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Development of Risk-Oriented Technologies of the Corporate Financial Controlling System

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Abstract:

Financial controlling is one of the functions of financial relations of management system whose main task is to monitor the correct functioning of these relations at the level of a certain managed object with the purpose to decide on sufficiency and effectiveness of managerial decisions.

The article considers some peculiarities of creation of a corporate system of financial controlling on the basis of systematization of the existing theoretical and methodical approaches.

Also the article presents some directions of improvement of financial controlling tools as well as the results of development of risk-oriented technologies which are aimed at providing financial stability of modern corporations.

Keywords: *Risk map, risk-management, risk-oriented technologies, financial controlling, financial stability.*

JEL Classification Codes: *G30, G32, G39, L10.*

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1. Introduction

The purpose of this research is to study existing theoretical and methodological approaches to the establishment of financial controlling and to develop directions for improving its tooling for the management of modern corporations' stability. Currently there is a significant change in the Russian financial system development factors both at the micro, macro, and meso levels. Any complex system consists of a set of interrelated elements of the information and organizational system providing its integrity and efficiency. Financial system of the corporation and its separate elements represent established complex relationships, the management of which supposes an objective need for effective control. The process of influencing financial relations connected with both economic and production relations has a significant impact on the establishment of the corporation's business processes.

Risk-oriented management is important for all the components of the corporate financial system. Consequently, financial control is necessary for state, business, civil life of the society and its needs. Corporate bodies run their financial and business operation under the influence of various factors of the external and internal environment uncertainty. The level of their significance and impact is very difficult to be assessed but at the same time, their influence must be taken into account when making managerial decisions. The managerial decisions accepted in terms of uncertainty become risk-oriented in connection with existing possibility to obtain alternative financial results. Hence, all the financial and business operations of corporate bodies and their financial stability are subject to financial and economic risks. Development of the corporation's financial control system relevant to the conditions and goals of financial and business operations of large Russian companies contributes significantly to the financial and economic risks leveling.

Theoretical significance of the research results is determined by the hypothesis development, level of the empirical material systematization and consists in the confirmation of the need to integrate the system of internal and financial control, accounting system and economic security system for the efficient financial management of large companies. Modernization of the tooling of the risk-oriented approach in the corporation's financial management has been done in the work. Definite recommendations aimed at interaction and interrelation of the conceptual goals of the accounting and reporting system integrated with financial control system of the corporation have practical significance.

2. Methodological basis for building a system of inner corporate financial control

The process of controlling is exercised through the use of special tools (methods and techniques) to monitor financial and business operations of the companies having as a goal to achieve planned and targeted indicators in the most efficient and effective ways. Relevant control techniques shall be used for effective financial control.

As the financial control tasks differ in their variety and diversity, different methods of their solution must be applied. These methods shall be based on knowledge of the companies' operation results and integration of financial accounting and reporting methods into financial control, application of the tools for the analysis of the companies' financial and economic performance, methods of statistical survey and analysis. Complex usage of the methods allows forming a system of financial controlling as a multifunctional mechanism for the effective management of the corporation (Boldeanu and Tache, 2015; Xanthopoulos, 2014; Mahboud, 2017).

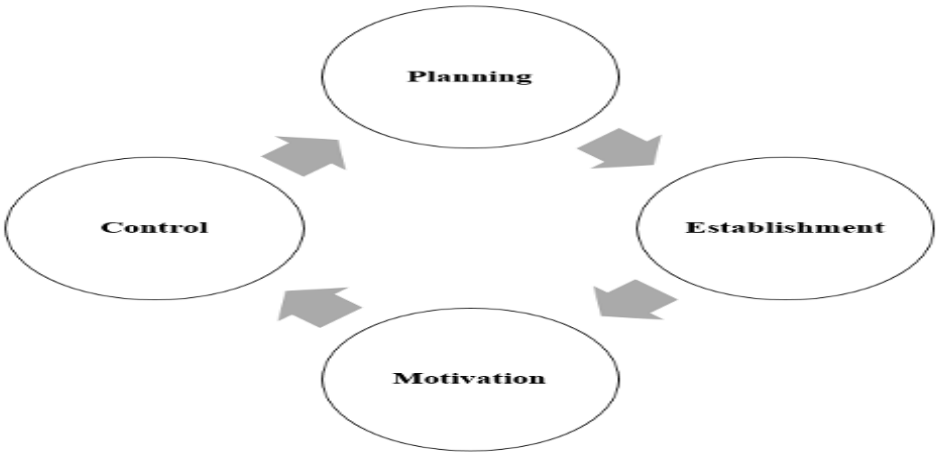
The system of financial controlling includes interacting elements of control, representing a single and integral system aimed to achieve the targeted managerial goals. When implementing financial controlling system it is necessary to investigate constantly its efficiency, to find faults, to explore their reason and to eliminate promptly the deviations from the planned performance indicators, and to analyze timely the compliance of the financial control system to the management system goals (Ivanova *et al.,* 2017; Thalassinos *et al.,* 2015; Thalassinos, 2014).

