

3.2. Control Environment

The Control Environment component sets the guidelines for the legal and harmonious functioning of organizations and entities, this can be considered the basis of the other components. It makes up the set of good practices and documents referring to the constitution of the organization. Within its regulations we can find:

- a. Planning, annual, monthly and individual work plans.
- b. Integrity and ethical values.
- c. Demonstrated suitability.
- d. Organizational structure and assignment of authority and responsibility. and. Policies and practices in human resources management.

This component broadly outlines the planning process, objectives and work plans, to relate it to the processes, activities and operations in the interest of ensuring compliance with its mission and the legal provisions that apply to it. It is based on the observance of ethical values by senior managers and other workers of the entities, playing a main role in contributing with their personal example to raising the ethical commitment and sense of belonging of all its members, who must know and comply with the Code of Ethics of the Cuban State Staff, the Organic Regulations, the Procedure Manual, the Collective Labor Agreement, the Specific Code of Conduct if any and its Internal Disciplinary Regulations, as appropriate.

3.3. Risk Management and Prevention

The Risk Management and Prevention component establishes the bases for the identification and analysis of the risks faced by bodies, agencies, organizations and other entities to achieve their objectives. After the risks have been classified into internal and external, by processes, activities and operations, and the main vulnerabilities have been evaluated, the control objectives are determined and the Risk Prevention Plan is formed to define the way in which they will be managed. There are risks that are regulated by legal provisions of the governing bodies, which are managed according to the planned administration models. The component is structured in the following rules:

- a. Identification of risks and detection of change.
- b. Determination of control objectives.
- c. Risks prevention.

3.4. Control Activities

The Control Activities component establishes the policies, legal provisions and control procedures necessary to manage and verify the quality of management, its reasonable security with institutional requirements, for the fulfillment of the objectives and mission of the bodies, agencies, organizations and other entities. Control activities are applicable to operations of all types, which contribute to the reliability of financial information and compliance with the legal provisions corresponding to the framework for the development of the activity, as well as the verification of economic transactions or operations. that cover the objectives and goals in terms of accuracy, authorization and accounting record in accordance with Cuban standards established for this purpose, with a focus on continuous improvement. It is structured in the following rules:

- a. coordination between areas, separation of tasks, responsibilities and levels of authorization.
- b. documentation, timely and adequate recording of transactions and events.

- c. restricted access to resources, assets and records.
- d. staff rotation in key tasks.
- e. control of information and communications technologies.
- f. performance and performance indicators.

activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, operational performance reviews, asset security and segregation of duties. To ensure that these activities are being fulfilled, it is recommended:

- Review whether existing controls are sufficient to avoid potential problems.
- Identify external policies or procedures established to offset potential risks.

3.5. Information and Communication

The Information and Communication component specifies that the bodies, agencies, organizations and other entities must have reliable timely information and define their information system appropriate to their characteristics; that generates data, documents and reports that support the results of operational, financial and activities related to the fulfillment of objectives, goals and strategies, with feedback mechanisms and transparent accountability. The information must be protected and preserved in accordance with current legal provisions. It is structured in the following rules:

- a. Information system, flow and communication channels.
- b. Content, quality and responsibility.
- c. Accountability.

Communication systems allow collaborators to capture and exchange the information necessary to carry out, manage and control their operations. This is vital to provide the management the necessary reports on the organization's performance in relation to established objectives.

3.6. Supervision and Monitoring

The Supervision and Monitoring component is aimed at detecting errors and irregularities that were not detected with control activities, allowing the necessary corrections and modifications to be made. This is carried out through two types of supervision: continuous activities, which are those that, incorporated into normal activities, generate dynamic responses, including systematic monitoring carried out by the different management structures and specific evaluations that are carried out by those responsible for the areas, for example. internal and external audits. It is structured in the following rules:

- a. Evaluation and determination of the effectiveness of the Internal Control System.
- b. Prevention and control committee.

4. Benefits of the Internal Control System

- Promotes and optimizes the efficiency, effectiveness and transparency of our work.
- It allows us to have reliable information when we need it.
- Allows exact compliance with standards.
- Take care of the resources and assets of the state that have been entrusted to us.

5. Prevention and Control Committee

The Prevention and Control Committee is an advisory body that is directly linked to the collegiate management body, with the objective of ensuring the proper functioning of the Internal Control System and its continuous improvement. Among its fundamental functions are: knowing the legal provisions related to the Internal Control System, with the purpose of formulating proposals, assisting management in the diagnosis of control objectives; in the organization, conduct and review of the process of preparing the Risk Prevention Plan and its subsequent monitoring, based on the comprehensive analysis of the results of control actions and the evaluation of the causes and conditions that generate the detected deficiencies and proposes the actions and recommendations that it considers necessary for the best functioning and effectiveness of the Internal Control System; coordinate and guide the dissemination of information and training to workers about policies,

legal provisions and procedures issued by the entity or of a binding nature, supporting management; as well as other functions that are considered necessary by bodies, agencies, organizations and other entities for risk management and the fulfillment of their mission and objectives.

6. National Verification of Internal Control

The Comptroller General of the Republic annually announces the National Verification of Control Internal. This year the **XIV National Verification of Internal Control** is carried out, which began on Monday September 19 in 305 entities of the business system, where 2,200 auditors, supervisors, experts from organizations and more than 850 university students and 101 experts from the National Standardization Office and the National Labor Inspection Office were received, in the largest exercise annual inspection. During this National Verification, which must conclude on October 31, compliance audits will be carried out on the sample of selected entities. The prioritized topic of the audits will be to control compliance with the 43 regulations approved for the Cuban state business system, the management of companies that produce goods and services for export, as well as import substitution, the general indications to verify the liquidity allocations, the use of fuel and the use of transportation, economic contracting processes; the status of accounts receivable and

payable, their documentation and reliability; the control of payroll payment in accordance with the scales, rates and payment systems approved for workers; the control and use of inventories; transport operation license, road safety and waybill; as well as the optional topics of cash in hand and bank; tangible fixed assets; control of investment processes; the organizational movements of entities, and the delivery and receipt of positions.

It is recommended:

1. Define, defend and execute the corresponding actions for the proper application of the self-control guide.
2. Present a clear representation of the objectives pursued in the Internal Control System in terms of their interests, needs and contributions in decision-making.
3. Systematic monitoring by entities to ensure that the problems identified in each area are corrected.

CONCLUSIONS

The Internal Control System is made up of all the measures that give an idea of how an entity works, that is; It predestines its operation, therefore, its fundamental purpose is to promote the efficient operation of the organization whatever its type. The Internal Control System in each body, agency, organization and entity is the responsibility of its highest authority and the leaders subordinate to it, who are obliged to establish and update, within the framework of their competence, the standards and other provisions required by the effect, in order to maintain, control and evaluate the effectiveness of the system implemented in the management bodies that are responsible for them.

In conclusion, the internal control components must be taken into account to guarantee its proper implementation. Its adequate application must offer reasonable control of the operations, tasks and functions of the activity and compliance with the regulations established in close connection with the rest of the activities carried out by the corresponding entity or organizational structure. Experience and practice have shown that a solid internal control system reasonably ensures the management of any entity and, without a doubt, constitutes a powerful tool in the battle that we all fight to strengthen our economy.

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