



## EVOLUTIONS OF INTERNAL MANAGEMENT CONTROL SYSTEM IN THE MILITARY ORGANIZATION

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The evolutions of internal management control system in military organization have an interesting and progressive history. When we decide to follow democracy, we need to change the system and the mentality. Internal management control system is an important need for the state entities in order to develop a progressive and democratic organization.

**Keywords:** military organization; internal management control system; standards.

The implementation of the internal management control system in the military organization starts with the accession of Romania to the European Union. Although, at national level, the first law in which we find the phrase "internal managerial control" is the *Government Ordinance no. 119/1999* regarding internal control and preventive financial control, republished (Official Journal of Romania, Part I, no. 799 / 12.XI.2003), just starting in 2005, one year after the issuing of the *Order of the Minister of Public Finance no. 946/2005* for the approval of the Internal Control Code, comprising the internal management / control standards for public entities and for the development of managerial control systems (Official Journal of Romania, Part I, no. 675 / 28.VII.2005), its timid implementation beginning through the Financial Accounting Department.

In the year 2006, the duties regarding the implementation of the internal management control system are responsibility of the General Secretariat of the Ministry, according to article 16 (3) of Law no. 346/2006 regarding the organization and functioning of the Ministry of National Defence, republished. Thus, "The General Secretariat ensures the implementation, monitoring and evaluation, at the level of the Ministry of National Defence, of the provisions contained in the strategies and programs of reform of the public administration, elaborated on the basis of the Governance Program, as well as the monitoring, coordination and methodological guidance of the implementation and / or development of the internal management control system".

The year 2009 brought to the Ministry of National Defence level the first methodological Norms regarding the elaboration and development of the management control system in the Ministry of National Defence, approved by order of the minister of national defense no. M.S. 113 of 26.10.2009.

It is a classified document because it also includes a list of the main coding areas for operational / system procedures. Otherwise, these norms describe the main directions of action necessary to be applied to implement the system of internal managerial control in the military organization.

Subsequently, at national level, a series of legislative changes appeared, which were transposed, adapted, each time, in the military organization.

These were the following:

- Law no. 234/2010 amending and supplementing Government Ordinance no. 119/1999 (Official Journal of Romania, Part I, no. 831 / 13.12.2010);
- Minister of Finance no. 1.649 / 2011 for the modification and completion of the Order of the Minister of Public Finance no. 946/2005 for the approval of the Code of internal control, comprising the management/internal control standards at public entities and for the development of managerial control systems (Official Journal of Romania, Part I, no. 140 / 24.02.2011);
- Minister of Finance no. 1.423 / 2012 for amending the Order of the Minister of Public Finance no. 946/2005 for the approval of the Code of internal/managerial control, including the internal control standards at public entities and for the development of managerial control systems;

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- Order of the Secretary General of the Government, no. 400/12/06/2015 for the approval of the Code of internal / managerial control of public entities, published in the Official Journal of Romania, Part I, Nr. 444, 22.06.2015, as subsequently amended and supplemented;

- Order no. 200/2016 regarding the modification and completion of the Order of the Secretary General of the Government no. 400/2015 for the approval of the Code of internal / managerial control of public entities;

- Order no. 201/2016 for the approval of the Methodological Norms regarding the coordination, the methodological guidance and the supervision of the stage of the implementation and development of the internal management control system in the public entities;

- Order of the Secretary General of the Government, no. 600/20/04/2018 for the approval of the Code of internal managerial control of public entities, published in the Official Journal of Romania, Part I, Nr. 387, 07.05.2018.

In the Ministry of National Defence this legislation has been implemented, evolutionarily, in accordance with the national legislation, in the following orders:

- Methodological norms regarding the elaboration and development of the management control system in the Ministry of National Defence, approved with the order of the minister of national defence no. M. 75 of 12.07.2012;

- Methodological norms regarding the system of internal managerial control in the Ministry of National Defence, approved with the order of the minister of national defence no. M. 84 of 30.06.2016;

- Methodological norms regarding the system of internal managerial control in the Ministry of National Defence, approved with the order of the minister of national defence no. M. 100 of 13.05.2019.

From the analyses carried out, for example, the main changes of the norms are presented comparatively, in the following table:

The legislation stipulates minimal measures that need to be implemented for each standard, between 2005 and 2016 for 25 standards, subsequently for 16 standards, the latter also containing the difference of nine standards from the previous norms.