Establishment of financial controlling system involves the process of creating financial control mechanisms relevant to the goals and objectives of the management of the corporation's sustainable development. Besides, it supposes existence of the following compulsory stages as the elements of the company's financial management: (1) Organizational and technical stage, which consists in planning the structure of financial controlling system. At this stage, it is necessary to determine the object, tasks, goals and forms of control, name, structure and powers of the control body; to form a set of qualitative and quantitative financial and economic indicators of the corporation's performance; (2) Control stage, including monitoring of the operational information, characterizing financial and economic processes and objects of financial control; (3) Analytical stage, during which the following shall be carried out: processing and analysis of the collected data using the control techniques selected in the corporation, generalization and systematization of the obtained results, analysis of the deviations and their causes, forecasting of the ongoing processes dynamics; (4) Results-based stage, including adoption of managerial decisions, bringing the adopted decisions to the notice of all responsible officials, divisions and departments of the corporation, as well as taking appropriate measures to reduce and eliminate the revealed faults and violations.

The sources of the collecting information for financial control are the data from accounting, operational and management records and reports. Financial indicators used for financial controlling procedures should reflect all the aspects of the corporations' business operation. When revealing the facts of wasteful and inefficient management, the recommendations on their leveling should be submitted based on the results of control. As noted by Boboshko (2013) *"The ultimate goal of control is to eliminate the revealed violations and faults, to take actions to reduce these violations in future, thus all this serves as the main factor determining its efficiency"*.

The object of corporate financial management is a set of structural subdivisions, subsidiaries, dependent companies, affiliated persons and enterprises belonging to a group or holding, interacting with each other in the process of financial and business operations. The peculiarity of this interaction is that each company included in the corporate structure is its integral part. In this regard, the corporation is a single object of financial control and financial management. Thus, financial control is carried out for the purpose of effective financial management and is its integral part. Corporate management, in its turn, represents a closed, interdependent process, as shown in Figure 1.

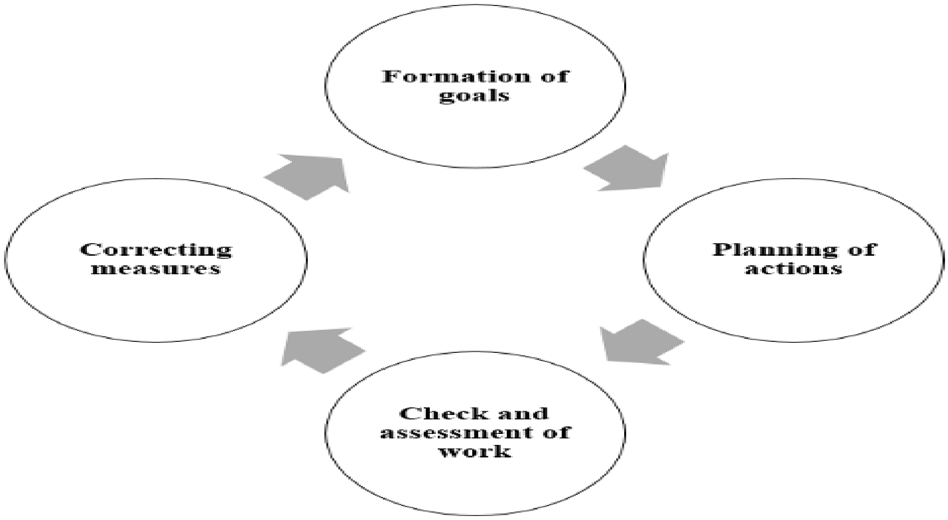
Figure 1. *The Place of Financial Controlling in the Corporation's Management System.*



