

SOME CONSIDERATIONS REGARDING THE CONTROL OF GOODS RECEIPT

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***Abstract:** The reception commission has the obligation to mention in the reception report the quantity and quality of the goods received and of the goods refused.*

Internal control is found in the structure of each activity and must be formalized through procedures, based on job descriptions, verification questionnaires and the internal control manual, and the control of the receipt of goods is one of the internal control procedures.

***Keywords:** reception committee, goods reception control, receipt report.*

1. INTERNAL CONTROL ACTIVITIES

Internal control aims at the application of internal control rules and procedures, at all hierarchical and functional levels through control activities such as: approval, authorization, verification, operational performance evaluation, asset security, examination, separation of functions, supervision and monitoring.

Internal control is a process carried out by staff at all levels. It is carried out both by the top management, but also by the line management, i.e. department heads, but also by all other employees.

The management of the entity determines for each activity which are the most appropriate forms of internal control, in order to limit the risks.

Internal control is found in the structure of each activity and must be formalized through procedures, based on job descriptions, verification questionnaires and the internal control manual.

Regarding the implementation of control activities in private entities, it is found that in most entities they are not formalized (there are no specific procedures).

Control activities are carried out throughout the entity, at all its levels and functions.

The most common control activities are: authorization and approval procedures, separation of duties or tasks, controls regarding access to re-

sources and records, checks and reviews of operations, processes and activities, reconciliations, asset protection, etc

Regarding the organization of internal control in private entities in the context of current accounting regulations, the following conclusions can be drawn:

- from the legal regulations (OMFP no. 1802/2014), it is not clear what the internal control implementation procedures and policies are applicable to an economic entity;

- the types (forms) of internal control are also not presented in detail, appearing in the legal regulations, only a classification of them according to the time in which they are exercised (before, during and after the completion of the operations).

- also in the legal regulations, only a certain form of internal control is developed, represented by internal accounting and financial control, as if the other forms of internal control were non-existent.

- regarding the internal control components, they are presented in a different form, but similar, to the already established internal control models (Coso and Coco). - with regard to the implementation methods of internal control, only some general aspects are presented;

- the legal regulations also present the general objectives of internal control, not developing differentiated objectives for each form of internal control.

- also, in the legal regulations, the procedures or specific verification techniques of internal control are not presented, proposing that they be represented by: inspection, observation, investigation (interview, questioning), confirmation, calculation, analytical procedures, etc.

- as can be seen, the legal regulations assign a significant importance to only one of the internal control components, namely the accounting and financial internal control, which results in detailing the general objectives of the internal control of the financial and accounting function.

- every manager of an economic entity has the obligation to establish an internal control system at its level.

- control activities are carried out throughout the entity, at all its levels and functions. - regardless of the way of organizing the internal control, the manager, in fulfilling the managerial objectives, must choose the most appropriate forms, techniques or procedures of internal control in order to limit the risks.

2. CONTROL OF RECEIPT OF GOODS

Numerous disputes originate from errors regarding reception. Possible mistakes that occur when the goods pass from the supplier to the beneficiary are those related to the identification of lots, quantitative differences, the identification of qualitatively inadequate products and inadequate packaging, the preparation of delivery documents, the way of preparation of verification documents. Reception is the operation of quantitative and qualitative verification of batches of goods, carried out by the customer, to establish the degree of concordance of the actual quantity and quality with the prescribed or contracted quantity and quality.

The purpose of the reception is not only to control how the supplier has fulfilled its contractual obligations, but also to check to what extent the carrier has complied with the obligations it has assumed regarding the preservation of the quantitative and qualitative integrity of the goods during transport. The expertise of the quantitative and qualitative reception must help to establish the patrimonial responsibility for the damages caused as a result of the reception of some goods, which do not correspond quantitatively or qualitatively.

The receipt of a batch of goods consists of a quantitative and qualitative check carried out by the beneficiary, with or without the participation of the supplier.

During the reception of the goods, the reception committee monitors the correspondence of the goods delivered by the supplier, with the legal and contractual criteria.

The result of the reception expresses the way in which the supplier complied with the prescriptions of quantity, quality, identity, marking, labeling, packaging and quality certification.

The quality check procedure at the reception is the one agreed in the contract, in accordance with legal norms and quality standards. The findings of the reception committee are recorded in a reception report and the qualitatively inadequate goods are made available to the supplier, for return, reconditioning or other destination.

The receipt report can be invoked as an instrument of evidence, therefore it must be drawn up with great care, with all the necessary elements and in accordance with the legally established methodology.

The receipt report has probative force, certifying both the quantity and the quality of the goods received.

Mandatory, the receipt report must mention the date and place of the

receipt, the composition of the reception committee, the actual condition of the goods received, certify the actual receipt of the goods by the beneficiary, with the precise highlighting of all quantitative and qualitative differences, and any traces of breaking, destruction of seals, evasions, etc.

The reception commission has the obligation to mention in the reception report the quantity and quality of the goods received and of the goods refused.

