

Financial control in civil society institutions

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Abstract- Financial control is considered the basis on which institutions and companies rely on general, due to their significant role in safeguarding company's assets and instructing property use in order to reach their objectives. Their major role in ensuring the protection of owners and investors money and property cannot be ignored.

The increasing of the economic activity size at the end of the twentieth century resulted in the appearance of huge companies and multi-national companies, this lead the companies to increase the number of branches and its related administrative units, due to the big stores in competition, the companies are forced to frequent variation in the organization charts and operating methods to achieve better performance and more benefits.

The financial controlling job is one of the necessary administrative jobs in the economic activity, to follow up the progress of departments and sections, and it is used increasingly in the evaluation of the activity performance evaluation.

The role of the modern controlling does not stop in finding the fraud, cheating or violations of plans, while its role is spreading to include the recognition of violations reasons and keep practical solutions and following up the implementation with evaluating the qualification and objectives achievement.

The financial controlling systems play an important role as one of the controlling main forms, in addition to it is one of the basic elements required for achieving the modern controlling concept, whereas the modern concept of the financial controlling including the finding of various means to evaluate the activities and economic unit.

Index Terms- Financial control, Libyan institutions and companies, modern financial controlling

I. THE EMERGENCE OF FINANCIAL CONTROL

The concept of the financial controlling is improving quickly with the improvement of the economic situations till being suitable to this age, as we can review the historical stages to the internal controlling concept improvement.

In the beginning, the financial controlling was focusing on two sides, they are the protection of assets in the various activities and achievement of accounting precision in records and accounting books, therefore, the financial control is defined as group of rules and basements decided by the project management

in purpose to protect its funds and achievement of the accounting precision in recording the project operations in its records.

The depression period in the world 1929 followed with bankruptcy and dissolution of some huge companies, and occurrence of many cheating cases and preparation of false financial reports, lead to necessity of caring with the financial control controlling systems in prohibiting the cheating and fraud financial reports, and also issuance of laws which regulate those companies, the financial papers deliberation law is issued in the United States of America in 1933, this law is related to the report requirements in the companies which are desirous to issue new financial papers, and to increase the controlling, the financial papers market committee was incorporated in 1934 which required the local and foreigner companies with the necessity of making records.

In the following period, the professional caring with the financial controlling systems was the beginning, with incorporation of financial control auditors' institution in 1941 which contributed significantly in the financial controlling concept, which played a role in the financial controlling improvement, and find new frame to the financial controlling and achieve the effectiveness of such systems.

The Modern Concept of Financial Control

The financial controlling concept is improved through many stages, in the beginning it focused on the financial controlling as a group of methods and procedures securing the protection of the corporation assets against stealing or peculation of money, but the increasing in the spread of corporation size and difficulty of its management in the traditional form and complexity of its operations and activities there became also a spread in the concept of the financial controlling to include the methods and procedures regarding the increasing of the productive and operative qualification, and to undertake with the administrative policies beside the protection of assets and securing the accounting precision.

The accountants institution in America in 1936 has issued a definition for the financial controlling stipulated that the financial controlling is group of means adapted by the corporation to protect the cash and other assets, and to also secure the accounting precision in the books, this definition is continued for more than a century, but the increasing of spread in the financial controlling field lead the accountants institution of America to issue a new population in 1949 to define the financial controlling, this definition is formulated in a group of means adapted by the

corporation to protect the assets, and to secure the accounting precision of accounting information and upgrading the productive qualification, and to follow up the application of the administrative policies kept by the management and to continue in the drawn plans limits.

The Chartered Accountants Institution in England and Wales seems that this definition does not cover the financial controlling sides completely in that period, this granted the chance in 1953 to issuance of other definition for the financial controlling stipulated the financial controlling indicated to a system secures a group of various financial organizing and accounting controlling operations created by the management to secure the good progress of works in the corporation to operate the financial controlling :

- a. Internal Check.
- b. Internal Auditing.
- c. Budgetary Control.
- d. Other means like standard costs and reports... etc.,

But in 1980 the auditing standards issued by the chartered accountants in England and Wales included a new concept of financial controlling mentioned that the internal controlling is exclusive system for financial and other controlling created by the management in aiming to execute the project activities and its operations in organized and perfect way, and to secure the undertaking with the administrative policies and to protect the assets and secure the accounting records precision to a possible maximum range, through the definition it is revealed that the financial controlling became an exclusive controlling (financial and non-financial) for all the corporation issues.