In large corporate structures a goal setting is exercised by a corporate parent or a central-office company, or a management structure of the group of companies. Financial control of a large corporation should be structured in the same way as the corporate body is structured itself. Financial controlling of a group of companies is carried out based on a single conceptual goal of operation, as well as coming from particular goals and objectives of financial management. Stages of financial management in the corporate goal-setting system are shown in Figure 2.

To ensure efficient process of financial management, financial managers shall develop and bring to the notice of other financial and business operation participants common methodological principles for collecting and generalizing financial information in accordance with main requirements of authenticity, comparability, transparency, neutrality, and the unity of the selected methods application. In this case, the result of financial controlling will be the identification of the corporation's actual state and potential. Inner corporate financial control is one of the key tools of financial management, ensuring protection of the owners' financial interests based on providing authentic and qualitative information allowing making effective managerial decisions.

Figure 2. *Stages of the Corporation's Financial Management*



Absence of a full-fledged internal control system as one of the internal guarantees of capital maintenance, does not allow investors feeling comfortable when investing in the projects, and managers speaking with shareholders the same language. Thus, a well-organized system of financial controlling contributes to increasing investment attractiveness and reliability of a corporate structure.

As estimated by economists, the system of financial controlling differs from classic internal financial control of a corporation. Financial controlling in the Russian companies is only forming currently therefore this tool has to be created anew rather than developed and improved. Such opinion is expressed in the paper of Ilyin and Zhukov (2015) who note quite low level of financial control in Russian companies. The reason for this is called *"the lack of common legal and methodological standards for taking control measures".*

The researchers justify the leading role of the finance control function in ensuring sustainable development of the company. Imbalances in modern system of financial relations actualize development of the companies' financial control areas (Lukin, 2017). Under the influence of a combination of geopolitical, social, economic and information factors, the content of financial control is constantly changing. In modern conditions, financial controlling is identified with the method of establishment interaction when the mutual interests of the state and business entities are achieved.

In order to implement rational management operation, each corporate unity needs the establishment of internal financial control. The corporation's management needs to develop a list of tools and methods ensuring effectiveness of financial control and methods of its implementation which shall be used. It is important for the executive group to understand that the benefits from the financial control system introduction are faint at the first stages of its implementation.

It is important to consider that a positive result of the internal financial control methods usage appears to be cost-based, as the allowance of the financial control department is in fact a cost center not bringing direct corporate profits and not participating in the main business processes. The economic effectiveness of financial control is a relative indicator, since it is defined as the ratio of the obtained result (or effect) to the costs incurred in connection with its receipt (expenses). If this relative indicator is applied to the assessment of the financial control effectiveness, then its effectiveness should be defined as the ratio of the profit additionally received by the corporation because of the measures provided by the system of internal corporate financial control to the costs on such system's establishment and operation.

Financial indicators represent the quantitative parameters of the corporate structures functioning. Financial indicators are determined by signals of the finance control function. In order to form an effective system of financial controlling it is important to ensure the neutrality and truthfulness of financial information, as well as realistic reflection of the actual financial and economic situation in any part of the financial system where the basis for financial control is the full provision of the control operation subjects with authentic information.

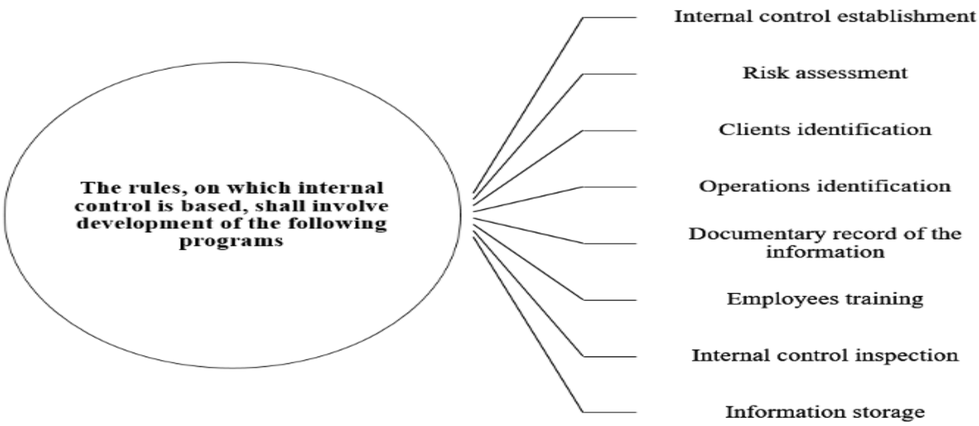
Slotyuk (2017) defines financial control as *"one of the functions of the financial relations management system, whose task is to monitor the correct functioning of these relations and to identify deviations from the institutional model of financial behavior"*.