The Ministry of National Defence, being an organization based on order and seriousness, has rigorously implemented the internal management control system. The main problem faced by those who started the implementation of SCIM was that of integrating a new management tool over the already existing one or ones (with communist and NATO influences).

Gradually, the system of internal managerial control has undergone modifications at the level of requirements, according to those presented previously in the table but also many others that were not nominated here.

Currently, from our research on the public reports of the Court of Accounts, the system of internal managerial control has not been fully integrated into the organizational culture and all the structures.

The main causes identified would be:

- personnel fluctuation;
- lack of specialists;
- insufficient training.

Unfortunately, as an example that is not very encouraging, in the Court of Auditors' Public Report from 2018, on page 89, the following situation is described: "regarding the organization, implementation and maintenance of internal management and control systems (including internal audit), as well as when evaluating the internal / managerial control system, it was found that the system procedure for the elaboration and updating of the Risk Register was not updated and no longer was the periodic review and reporting of the risk situation, according to the requirements of section 8.2.3 letter e) of OSGG no. 400/2015 for the approval of the Code of internal / managerial control of public entities".

Although not a serious deviation, it betrays the partial integration of the system of internal managerial control in the organizational culture of some structures of the Ministry of Defence. This aspect, however, is not at all abnormal from a historical perspective. Throughout history, always, new systems, especially within state structures, have been more difficult to implement due to bureaucracy and greater resistance to change than in private systems, more easily oriented to reform and progress.



Table no. 1

COMPARISON TABLE  
FOR THE MAIN CHANGES TO THE RULES

THE MAIN ASPECTS ANALYZED	<i>Methodological norms regarding the elaboration and development of the management control system in the Ministry of National Defense, approved with the order of the minister of national defense no. M. 75 of 12.07.2012</i>	<i>Methodological norms regarding the system of internal managerial control in the Ministry of National Defense, approved with the order of the minister of national defense no. M. 84 of 30.06.2016</i>	<i>Methodological norms regarding the system of internal managerial control in the Ministry of National Defense, approved with the order of the minister of national defense no. M. 100 of 13.05.2019</i>
<b>Number of standards and their names grouped into the five sections (Control environment, Performance and risk management, Information and communication, Control and Evaluation and audit activities)</b>	<p><b>25 internal management control standards:</b></p> <p><i>The control environment</i> S1. Ethics, integrity S2. Tasks, functions S3. Competence, Performance S4. Sensitive functions S5. The delegation S6. The organizational structure</p> <p><i>Performance and risk management</i> S7. Objectives S8. Meal S9. Coordination S10. Performance monitoring S11. Risk management S12. Hypotheses, reassessments</p> <p><i>Information and communication</i> S13. Informarea S14. Communication S15. Correspondence and archiving S16. Reporting irregularities</p> <p><i>Control activities</i> S17. Proceduri S18. Segregation of duties S19. Oversight S20. Deviation management S21. Continuity of activity S22. Control strategies S23. Access to resources</p> <p><i>Audit and evaluation</i> S24. Control verification and evaluation S25. Internal audit</p>	<p><b>16 standards of internal managerial control:</b></p> <p><i>The control environment</i> S1. Ethics, integrity S2. Tasks, functions S3. Competence, performance S4. The organizational structure</p> <p><i>Performance and risk management</i> S5. Objectives S6. Meal S7. Performance monitoring S8. Risk management</p> <p><i>Control activities</i> S9. Procedures S10. Oversight S11. Continuity of activity</p> <p><i>Information and communication</i> S12. Information and communication S13. Document management S14. Accounting and financial reporting</p> <p><i>Audit and evaluation</i> S15. System evaluation of internal managerial control S16. Internal audit</p>	<p><b>16 standards of internal managerial control:</b></p> <p><i>The control environment</i> S1. Ethics, integrity S2. Tasks, functions S3. Competence, performance S4. The organizational structure</p> <p><i>Performance and risk management</i> S5. Objectives S6. Meal S7. Performance monitoring S8. Risk management</p> <p><i>Control activities</i> S9. Procedures S10. Oversight S11. Continuity of activity</p> <p><i>Information and communication</i> S12. Information and communication S13. Document management S14. Accounting and financial reporting</p> <p><i>Audit and evaluation</i> S15. System evaluation of internal managerial control S16. Internal audit</p>
<b>Documents that are prepared for sensitive functions</b>	<ul style="list-style-type: none"> <li>• Inventory of sensitive functions;</li> <li>• List of employees holding sensitive functions;</li> <li>• Plan for ensuring the rotation of employees from sensitive functions.</li> </ul>	Inventory of functions considered to be especially exposed to corruption / sensitive	Inventory of sensitive functions and measures for their management
<b>Planning documents</b>	Plans with the main activities of the structures	Plans with the main activities of the structures	The structures of the ministry elaborate a strategy / strategic plan within which they establish the general objectives of the entity, the priorities and the activities that have to be accomplished over a horizon of 3 years
<b>Insert hypotheses / premises into the planning documents</b>	Plans with the main activities of the structures, as well as any other planning documents prepared according to the regulations in the field include assumptions / premises, objectives and have associated performance indicators	Plans with the main activities of the structures, as well as any other planning documents drawn up according to the regulations in the field must include assumptions / premises and objectives to which performance indicators are associated	The elaboration, as an annex to the plan with the main activities, respectively the instruction plan (as the case may be), of the table of hypotheses / premises, accepted by consensus, which are the basis for establishing the objectives
<b>Documents for risk management</b>	Structure risk register The plan regarding the implementation of risk management measures	Structure risk register	Structure risk register Plan for implementing control measures for significant risks
<b>Centralizing situations throughout the year</b>	Quarterly situation regarding the stage of the implementation of its own internal / managerial control system on ..... hereinafter referred to as the quarterly situation	The semiannual centralizing situation regarding the stage of implementation and development of the internal management control system	The centralizing situation regarding the stage of implementation and development of the internal management control system (annual)
<b>Annual self-assessment of the internal management control system</b>	<ul style="list-style-type: none"> <li>• Self-assessment questionnaire for the implementation stage of internal / managerial control standards</li> <li>• Synthetic situation</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Self-assessment questionnaire for the implementation stage of internal / managerial control standards</li> <li>• Synthetic situation</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Self-assessment questionnaire for the implementation stage of internal / managerial control standards</li> <li>• Synthetic situation</li> <li>• Annual report</li> </ul>