The top management has to keep a complete system for the financial controlling of the corporation to enable us to achieve the aimed achievements, this system shall aim to achieve the following basic elements :

The organization is usually done by adapting the top management to an organization chart in which the powers will distribute among the persons through, the management also issues the legislations organizing the tasks and duty distribution, in the organization chart, the work distribution shall consider that no one person makes full operation alone, and to take into consideration the easiness of contacting to ease the flow of information without any delay.

The main objective of the financial controlling system procedures is to secure the full protection of the project assets and to prohibit its leakage and losing, and secure the correctness of the accounting reports, the corporation due to its huge size and number of admin. units is forced to provide controlling means to protect the assets and implementing the special resolutions in case of non-central organization, the natural and material protection shall be provided, the material protection means to protect the assets against stealing of assets and fire, so the corporation in this way will need to insure its properties against stealing and fire, and to save against the weather factors, all the necessary technical precautions to avoid the influence of the weather factors on the assets such as preparation of stock properly and protect the materials from the corrosion.

Within the objectives aimed by the financial controlling systems the provision of reliable accounting data and reports, and can be used in decision making, this objective correlates the financial controlling with the employment liability of reports

preparation which occurs on the financial department in big share, the various information in the accounts department and other departments is the base of most of the administrative decisions, so the administrative reports system and financial controlling procedures may secure the necessity of obtaining the correct data to avoid the wrong decisions, the precision of primary data and data operation precision in the account circle will lead to final precision reporting data, among these procedures which assist in the increasing of final reports and data is the classification of the work between small parts through number of persons each one shall revise the other's work routinely to secure avoiding of mistakes and finding the cheating, and confirming the whole operation correctness, for example, the voucher is not prepared without documents written to confirm the preparation of P.O (Purchase Order) or receiving memorandum ... etc.

On the other hand, the design of the used modules to perform the previous tasks properly will assist to automatically find any missing or wrong information to fix the reason for that and correcting the position before the completion of the operation. The documentary controlling will increase the accounting data, the documentary controlling means the necessity of obtaining the documents and organizing them to ease the reference and recording the same first by first, especially in the executive operations.

This is one of the objectives aimed by the financial controlling to increase the various operations qualification n the corporation and encourage the workers to obligate with the decided policies, this side is considered as active side and important side in the controlling operation, because the accounting data might by correct and the reports are precision, but there is an excessive use of the available resources, this objective is partially achieved through the fixation of liabilities and distributing them on different departments or centers of the corporation, and establishment of a system for the reports to measure the performance of each unit and secure the performance standards auditing continuously for improvement and variation when required, this side requires the fixation of the meaning of qualification and fixing the measuring standards and how to express them in the different reports.

The qualification differs from the effectiveness, effectiveness means the achievement of certain objective, but the qualification means the fixation of the relationship between the input elements (user) and output elements (results), the performance may be effective or qualified at the same time, but it is possible to achieve one without the other.

The encouragement of persons to obligate with the decided administrative policies is of one the objectives of the financial controlling system, coordination is done between the efforts of workers to achieve the desired objectives, the corporation shall translate the objectives to a group of policies covering a different side of its activities, then the obligation degree is reflected in these policies to the range of the achievement of those objectives which may be of long or short term.

The effectiveness of the financial controlling system is focused on the necessity of the workers confidence with the objectives and participating in the same, because this confidence will generate the continuation to perform the operations as desired by the management, and make their acceptance to the controlling means a valuable issue then they respond with them, then it will

become natural and normal matter after the frequent use, the existence of perfect system of incentives and deterrents will lead to push the workers to good work and following the plan decided by the management.