The main object of the finance control function is the movement of financial flows (resources) in the fund and unfunded form. Financial relations, closely related to production relations allow financial control monitoring the ongoing economic processes. The distribution and control function of finance allows monitoring movement of financial resources, controlling processes of their distribution and managing them.

In order to ensure a risk-oriented approach the organizational and functional scheme of internal corporate financial control should include assignment of additional control functions to certain authorized employees of the corporation, in addition to the operation of the financial controlling department. Therefore, in order to ensure economic efficiency of financial control, it is necessary to coordinate actions of the executive personnel, employees of the financial control department and employees of the company exercising control functions in the process of uniting them with their other main labor functions.

A head of the corporation can be assigned the coordination of control functions. Work-related interdependence between the supervised employees and an authorized employee is a fault of this form of control. It is this that can distort the results of control actions. Therefore, according to the experts, the rules of internal control should be presented in the form of a certain document (Chizhova *et al.*, 2014). The established internal control standards represent development of a document providing a set of approaches, methods and tools, as well as order and timing of their introduction, which are necessary for the implementation of internal financial control at the enterprise. The elements of the system of internal financial control of the corporation, which should be provided, are shown in Figure 3.

Figure 3. *Elements of the Corporation's Internal Financial Control System, Provided by the Program of Control*



The program of internal control establishment represents selection and appointment of certain officials / official or creation of a new special structural unit that will perform the functions of internal financial control in the company. This program contains a description of internal control systems in the companies, which determines the procedure for the actions of structural units on the issues of interaction and implementation process, control rules.

The whole set of methods, principles, and control process are combined into the concept as "control mechanism". All elements of financial control interact as an entire system for achieving the desired goals, i.e., they form a system of financial control in corporations. The management and establishment of the financial control system are essentially the creation of such control system that will meet the specified requirements and tasks. The main condition for financial control implementation at the enterprise is financial information (the company's statistical, accounting, and financial reports and generalized financial indicators).

Certificates, acts, reports, and statements reflecting completeness and authenticity of the information about financial state of any object of control provide documentary materials that are the result of financial control. When determining the company's operation efficiency, the revealed facts of wasteful or inefficient management are documented, and recommendations for the elimination of these faults are provided. Heads of the audited facility, representative, executive or judicial authorities, as well as the control bodies themselves are the subjects of management and make decisions based on the financial control results.

Currently, financial controlling is an important part of the risk management system in large companies. At this stage of development, the need for financial control in any corporation is very high. For each enterprise, these needs are different in both content and volume. They arise for a state that aims to run an effective financial policy, for a society that wants to know how to manage finance efficiently and rationally, as well as for numerous groups of owners, shareholders, and investors whose purpose is to manage enterprises effectively, getting stable profits and developing own business.

In a complicated international and domestic economic situation, all links of the economic system try to organize their functioning with the maximum economy of financial resources. Establishment and implementation of the financial control system is, on the one hand, an important and indispensable tool for the cost-effective and rational use of financial resources. However, on the other hand, as it was noted above, such system is a cost center itself. In this regard, there is a need for establishment of a financial control system that will provide tasks and perform the functions of financial control at the lowest cost.

The tool for ensuring such rational and functional resource saving is the use of a risk-oriented approach to the introduction and implementation of internal financial control, which allows obtaining the desired result at the stated time with the least expenses. The COSO model, which is a common international methodology for the internal control formation, defines the procedure for assessing risks as one of the five main components of the internal control system.

