THE INTERNAL CONTROL AND THE PSYCHOLOGY OF PEOPLES

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Romania is heading in the right direction, which supports the creation of an internal control function in the public entities, in accordance with the good practice in the European Union.

Taking in consideration that the internal audit activity is recognized as a complex activity, we can say that now we are in a phase of consolidation of this function, as the conclusive results show.

The main challenge for the position for internal/managerial control is to cover efficiently the risks and to generate value inside the organization using ideas that can improve the performance of processes to minimize the costs and, on the other side, to maximize the incomes and to achieve a larger profit margin, in the case of the organizations that aim at profit, or if we talk about a public entity to assure, in terms of efficiency, some quality public services, as the people expect and in accordance with Government commitments assumed by the investment policy agenda.

Based on the assumptions presented above, identifying and analyzing risk represent a major step in the process of internal audit.

The risk represents any event, action, situation or behavior that has an adverse impact on entity's ability to achieve its goals.

In a very summary form the main types of risks include:

- **Risks associated with the system**, about how it is organized in organizational structures and there are established hierarchical relationships (subordination, coordination and collaboration)
- **Risks associated with the human factor**, which from my point of view it is the motor of the organization’s work, this being responsible for everything that happens, from system definition, and then continue with managing and improving its performance and finally with control and evaluation of its performance.

In the specialized literature is devoted the argument that there is a direct relationship of proportionality between the social behavior and the professional conduct of individual, the first having a significant influence on the other one.

Following this reasoning should be noted that each member of a nation carries the main characteristics of the people that he belongs, the individual conscience having itself a national or social origin, between them being a dependent development.
Science of social psychology may also distinguish, in addition to the predominant social element in forming the conscience of a nation, other determinants such as race, physical environment, climate and geographical configuration.

Science is trying to distinguish today, within the mankind, between many secondary species, which differ from each other by their anatomical and spiritual character, mainly by skull, cephalic value, skin color, will and intelligence.

There are two main types of secondary species:

- Homo europeus with the following main defining characteristics: tall and strong figure, fair or red-haired, blue-eyed, sanguine temperament and a cephalic value of 0.74, which means that the skull is tall or dolicocephalic;
- Homo alpinus, which has opposite physical and spiritual characteristics, with dark face, dark or brown hair, middle or medium height, broad face and broad, rather tall skull (brachicefal).

As a linking point between those two types, there is the homo mediteraneus, which has the homo alpinus’ color and homo europeus’ anatomical particularities. The Germanic populations are part of the homo europeus type, the Anglo-Saxon and the teuton element being localized in the north parts.

The homo alpinus type is representative for the Celtic and Slavic populations, being spread in France, in the Province of Brittany, Switzerland, Bavaria, Romania, Albania, Ireland, etc. The homo mediteraneus type is found in the Iberian populations, in Spain, Sicily, the meridional Italy, etc.

What differentiates the dolichoide populations from the brachicephalic ones is that besides from a quick and deep intelligence, they also have an unbeatable energy and activity, strong will, responsibility and tenacity in achieving the targets; brachicephalics differentiate by their lively spirit, by the fact that they have more intelligence than will.

From the point of view of the geographic area, the dolichoide populations came from the north, cold areas, with arid natural conditions for agriculture and deficient food, assured mostly from hunting.

The brachicephalic populations benefited by a natural environment abundant in resources, good for agriculture and its development.

Due to food deficiency, dolichoide populations from the north, extended to the south, submitting them in different times of their history, which led to mutual influence.

As for the Romanian population’ psychology, two things are obvious:

1. The Romanian population is a mixture of races, impossible to disentangle and classify.
2. The brachicephalic type is the overwhelming element to be found in the Romanian population of all social classes.

The dolichoide type is spread between us very little and the middle one, homo mediteraneus, which has a dark face and a dolichoide skull structure, it rarely meets in the south, near the Danube and Dolj.

Taking in consideration this brief overview about the peoples’ psychology and the geographical, historical and social conditions, that influenced and shaped it, it is required a different approach in the implementation of internal control system, according to the specificity of their psychology.

From this point of view, in the implementation of the internal control system, there have been identified two important approaches over time:

- the Anglo-Saxon approach, which focuses on trust in management responsibility, leaving more up to the management the organization and the implementation, based
only the elements of good practice, covering the standards (of Internal Control and Internal Audit) the Anglo-Saxon specifications, whose populations / individuals that belong to the dolichoide type are inclined to discipline, rigor, respect of compliance with good practice, self-awareness of SCI.

- the other approach, Francophone or Latin, which focuses on controlling compliance of the management with the law, control made by a third part, possibly at a higher level. In the countries from this area, the individuals comply only if there are constraints imposed by a regulatory framework, if there is a legal obligation, sanctions etc.

The two approaches can be related to the types of races, dolichoides are those where the Anglo-Saxon system was implemented and brachicephale and intermediate type, homo mediteraneus, are located in countries where the Latin / Francophone system is implemented.

How the principles of good practice, internationally accepted and also in EU, are transposed in the internal control systems must be specific for each country and must take into account the constitutional, administrative and legislative conditions.

For Romania, given the particularity of psychological profile and the difference of experience and hence the performance of organizations, whether public institutions or economic organizations based on profit, it is required a balanced implementation of internal/managerial control, besides other types of control (hierarchical control, preventive financial control, etc) of internal audit and controls such as inspection.

Before the establishment of audit departments, in public institutions there were departments of financial and administrative control (CFP), which functioned as a department with that name or as the control body of the head of the institution (the Prime Minister, Minister, President or Director General). It was a further or after the fact control, that concerned the compliance of legal rules either general or internal to the institution. The actions of control were planned or ordered by the head of the institution.

At the end of the 90’s, along the evident need to restructure the public institutions to modernize them and increase their performance, it was decided to set up internal audit departments which were established to assist the manager in taking the decisions by highlighting the dysfunctions and by the formulation of proposals to improve the system performances in terms of economics, effectiveness and efficiency.

Until 2005, the ministries had only internal audit departments which aimed at the identification of system deficiencies and which could not responds to the needs of performing operational checks, because of the very laborious process concerning the advance notification, the preparation of action, the movement to the audited structure, the display of audit action, the receive of comments from the audited structure, their review and negotiation, finished with the approval of the report, all requiring about two months.

Since 2005, because of the large number of projects which were initiated and financed by government and local administrations, it was felt an urgent need to establish an operative internal control structures, which were called control body of the head of the public institutions or inspections, the name being used mainly in companies where the state is the majority shareholder.

For the same reason, the Government established the Anti-Fraud Department (DLAF), the focal point of the Anti-Fraud Office (OLAF), a structure used for checking frauds to European funds.

The confused and delayed implementation of internal control system including internal audit in countries where brachicephale populations are dominant, as Romania, is explained on the one hand by the lack of experience and on the other hand there was not taken in
consideration the adaptation of the internal control systems to the features of these countries, exposed to the content of this paper. As regards Romania, the law for the internal audit appeared in 2002 and for the internal/managerial control is from 2005, and if for the internal audit there is a visible progress, in terms of internal/managerial control are timid attempts in implementing the specific standards. In conclusion, internal control systems adopted by EU countries must consider the administrative and legislative organization, and also the psychological characteristics of each nation, in the sense of a better management of risks associated with the human factor, better emphasized in countries which have a brachicephale population influence.

Bibliography:

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