The financial controlling is not caring of the accounting sides only in the corporation, it cares of all the forms of activity to secure the achievement of the objectives, therefore, they distinguish between the internal financial controlling types has taken place as accounting controlling, administrative controlling, internal check and internal auditing.

Accounting Financial Controlling

The professional organizations have fixed the employment tasks of all the financial controlling types, as it has defined them as follows: the financial controlling is consisted of organization charts, and all means and procedures which basically specialized and related directly to the protection of assets and the trust in the financial records, in addition to the data and reports resulted, the accounting financial controlling is designed to secure the following basic elements :

- a. Securing the implementation of the operations according to a general or certain license from the management.
 - b. Confirming that the operations recorded in the books on which are focused on preparing the financial lists recorded in a perfect way and according to the well known accounting principles, or any other standards used in the preparation of these lists.
 - c. Fixation of accounting liability on the asset.
 - d. Non-permissibility of the assets possessing without a permission from the management.
 - e. Securing the compliance of the asset records with the assets actually found in proper periods, and proper procedures will be taken in case of any difference found.
- Following the double registration method in the confirmation of the operations in books.
 - Design of perfect documentary system, and use the total accounts such as the debtor and creditor total account.
 - Usage of the dependent circular auditing balances.
 - Following the continuous inventory and making sudden inventory from time to time to compare the cards with the quantities actually existing.
 - Sending sudden letters to the agents and suppliers and following the internal financial system.
 - Comparing the bank statements with the corporation books or cash money and preparing circular settlement memorandums.
 - Approval of operations by liable persons in addition to approval of settlement records and mistakes correction.
 - Existence of the perfect documentary system (like documents handed over to all the operations recorded in books).
 - Following the financial controlling system for all the operations registered in books and records.

Administrative Financial Controlling

The administrative financial controlling is defined as organization plan, means and procedures created mainly for the productive sufficiency, and applying the decided administrative

policies, these styles are usually related indirectly to the financial and accounting records.

The definition reveals that the administration controlling is strongly related to the operation section other than the accounts section, to follow up the performance and obligation with the administrative policies, there are group of controlling means :

1. Reports

The reports are one of the important elements of the administrative financial controlling of the corporation, it has many purposes called reports, financial reports, controlling reports or administrative reports.

The reports shall include only the necessary data and agreed with the purpose of them providing to be clear, precision and suitable with the liabilities of the administrative level, the information mentioned in the report shall be revised to trust and depend on them, in addition to the big role of the reports in the controlling operation, it will have many positions, summarized as follows :

- a. To assist the management with the included data and information in taking the decision, drawing the policies and following up the execution.
- b. To assist the management in controlling the returns and expenditures and their resources and contents through the data and compared the numbers, furthermore it assists to find any mistakes or curves in performing the planned programs, with offering results and data.

2. Workers Training

This is applied through making training courses, and deal with the best styles of work performance to upgrade the workers' productivity level in the corporation providing to not exclude only certain level, as it must include workers in various levels of management including the top management.

3. Planning Budgetary

The planning budget is a plan translating the general project aims to detailed work plans for a future period depend on the specialized administrative authorities in the project, it is expressed in quantitative, qualitative and financial form used to be enough for managements and activity in general, and also serving the controlling and planning purposes.

The planning budgetary may be fixed in the controlling to upgrade the productive qualification, through the following :

1. Drawing the plans to secure the achievement of the best economic use of the production factors and supplying the management with a standard enabling it to measure the quality of performance for all administrative levels with the planned to get the qualification by avoiding the dissipation and violation, with creating qualification factors in the economic unit.
2. The budgetary planning allows to apply " liabilities accountancy ", by fixing the detailed objectives for each economic section works, and fixing also the detailed objectives of the responsible persons, then each responsible person will fall his liability limits and the related time schedule, and performing the activity and its parts.

Full co-ordination between the plans and detailed programs of the various sections and to unify the secondary efforts to achieve the best levels of qualification.