Risks in scientific economic literature are defined in a rather broad sense. In general, the scientists consider risks as any events of the external and internal environment that may have a negative impact on the amount of the company's financial results. Thus, risk-oriented financial control involves revealing possible threats in financial sphere and their prevention. There are various types of risks, which can influence negatively the corporation's financial results. Therefore, with a risk-oriented strategy the system of financial control should consider all possible types of risks for the company.

First, financial risks can be external and internal. External financial risks arise due to external social and economic, political, inflationary, etc. situation in which the corporation operates. As a rule, these risks do not depend on the company. However, if they are anticipated in time, they can be leveled with some degree of efficiency. For example, having the information on changes in the legislation in the sphere of operation, the managerial apparatus should take measures in advance to restructure functioning for new standards. This will allow avoiding production downtime when the legislation comes into force, and therefore contributes to preventing financial losses. Internal risks are subjective and depend directly on the management approach effectiveness. For example, the price policy influences directly the amount of the company's total revenue and can be adjusted depending on current and strategic objectives of the enterprise.

Another risk criterion that should be monitored regularly by the internal control service is the risks duration: long-term and short-term. For example, in case the supplier' failures to deliver raw materials on time are short-term, they are not significant if there is a sufficient stock at the warehouses. At the same time, the long-term introduction of economic sanctions to import this or that product to a country causes the need for an urgent search for analogues, new suppliers, and possibly new technologies for the production process using similar raw materials and supplies. Reorientation production is surely a significant risk for the company's financial stability.

When assessing risks, it is necessary to estimate the scale of the expected negative effect, and therefore the magnitude of the risk itself. First, in evaluating the risk magnitude, it is required to develop criteria for assessing risks by their impact on the company's financial indicators: admissible, critical, and catastrophe.

The use of a risk-oriented approach is itself a rather predictive tool of financial control, because risks themselves may be predictable, and may not be subject to forecasting, i.e. the risks whose fact and magnitude may not be revealed using mathematical statistics and modeling tools.

When forecasting risks, the systematic or episodic nature of a particular risk is important, this influences directly not only the corporation's financial performance indicators, but also specific managerial decisions. If one considers the areas of risks emergence affecting the corporation's financial and economic situation, it can be not only directly financial risks, but also many other types of risks: commercial, political, industrial, information, environmental, etc.

The requirement to diagnose and control other types of risks when implementing risk-oriented financial control is conditioned by the need to spend financial resources on protection from the consequences of the particular risk occurrence, which, of course, influences directly the corporation's financial sphere, and therefore is the object of financial control. It is especially important to develop criteria for classifying a particular risk when applying the institutional approach in financial controlling. One of the initial stages of control is the system of risks assessment and their influences on financial performance of activity of corporation during the procedure of financial controlling. It is necessary to pay attention to the effective instruments of financial management which helps to reduce risks and provide competitive positioning of the company in the market during creation of system of financial controlling (Andreeva *et al.*, 2017).

It should be noted that the study of scientific literature and regulatory sources allowed the author coming to a conclusion about absence of methods for determining risk criteria for the corporations' financial performance. For example, in the sphere of state control, the Law No. 294-FZ provides that risk-oriented control assumes that a risk or business entity is attributed to a particular risk category, which should be implemented based on criteria developed by the Russian Federation Government. However, so far, the Government has developed only risk criteria in the sphere of labor and health protection; in the sphere of negative impact on the environment and categories of risks in the fire supervision. Thus, it may be affirmed that the application of this approach in financial controlling requires further research and development.

It is worth mentioning that the external and internal risks research should be done by the supervisor personally on site in order to obtain a more reliable and objective picture of the real situation. However, in case of a large size of the corporate entity and existence of a territorial branched structure, it is admitted to study the risks in a "remote" way: by requesting and analyzing documents, surveys, describing business models, questioning, studying the external factors and using other tools. The study of risks and threats in the financial control process should be integrated into the control environment, i.e., the obtained results of risks assessment should be taken into account when selecting objects, tools and other financial control mechanisms.

When identifying risks, it is necessary to study probable threats not only within a corporation, but also at a more structured level. For this, it is necessary to identify business processes, their independence and interdependence with other business processes and functions of the control subject. Further, the types of risks and their magnitude are determined directly for a particular business process or sub-process in accordance with the criteria established in the corporate control system.