Source: Author.

A relevant example would be the one regarding the computerization of the public administration. The Government's strategy on Computerization of the Public Administration, issued in 2001 stipulated on page 18: "The electronic ID card (ID Card) will be used not only as a personal identity document, but also as the only multifunctional access card at all the online administrative services that require a certain degree of user identification. The digital signature, contained in the electronic ID card, will be the main means of guaranteed access to information and online services provided by public and private agencies and can ensure the legal validity of the documents electronically transmitted"<sup>2</sup> and by the fourth quarter of 2003, 1,000,000 such cards had been issued.

We all know that, to date, no such card has been issued. And we are in 2020, 19 years after that moment. However, at the country level, including the Ministry of National Defence, through the audit carried out by the Court of Accounts, it was found that: "at the level of the central public entities, major credit authorizing officers, it can be appreciated that the process of implementing the internal control standards is in a development phase, aiming to comply with the legislative requirements, the average degree of implementation of the standards of internal managerial control being of 75.8% (according to the Report on the internal managerial control for the year 2018 elaborated by the Directorate of internal managerial control and interinstitutional relations from the General Secretariat of the Government). However, the audits carried out by the auditors of the Court of Auditors reveal sufficient aspects that need improvement in order to have from the internal management control system a useful tool in achieving the objectives"<sup>3</sup>.

Returning to the implementation and development of the system of internal managerial control in the structures of the Ministry of National Defence organization, we find, however, from the same public reports of the Court of Accounts that the Ministry of National Defense is among the ministries that have implemented the most correctly the internal management control system. Implementation directions have been established for each standard so that they can be properly implemented. The directions of action are to be found, publicly, in the orders of the Minister of

National Defence, published in Romanian Official Journal. Also, for each standard a number of requirements have been established.

The main requirements established for each standard are:

*Standard 1 – Ethics and integrity*

- Appointment of an ethics counselor for both civil servants, as well as for military personnel and conducting ethics counseling sessions, upon request, starting with 2016<sup>4</sup>;
- Identification and management of sensitive functions;
- Establishing commissions on goods received free of charge – 2019;
- Identifying and managing corruption risks in some working groups – 2019.

*Standard 2 – Duties, functions, tasks*

- Identification of sensitive functions and key functions related to risks and mission;
- Preparation at all structures of the Regulation of organization and functioning and the Regulation of internal order.<sup>5</sup>

*Standard 3 – Competence, performance*

- Establishing performance indicators both individually and at the structure level and monitoring them.

*Standard 4 – Organizational structure*

- The structures have become more flexible with the new missions.