The planning budgetary assists in planning and balancing the economic unit financing controlling for different activities, to achieve the grow up and balancing, and making sure the operating capital to achieve the production program, and provide the necessary needs of the unit.

The obligation of the planning budgetary with the time programs secures the non-delay of production and to flow in the aimed levels, and to undertake with the programs of supply, depositing and collection.

4. Standard Expenditures

It is used for finding the violations by comparing the actual expenditures with the standard expenditures to take the necessary corrective procedures in the proper time.

It plays a big role in achieving the following basic purposes :

1. Controlling and checking the cost elements and avoiding the dissipation, losing and damage.
2. To guide the top management by providing cost data, assisting in making the decisions against faced problems, and in drawing the product, marketing and financing policies, and to provide the production necessities.
3. Putting the planning budgetary – estimated budget – for the project, following up the implementation and evaluate the performance first by first.
4. Improving the production means and upgrading the project productive qualification.

5. Financial Analysis

It means the usage of the best available accounting and financial data in the books, records and financial lists to achieve certain objectives through the detailed and exclusive inspection of accounts, and following up their elements improvement.

The financial analysis deals with the service of the financial controlling as follows

1. Providing data explaining the qualification of each administrative or technical unit whether this classification was functional or as per the productive stages or place, then to occur work and qualification sides to give opinions toward the increasing.
2. Explanation of the actual implementation results and its violations and negligence in each section or department inside the corporation, this lead the responsible persons to take the necessary decisions and decide how to treat the same in the proper time.
3. Providing data which occur any confection in the training programs and plans and studying the and inspecting the quality, then the responsible persons to exterminate and avoid any confection to achieve the best levels of qualification.

Internal Financial Check

This type of financial controlling aims to protect the assets of the corporation against peculation, losing or misuse, with classifying the work and fixing the liabilities between the workers inside the corporation, internal check includes the distribution of work and power, to check the daily routine operations, by which a person can verify the work of others, or the work of somebody may be complementary to other one this means that one person cannot make a whole operation, with this way mistakes can found early and avoided.

The most important features of the financial check in terms of relationship with each other may be summarized as follows :

1. One person cannot be responsible for a whole operation, based on the easiness of finding and reporting the mistakes if the operation is classified to two persons or more.
2. The liability shall be completely limited, it means that the power can be authorized in a way which causes no question about the performance whether it was suitable or not.
3. It is necessary to select persons and training them carefully, this of course requires the creation of certain programs to select the training and workers.
4. The persons shall work on duties for a specific job or specific work whenever that was practically possible, this lead to finding any mistakes, furthermore, this procedure makes the workers active and having new viewpoints for the various works.
5. The responsible workers shall obtain a promise or limited liabilities on their annual leaves regularly, to find any cheating or peculation and to achieve the last required objectives.
6. There shall be a system for incentives and remunerations, the remunerations and considered a motive for the employee, and a protection tool for the corporation.

In addition to that, the used accounting ways are related to the financial check in many sides :

1. The accounting operations shall be separated from the other project operations, the person should not have a controlling on records, and also a controlling on operations which will be confirmed.
2. Performance reports shall be prepared because it explains the current performance in the corporation, and explains the users' performance, so that, these reports shall be continuously prepared and distributed on the proper supervising levels.
3. The total controlling accounts shall be used whenever possible, which is used in the operations controlling which are confirmed in details in the analytical records kept by the liable persons in the corporation, and with a way to differ between the recording resource for each two types of records.
4. Evidences or proofs of precision shall be always used through the comparison of data obtained from various resources when possible.
5. Instructions and advices shall be written, the procedures guide shall under the employees hand, to prohibit the misunderstand or confliction in treating the similar operations.

There is a relationship between internal check and financial controlling in the following points :

1. Revising and inspecting the precision and suitability of the internal check system, the financial auditor shall audit the type and sufficiency of the internal check system as actually implemented.
2. Preparation of regular circles of internal check in the actual operation, the circular auditing of the internal check is continuously required to prohibit any negligence

in the actually used procedures to find the non-use of the previously used controlling means.