In the financial control system, the system of assessment risks and their impact on the corporation's financial performance indicators, is one of the initial stages of the control procedures and is shown schematically in Figure 4. For example, a high level of risk can be determined if in case of its occurrence the stated risk influences the business process financial result amount by more than 10%; the middle level is from 5 to 10%, the low one is less than 5% (which corresponds to the common criterion of essence). Below is the scheme of the risk map in the auditor financial control process (Table 1):

Figure 4. *Scheme of Risks Assessment in Financial Controlling*

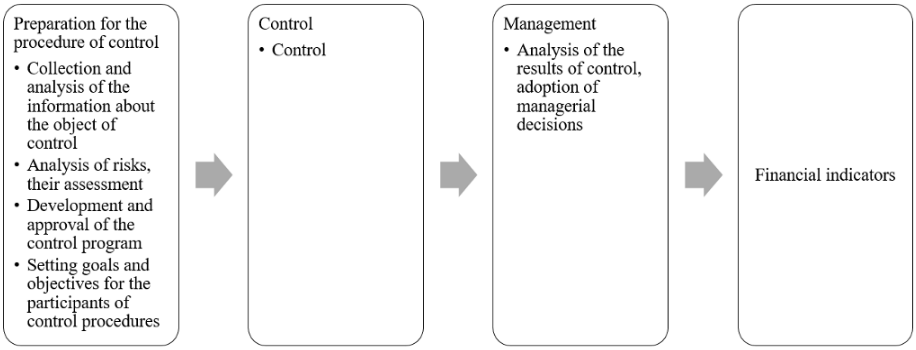


Table 1. *Example of a Risk Map in the Auditor Financial Control Process*

Risk area	Assessment of influence	Justification of influence	Assessment of probability	Justification of probability
1. Selection of suppliers	High	The amount of purchase for a year exceeds 10% of the operating costs	Middle	The process is not fully centralized in the procurement department. Individual suppliers are selected by the initiating departments
2. Analysis of contactors financial stability and legal safety	Middle	Financial losses or as a result of purchase from unreliable suppliers over the past year – X rub.	High	Independent sources of information are not used, faults in the past periods were identified
3. Acceptance of goods at the warehouse	Middle	Purchase of goods amounted to 5% of operating costs	Middle	During the goods acceptance their quantity is compared with the order, but there are not system limitations
4. Payment to the suppliers for the delivered goods / rendered services	High	The amount of payments for a year exceeds 10% of the operating costs	Low	The Bank-client system is used, all payments pass through the stages of approval

Based on the results of risk assessment in the context of the sub processes, the names of the sub processes are spread among the squares of the risk map (Table 2). The following risk assessment methodology and control procedures can be used by any control subjects (for instance, internal audit service, revision service, internal control service, management apparatus, etc.).

Table 2. *Squares of the Risk Map*

Influence	High	4. Payment to suppliers	1. Selection of suppliers	Subprocess 3
	Middle	Subprocess 2	3. Acceptance of goods at the warehouses	2. Analysis of the contractors' financial stability and legal safety
	Low	Subprocess 4	Subprocess 5	Subprocess 6
		Low	Middle	High
		Probability		
		Area 1	Extended testing (increased sample)	
		Area 2	Limited testing (standard sample)	
		Area 3	Analytical procedures with minimum (or without) testing	

Implementation of a risk map and risk assessment in the control process is rational in corporations with a higher level of management and internal control systems; because the risk-oriented approach application requires professional policy in both control procedures and analysis of its results. Also there is a need in qualified specialists which possess additional knowledge necessary in the course of executing control procedures and in the analysis of its results. (Andreeva *et al.*, 2017).