*Standard 5 – Objectives*

- Establishing increasingly applied objectives in the planning documents;
- Setting SMART goals for each employee.

*Standard 6 – Planning*

- Inserting the assumptions that are the basis for setting the objectives in the plans with the main activities and other planning documents;
- Elaboration of perspective plans for 2-3 years and multi-annual plans;
- Development of master plans.

*Standard 7 – Performance monitoring*

- Monitoring is done through established performance indicators.



*Standard 8 – Risk management*

- Risks are identified and managed through concrete measures and strategies used;
- Risks are monitored through appropriate plans.

*Standard 9 – Procedures*

- The procedures are concrete and have established a unitary format within the Ministry of Defense.

*Standard 10 – Surveillance*

- Permanent supervision of the activities is carried out through controls, based on performance indicators.

*Standard 11 – Business continuity*

- There are plans for situations that could create discontinuities in the current activity.

*Standard 12 – Information and communication*

- Progress has been made in implementing information flows with the support of information networks;
- Internal communication is done through newsletters, coordination meetings, etc.;
- External communication has expanded on social networks<sup>6</sup> and is carried out professionally and transparently, in compliance with the legislation in force.

*Standard 13 – Document management*

- Document management has been continuously developed through the implementation of specific procedures.

*Standard 14 – Accounting and financial reporting*

- The organization based on the authorizing officers allows the decentralized management of resources, focused on the objectives of the entities, making the commanders responsible, who are obliged to assume managerial responsibility.

*Standard 15 – Evaluation of the internal management control system*

- The internal management control system is evaluated annually, including within the structure's annual self-assessment.

*Standard 16 – Internal audit*

- The internal audit structure has permanently developed the internal management control system through periodic evaluations.<sup>7</sup>

**Conclusions**

Currently, within the Ministry of National Defence, implementing norms are set for all the standards mentioned above and specific activities are being carried out to maintain and develop these standards but, as in any field, there is room for improvement.

It is important to maintain and develop a coherent system of internal management control, taking into account the minimum requirements of the standards of internal management control. The efficiency and progress of any organization depends on a good resource management. Medium- and long-term planning in this area is paramount. It is important to find resources and make the right decisions, based on specialized studies, in order to generate a kind of internal managerial control that will lead to the success of the organization.

The main aspects to be considered regarding the internal management control, according to the legislation, would be: achieving an organizational framework conducive to the implementation of the internal management control system, establishing an efficient and effective information flow, a good risk management and clear and useful procedures, adapted to the structure.

Particular importance must be given to Standard 8 – Risk management, which is a key element of the internal management control system. Risk management involves a number of complex activities because the risks are found in various fields and categories: security, war scenarios, financial, environment, IT, reputational, occupational health, etc. At the same time, the risk management process is carried out in a complicated, dynamic context, subject to permanent transformation, with many external factors that can influence the decision-making activity.

For a good management of all these issues, regardless of the domain, it would be useful to digitize the risk management process by developing a computer application at the ministry level.



**NOTES:**

1 <http://www.curteadeconturi.ro/Publicatii/Raportul%20public%20pe%20anul%202018.pdf>, accessed at 01.02.2020.

2 [https://www.gov.ro/fisiere/programe\\_fisiere/e-administration.pdf](https://www.gov.ro/fisiere/programe_fisiere/e-administration.pdf), accessed at 31.01.2020.

3 <http://www.curteadeconturi.ro/Publicatii/Raportul%20public%20pe%20anul%202018.pdf>, accessed at 31.01.2020.

4 *Methodological norms regarding the internal managerial control system in The National Defence Ministry approved by the national defence minister no. M. 84 from 30.06.2016.*

5 *Law no. 53/2003 – Labor Code, republished, with subsequent amendments and completions.*

6 <https://www.facebook.com/mapn.ro/>

7 *Order no. M.100/2019 for the approval of methodological norms regarding the internal managerial control system in the Ministry of National Defence.*

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\*\*\* *Order of the Minister of Public Finance no. 1.649 / 2011 for amending and completing the Order of the Minister of Public Finance no. 946/2005 for the approval of the Code of internal control, comprising the management / internal control standards at public entities and for the development of managerial control systems* (Official Journal of Romania, Part I, no. 140 / 24.02.2011).

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[https://www.gov.ro/fisiere/program\\_fisiere/e-administration.pdf](https://www.gov.ro/fisiere/program_fisiere/e-administration.pdf)

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