Factors of Financial Controlling Success

There should be a big care of the factors of the financial controlling success to enable the corporation and top management to achieve its objectives, with the application of the financial controlling sides through the departments and sections belonging to the corporation, in this side, the researcher will deal with the most important elements required for the success of the financial controlling system, these elements are the range of caring by the top management with the financial controlling and the means used for the financial controlling system, as follows :

Caring of the Top Management with the Financial Controlling System

The top management is the responsibility for keeping the financial controlling system with supporting the material and immaterial elements to achieve the objectives, fixed on the following

1. Human resource : In the is side, we can say that no benefit can be obtained from the creation of the controlling systems unless the top management took into consideration the human resources of the corporation, the corporation shall provide human resources for working with certain specifications to perform the works which will reach them to the aimed objectives, which are :

a. Employment of qualified persons having enough experience in the field of work : the top management shall select persons for the vacancies as per the specifications of this vacancy, keeping conditions for the new employees through the qualifications and years of experience, and making interview, then choosing the proper person according to the results, because the qualified human resources playing an important in the internal controlling in the corporation, information and development of the human resource, the following is required :

I. Perfect selection of employees after the analysis of jobs and assessing the specifications and fixing the required qualifications for operation.

II. Creation of new plans for training including the fixation of contents and type of programs in terms of time and place, and who will make the training, this aims to upgrade the worker productivity in the corporation providing to not exclude only a certain level, but including the workers in all administrative levels including the top management.

III. Following up the employee works and seeking for the negligence reasons if any, and removing any obstacles which may decrease the employee effectiveness to lead their works to a bitter level.

These points have an influence in achieving the human resources effectiveness in the organization causing a successful and effective financial controlling system.

b. Moral values : From this side the top management shall select employees respecting the job, this must be done after the explanation of the duties and tights of each employee, and his compliance with the decided means to achieve the objectives of these policies.

c. Putting the proper person in the proper place, new employees are usually selected by the top management, according

to the requirements and as per the standards required in each employee, therefore, and to complete the contact between the departments and sections inside the corporation the top management shall put each employee in the proper department or section in his field of specialization to enable him doing his job successfully to achieve the corporate objectives.

d. Flexibility of the system and following up the nature of the corporation operations, and system shall be flexible to input any expectations forced in the general conditions.

2. Material Element : On this side the top management shall keep all the capabilities required to create a proper environment and upgrade the internal controlling qualification, among the provision of computer, books and accounting records, which can be explained as follows :

a. Provision of computers : according to the speed of performance, the top management shall provide enough number to the sections and departments to perform the operations in a short time.

b. Provision of accounting books and records: In fact, although the improved ways of recording the information, the records and books in a corporation cannot be dispensed, as it includes primary data and information which can be lost in computers in case of misuse.

Basic Elements of the Financial Controlling System

The elements of the financial controlling are the basic support with which the management obligate with to protect the assets and secure the accounting date and information processing and depend on them, there shall be a complete and perfect system for the financial controlling, this can be explained through the availability of the following basic elements :

1. Organization plan is represented in the organization chart which fixes the liabilities and duties of the employees the organization chart is used as a frame to guide and control the activity, the active organization chart relates between the powers and scope of liabilities and separates the specializations and jobs to prohibit the mistakes and cheating, according to the capabilities and human resources of the corporation.

2. Job description : it means the fixation of each job in the corporation, the fixation of the objectives of departments and sections is that each department is having a special description determining the liability and duty.

3. A perfect accounting system which secures a complete group of books, records and booklets of accounting including a guide explains the perfect accounting principles and basements to recognize the workers the perfect way of work and designing precision documentary circuits, to achieve the internal controlling objective of the accounting system, it should be distinguished easily and clearly to understand by the workers and be suitable to the requirements of the unit, providing to be flexible to face any improvement in the work size.

4. Usage of modern technical means : the usage of technology assists to confirm the correctness and precision of the accounting data recorded in the records and registrations, and to protect the assets to achieve the perfect performance of works.