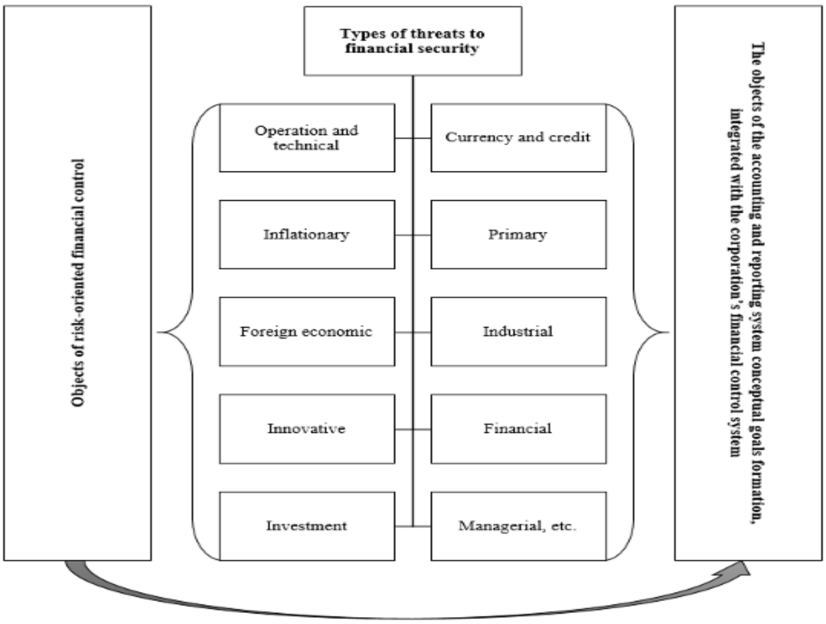
An important advantage of the financial controlling use is not only the concentration of supervisory structures and management bodies on risky aspects and conditions of financial and economic operation. An essential positive point is also the exclusion of low risk areas from the inspection scope, which allows not only reducing time and efforts spent on financial control, but also minimizing financial costs on the control procedure itself. Belousova (2015) notes that the functional structure of the interaction between corporations' financial controlling and economic security includes the following types of threats: operation and technical, industrial, currency and credit, foreign economic and inflationary security.

We believe that in case of their occurrence all types of threats mentioned by Belousova (2015), have direct or indirect impact on the corporation's financial and economic operation results. Insufficient monitoring of the production process and violation of its technology can lead to the equipment breakdowns, accident, defective products output, employees' injuries, and other negative consequences resulting in a decrease in profits. Besides, additional financial resources are required to eliminate them. In addition to the above threats, it is necessary to assess external and internal risks, as well as to manage other types of the corporate risk situations: innovative, information, financial, and investment. It is important to clarify the types of corporate risks, which is one of the most important conditions for the formation of an integrated risk management system with the use of financial controlling.

Stable functioning of large companies is provided by an optimal combination of all risk factors that need to be controlled in order to ensure financial stability and economic security of the corporation. It should be noted that for the risk management system stable control, it is important to monitor the system of factors, to watch its steady condition based on financial controlling. If the tools reducing the risks of damage or negative effect may not be selected to any risk factor, then the functioning of the whole system of the corporate structure's financial flows and economic state management can change qualitatively. The corporate entity's equilibrium position should be maintained in a steady state based on the use of financial controlling tools and be stable. The state of the system close to equilibrium is also stable.

To improve the risk management system, it is worth expanding the economic security structure elements and considering them as objects for the formation of the conceptual goals of the economic entity's accounting, analytic, and reporting systems in terms of integration with financial control, in particular, to ensure the corporation's financial risks management system (Figure 5).

Figure 5. *Financial Controlling in the Risk Management System of Threats to the Corporation's Financial Security*



The level of a corporation's financial stability, as experts note, depends on the knowledge and skills of the specialists in financial management and financial controlling, the ability of management to diagnose, assess and manage all types of possible threats (Andreeva *et al.*, 2017). Moreover, ineffective management is one of the most probable subjective internal threats to the corporation's financial stability. Objective threats are external factors arising beyond the corporation's will and influence, which include economic sanctions, changing the refinancing rate, raising taxes, emergency accidents.

Financial controlling provides financial management of the corporation in order to achieve its economic security and financial stability. The key tools of realization of financial controlling are: first, accounting and analytical system of information support of the corporation's operation, second, building of a qualitative and efficient risk management system and third, corporate systems of preparation and retraining of personnel adapted to risk management (Andreeva, 2017). The functions of financial controlling should be implemented at all stages of the corporation's risk management, when analytical data are created for subsequent monitoring and analysis of financial and economic performance, and information is evaluated for the creation of internal and external reports, etc., (Vovchenko, 2017).