3. CASE STUDIES REGARDING THE CONTROL OF GOODS RECEIPT

Case study no. 1 regarding the control of the reception of goods

A company purchases according to the invoice goods in the amount of 20,000 lei, VAT 9%. At the reception, the reception committee notes a shortage, in the amount of 2,000 lei attributable to the supplier. The supplier subsequently agrees to the shortage and issues a cancellation invoice the next day for the missing but undelivered goods. To record the differences established by the reception committee. - recording the actual reception according to the invoice and the reception minutes:

	% = 401	<u>21.800 lei</u>
371		18.000 lei
473		2.000 lei
4426		1.800 lei

- receipt of cancellation invoice for missing raw material :

% = 401	- <u>2.180 lei</u>
473	- 2.000
4426	- 180

Case study no. 2 regarding the control of the reception of goods

A company purchases goods according to the invoice, in the amount of 30,000 lei, VAT 9%. At the reception, the reception committee finds a shortage, in the amount of 3,000 lei. The absence at the reception is imputed to the own carrier. To record the differences established by the reception committee.

- actual reception:

%=	401	29.430 lei
371		27.000
4426		2.430

- absence attributable to the driver:

%=	401	3.270 lei
	6588	3.000
	4426	270

- VAT adjustment for absence from reception:

635=4426	270 lei
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- imputation to the driver of the total absence:

4282= 7588	3.270 lei
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Case study no. 3 regarding the control of the reception of goods

A company purchases goods according to the invoice, in the amount of 25,000 lei, VAT 9%. At the reception, the reception committee finds a shortage, in the amount of 1,000 lei. The shortage at the reception consists of perishables during the transport. Record the differences established by the reception committee.

- effective reception:

%=	401	26.160
	371	24.000
	4426	2.160

- missing at reception covered by perishables transport:

%	=401	<u>1.090</u>
	6588	1.000
	4426	90

- VAT is not adjusted for legally permitted perishables during transport.

Case study no. 4 regarding the control of the reception of goods

A company purchases goods according to the invoice, in the amount of 40,000 lei, VAT 19%. At the reception, the reception committee accepts the entire batch with quality defects, for which a 50% discount is subsequently received. To record the differences established by the reception committee.

- actual receipt according to the invoice and the receipt report:

%=	401	<u>47.600</u>
	371	40.000
	4426	7.600

-receipt of a subsequent discount of 50%:

a. if the goods are in stock:

%=	401	<u>-23.800</u>
	371	- 20.000
	4426	- 3.800

b. if the goods are not in stock:

%=	401	<u>-23.800</u>
	609	-20.000
	4426	-3.800

Case study no. 5 regarding the control of the reception of goods

A company purchases goods according to the invoice, in the amount of 40,000 lei, VAT 9%. At the reception, the reception committee refused the entire batch with quality defects. Afterwards the goods are returned to the supplier. To record the differences established by the reception committee.

- taking custody of the goods of the receipt report:

8033	=	999	40.000 lei
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- the decrease of goods taken into custody at the time of return to the supplier:

999	=	8033	40.000 lei
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4. CONCLUSIONS

Reception is the operation of quantitative and qualitative verification of batches of goods, carried out by the customer, to establish the degree of concordance of the actual quantity and quality with the prescribed or contracted quantity and quality.

The purpose of the reception is not only to control how the supplier has fulfilled its contractual obligations, but also to check to what extent the carrier has complied with the obligations it has assumed regarding the preservation of the quantitative and qualitative integrity of the goods during transport.

The findings of the reception committee are recorded in a reception report and the qualitatively inadequate goods are made available to the supplier, for return, reconditioning or other destination.

Mandatory, the receipt report must mention the date and place of the receipt, the composition of the reception committee, the actual condition of the goods received, certify the actual receipt of the goods by the beneficiary, with the precise highlighting of all quantitative and qualitative differences,

and any traces of breaking, destruction of seals, evasions, etc.

The reception commission has the obligation to mention in the reception report the quantity and quality of the goods received and of the goods refused. Internal control is found in the structure of each activity and must be formalized through procedures, based on job descriptions, verification questionnaires and the internal control manual, and the control of the receipt of goods is one of the internal control procedures.

The Board of Directors (governance) and the executive management of the entities plan, organize, coordinate and train the application of necessary measures to obtain reasonable assurance that the risks to which the entity is exposed are mastered (controlled) and that the established objectives will be achieved .

Internal control, due to its systematic and all-encompassing nature, meets the information needs of the members of the Board of Directors and the Management Committee, as well as of the other persons who hold management and executive positions, favoring the dialogue between them, ensuring transparency and democracy.

Regardless of the methods, means and techniques used for data processing, internal control has the task of following: the reality, sincerity and integrity of the information provided by the economic records; the reality, legality, necessity, economy, efficiency and effectiveness of the transactions and operations recorded in the records, as well as the integrity of the patrimony of the respective economic agent or public institution.

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