5. Precautionary procedures : in the system, precautionary procedures shall be available to prohibit the loss and decrease the influences to exterminate all forms of cheating, for example insurance of assets against all expected risks, insurance of

employees, and insurance of cashiers against the mis-honesty, sudden inventory and double controlling.

6. Perfect system of financial auditing : the organization chart shall include a department or section for financial auditing, having the independence, and keeping the procedures to secure the coordination and cooperation between the internal auditing and other departments which will be audited inside the corporation, the top management shall provide enough number of qualified employees in the internal auditing to make the necessary auditing operations.

The financial control is improved to perform not only the financial auditing, but included non-financial controlling.

Results and Recommendations

The researcher in this side deal with the results obtained in the analysis of descriptive analysis for data obtained in the answers of the questionnaire paper, dealing also with the recommendations which hoped to participate in solving the problems and obstacles facing the institutions and companies in Libya and upgrading this sector and pushing the economy wheel forward to contribute in the Libyan economy development.

Study Results

The results of the analysis of the paper data related to the availability of necessary factors of making the financial controlling systems successful, and more detailed explanation to achieve these results.

Through the descriptive analysis and statistical test for stipulating "the non-availability the necessary factors, this result depended on the following :

- a. Most Libyan institutions and companies do not provide the perfect organization chart, thus contributing in weakening the financial controlling systems and losing the company properties.
- b. The result of descriptive analysis and statistical test revealed that most Libyan institutions and companies do not provide perfect accounting system, this weakens the financial controlling system in these companies.
- c. The result of the descriptive analysis and statistical test revealed that most institutions and companies do not have mechanical systems and the means financial check means, indicating to weakness of the financial controlling system in the participating institutions and companies.
- d. The result of descriptive analysis and statistical test revealed that most Libyan institutions and companies do not have financial auditing elements.

More details for failure sides lead to these results

1. Failure in availability of perfect organization charts in the Libyan institutions and companies: existence of organization chart in the general Libyan institutions and companies pushes this kind of institutions and companies to protect its entity and achieve its objectives and pushing the economy wheel forward, but the negative result achieved is due to the following reasons:

- a. These institutions and companies have written guide explaining the nature of the organization chart, administrative levels, main departments, powers and responsibilities in each level although of the high percentage of confirming these points.
- b. Analysis result shows that the organization chart of most institutions and companies does not consider the type and size of activity and do not provide enough flexibility to meet the future improvements, enough separation between functions and tasks is not available, and fixing the specialties of each department, section and function, and there is no clear fixation for functions and tasks and selecting the employees according to specified standards in most institutions and companies.
- c. Most institutions and companies do not select qualified employees with experience suitable with the function, and do not select employees according to their abilities and qualifications, the employee honesty is not taken into consideration, most of these companies do not authorize the powers from top management to various administrative levels, and there is no accurate fixation for the relation between various administrative levels.
2. Failure in providing a perfect accounting system in the Libyan institutions and companies

If there were a perfect accounting system in the general Libyan institutions and companies, it would protect all the assets of these institutions and companies, and contribute in achieving good financial controlling system, but the negative result reached is due to the following :

- a. Most institutions and companies have a written guide explaining the nature of the accounting system, and the documents is written of origin and copies according to the number of departments, but this is not enough to make perfect accounting system in the institutions and companies in Libya.
- b. The accounting system in most institutions and companies does not explain the policies and procedures, and not having the full number of books and records.
- c. Many institutions and companies do not stipulate to make one operation by more than one employee, and documents in the company are sometimes not numbered.
- d. Financial reports are not made by many institutions and companies, accuracy and clearance are not enough, some reports do not include the required data, most institutions and companies do not submit the reports in the proper time.
3. Failure in providing systems and mechanical and internal check means in the Libyan institutions and companies.

The availability of systems, mechanical means and internal check means in the general Libyan institutions and companies, it contributes in finding an financial controlling system for this class of companies, but the negative result achieved was due to the following reasons:

- a. Most institutions and companies do not care about the scientific qualifications in appointing new employees, and stipulating the necessary experience, no personal

interviews are done for appointment, in case interview is done, the result is taken as a base for employment.