To create an effective risk management system it is important to form and test systematically a corporate risk assessment matrix based on the financial controlling system. To develop a matrix of financial controlling, a number of iterative system actions should be taken:

- to integrate the corporation's analytical information based on a systematic study of risk factors;
- to develop a typical corporate risk map based on the analytical information evaluation in the risk management system;
- to group possible risks based on the financial controlling system by duration and probability of threats;
- to use risk assessment criteria to prepare internal financial controlling standards in the corporation and its structures;
- to justify the assessment factors of each type of risk when assigning risks to a high, admissible and low levels on the basis of internal financial control standards.

Based on the risk map and internal financial control standards, let us consider the scheme for building and implementing the corporate structure's risk matrix according to the following model (Table 3).

It should be noted that the use of different colors (which are implied in the Table 3) when drawing up a risk map provides a visibility of the risk factors for the risk management system based on the risk map tools and internal financial controlling standards. It is important to highlight the dominant risks in order to develop a system of anti-crisis regulation of the company's development.

Table 3. *Diagram of the Corporation's Risk Map Matrix*

<table>
<tr><th colspan="3">Types of risks / Level of risk</th><th>Low</th><th>Admissible</th><th>High</th></tr>
<tr><td rowspan="6">External</td><td rowspan="3">Strategic (probability of occurrence more than 1 year)</td><td>Risk-factor</td><td rowspan="12">Do not require financial control and management, however need regular monitoring</td><td rowspan="3">Do not require control, need regular monitoring</td><td rowspan="3">2nd level of financial control and management</td></tr>
<tr><td>Risk-factor</td></tr>
<tr><td>Etc…</td></tr>
<tr><td rowspan="3">Current (probability of occurrence not more than 1 year)</td><td>Risk-factor</td><td rowspan="3">3rd level of financial control and management</td><td rowspan="3">1st level of financial control and management</td></tr>
<tr><td>Risk-factor</td></tr>
<tr><td>Etc…</td></tr>
<tr><td rowspan="6">Internal</td><td rowspan="3">Strategic (probability of occurrence more than 1 year)</td><td>Risk-factor</td><td rowspan="3">Do not require control, need regular monitoring</td><td rowspan="3">2nd level of financial control and management</td></tr>
<tr><td>Risk-factor</td></tr>
<tr><td>Etc…</td></tr>
<tr><td rowspan="3">Current (probability of occurrence not more than 1 year)</td><td>Risk-factor</td><td rowspan="3">3rd level of financial control and management</td><td rowspan="3">1st level of financial control and management</td></tr>
<tr><td>Risk-factor</td></tr>
<tr><td>Etc…</td></tr>
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3. Conclusions

The article covered application of the risk map (by the algorithm of the types, by the factors of their occurrence, prospective or limited impact on the corporation's financial operation). Also the authors considered some risk factors which are being used in modern risk management system of the corporation in order to identify the consequences of the impact of each risk on the corporation's performance. It is important to mark out the most influential risks for this purpose to create the steady system of anti-recessionary regulation by development of the company in the process of developing risk-oriented technologies of corporate system of financial controlling.

First, the list of the dominant risks includes all the risks of the red zone, which have the highest probability of occurrence in the short term (see Table 3). Strategic risks of accepted, tolerant level do not fall under risk management system and are not related to the objects of controlling. At the same time, in the context of financial imbalances the risks of corporate operation are important to be distinguished for the purpose of their systematic recognition and evaluation using financial controlling tools. The financial controlling system should be aimed at reduction of the managed flow of financial resources for regulation of a risk.

Thus, it can be concluded that the financial controlling system, being one of the key tools of the corporation' modern financial management, should use the most innovative and effective methods and tools. Risk-oriented approach does not require high financial costs, but at the same time, improves significantly the financial control system, providing the most accurate approach to the selection of objects of control. All this contributes to improving the quality and efficiency of control procedures and increasing reliability of the analysis and forecasting based on the results of control.

However, the methods of applying financial controlling need to be further developed and improved. Application of the risk-oriented technologies of the system of financial controlling plays the defining role in ensuring financial stability of corporate institutions.

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