- b. Most institutions and companies do not care of the employees timing, this gives a negative result in achieving the works in appropriate time, computers are not enough, and not utilized perfectly, and no suitable systems for the company operations are available.
- c. There are institutions and companies which do not make insurance on the assets and cashiers against the risks and honesty treason, most of these institutions and companies do not follow the system of sudden inventory and double controlling system, by recording one operation in more than a record.
4. Failure in providing the basic elements of financial auditing in the Libyan institutions and companies :

The availability of basic elements for financial auditing represented in independence, qualification, habilitation, scope of work, performance of work and managing the financial auditing, will make it providing the services as required, this will assist in upgrading the financial auditing system level in the Libyan institutions and companies, but the negative result achieved through the statistical analysis of the assumption of this side is due to :

A. There is a weakness in the finance department performance in the sample companies, noted in the following points :

- **Organizational position:** In the statistical analysis, it is revealed that the organizational position which express the affiliating of the financial control department in the Libyan companies to the highest administrative level in the company do not provide a proper environment for the internal auditing department independence.
- **Objectivity :** it indicates to the mutual independence that the internal auditor makes its duties in the institutions and companies, analysis result revealed that no objectivity contributes in the financial control department independence.

B. There is a weakness in the qualification of internal auditors in the sample companies, noted in the following points :

- **Employment policy :** There are no specified specifications for employment of new employees in the financial control department, in most institutions and companies, this will weaken the qualification of the auditors and contribute in selecting non-qualified employees.
- **Training programs :** There are no training programs and encouragement to get scientific qualifications contributing in upgrading the financial control department in most Libyan institutions and companies companies, this will weaken the qualification and habilitation of financial control in the company.
- **Effective supervision :** Effective and direct supervision are available at the head of the financial control department in many of the sample companies, this will weaken the qualification and habilitation of financial control in the company.

C. There is a weakness in the scope of financial control work in the sample work, noted in the following points :

- **Precautionary financial control services :** financial control department in many companies does not provide accurate and useful information in the proper time to the top management in these companies, and not obligated with the policies, procedures and laws.
- **Constructive financial control services :** Most of the sample companies do not make sure of the economic usage of resources, and not confirming the achievement of objectives of operations and programs.

D. There is a weakness in the financial control performance level in big number of Libyan companies, noted in the following points :

- **Planning for financial control operation :** There is a big number of companies do not plan for the editing operation, primary survey for the activity nature study is not done, and necessary steps for auditing operation approval are not approved.
- **Inspection and evaluation of information :** There big number of companies do not collect all the information related to the objectives and filed of financial control, and not using the proper means for collecting, evaluating and documenting the information obtained in all the steps in auditing work file.
- **Preparation of report and connecting the results and recommendations :** there is a big number of companies do not prepare reports about the financial control operation to the competent authorities, then no recommendations will connect to these authorities inside the company, as there are big number of companies which head of the financial control department do not approve the final report.
- **Follow up of recommendations :** There area big number of companies where the financial control departments do not follow up the corrective procedures fixed by the top management.

E. Many companies are weak in managing the financial control department, due to the following reasons :

- **Fixing the objective of establishing of the financial control department, and fixing its powers and responsibilities :** There area big number of companies which have a regulation of the financial control department do not explain the objective of this department, and no limitation of powers and authorities.
- **Planning for financial control works :** There is a big number of companies do not fix the activities and operations to be audited, and not fixing a time for starting and ending each operation, most companies do not have enough number of employees and offices for financial control.
- **Passing policies and procedures :** There is a big percentage of companies do not evaluate the work in the financial control department as per their specialties, non-evaluation of the auditors' work performance regularly, not keeping on permanent file for each operation done, and weakness of coordination between financial control department and other departments.

- **Organizing the relationship with the external auditor**
: There is a big number of companies do not have a coordination between financial control department and the external auditor.

II. RECOMMENDATIONS

The results achieved reveals that there is a failure in effective role of financial controlling system in the Libyan institutions and companies, this is an evidence of big distance between these companies and the modern improvements in this field in the companies in other countries, in this frame, and to enable these companies to take it natural position, and assisting them in playing their role effectively, the researcher recommended as follows :

a. Libyan institutions and companies belonging to the general sector shall obligate with the necessary factors to find a perfect organizational chart, assisting to create a financial control system inside these institutions and companies.

b. Obligation with the necessary elements to keep a perfect accounting system in the Libyan institutions and companies belonging to the general sector, this will assist to find a financial controlling system protecting these company's properties.

c. Meeting the updates of computer software programs, providing enough number of these computers and following the means of financial control system, this will assist in upgrading the financial control system in the Libyan institutions and companies belonging to the general sector.

d. Libyan institutions and companies shall keep an organizational chart including financial control department to perform the duties assigned perfectly and at the proper time, to secure taking decisions pushing these companies to meet the updates and achieve the objectives.

f. Establishment of the financial control department in institutions and companies, securing to provide the necessary factors for independence, qualification, scope of work, performance of work and financial control department, securing the performance of works perfectly, and to achieve the objective for which the department is established.

III. CONCLUSION

The big size and variation of the branches of the institutions and companies, and separation of property from the management, all these elements lead the company to provide a perfect financial control system to achieve its objectives, so it should have a clear map for policies applicable in these companies, this can be summarized in following a group of means and ways which lead to the success of these institutions and companies :

First : number of controlling types shall be available in the company :

1. Accounting internal controlling deals with and control the financial sides inside the company.

2. Administrative internal controlling deals with the employment of the material and human resources with qualification and effectiveness.

3. Internal check system which fixes the responsibility between the workers and the existence of self-controlling inside the company, to protect the assets against misuse and peculation.

Second : The record for success the financial control system :

1. The interest of the management in the financial control system through the human element represented in the moral values of employees, suitability between employee and job, creation of a flexible controlling system which can include any amendment or improvement with the similar companies.

The interest of the top management in the financial control system in providing the material element represented in the enough number of computer, accounting records and other material requirements.

2. The company management shall provide the basic elements of the financial control system, represented in the organization plan in the organization chart and fixing the specialties and liabilities of each employee.

Proposed Frame of Financial Controlling For Libyan institutions and Companies

Financial control System

In creating the financial control system, companies shall fix the objectives of this system and types and provide the basic elements :

1. Objectives of the financial control system :

- Creation of perfect organization chart explaining the powers, authorities and responsibilities.

- Protecting all the company assets and securing its utilization.

- Confirming the safety of accounting data and its reliability degree.

- Upgrading the quality and effectiveness to achieve the company objectives.

- Obligating with and implementing of policies.

2. Types of financial control:

a. Creating a system for the financial control :

- Securing the accounting operation implementation.

- Confirming the operations registration in perfectly in the books and as per the accounting principles.

- Using the assets only with management approval.

- Securing the conformity of asset records with the actual assets.

b. Creation of a system for the administrative finance controlling :

- Financial reports explaining the situation in certain duration.

- Granting the opportunity for training the staff.

- Keeping financial plan for implementation in the same duration.

- Fixation of standard costs, and comparing them with the actual costs in the same duration.

- Using the financial and accounting data in financial analysis.

c. Financial control system :

- Distributing the work among employees.

- Fixing competences and responsibilities.

- Selecting and training the staff.

- Changing the functional positions between the employees.

- Forcing the employees to spend their lives.

- Enjoying with remuneration system.

3. Factors of financial control system success :

a. Supporting the top management for the financial control system

:

- Trained staff with long experience.
- Selecting an employee who respects the job.
- Fixing the proper person for the proper position.
- Flexibility of applicable system to follow the updates.
- Providing enough number of computers.
- Providing enough number of records and books.

b. Elements of financial control system :

- Keeping certain specifications for each position.
- Existence of accounting system securing the provision of accounting books and records with a guide explaining the principles and rules of perfect accounting.
- Effective use of technology means.
- Making the insurance of assets.
- Existence of perfect financial control system.

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