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STRUCTURE OF THE PUBLIC FINANCIAL CONTROL MECHANISM IN UKRAINE



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Control is an integral part of society, which is constantly undergoing changes in the process of development of its political system, state and local government bodies, as well as bodies of legislative and executive branches of government. The weakening of the control mechanism in the financial system leads to the emergence of threats to the financial and economic security of the state, namely: an increase in the number of financial violations, the rapid deterioration of the financial discipline, the weakening or even lack of responsibility for the offense, etc.

There is uncertainty about the legal field of state controlling bodies activity in our country, there is parallelism in work and duplication of powers and functions, there is no clear specialization and coherent interaction during inspections and in the performance of its direct powers.

One of the most problematic and poorly investigated questions in this area is the issue of the structure of the of state financial control mechanism in Ukraine. There are six components of the control mechanism can be allocated in this article: Types of state financial control, Methods of state financial control, Forms of state financial control, Organs of state financial control, Regulatory framework for the implementation of state financial control.

The article emphasizes the fact that the system of financial control in Ukraine needs substantial improvement and modernization under the modern conditions, since the integration processes, which every year are gaining momentum, require careful analysis and study of the problems in the political and economic life of the country and the search for ways to eliminate them.

Key words: state financial control, mechanism of state financial control, Law of Ukraine “About Accounting Chamber”.

Миргород-Карпова В.В. Структура механізму державного фінансового контролю в Україні. Контроль є невід’ємним елементом суспільства, який постійно зазнає змін у процесі розвитку та розбудови його політичної системи, органів державного і місцевого управління, органів законодавчої та виконавчої гілок влади. Ослаблення системи контролю у фінансовій системі зумовлює виникнення загроз фінансово-економічної безпеки держави, а саме: збільшення кількості фінансових порушень, стрімкого погіршення стану фінансової дисципліни, послаблення або взагалі відсутність відповідальності за правопорушення тощо.

На сьогодні ми спостерігаємо в нашій державі невизначеність правового поля діяльності державних контролюючих органів, відбувається паралелізм у роботі та дублювання повноважень і функцій, відсутня чітка спеціалізація та узгоджена взаємодія під час проведення перевірок та під час виконання своїх безпосередніх повноважень.

Одним із найбільш проблемних та мало досліджених питань в даній сфері – це питання структури механізму державного фінансового контролю в Україні. У статті виділено шість складових механізму контролю: види державного фінансового контролю, методи державного фінансового контролю, форми державного фінансового контролю, важелі

державного фінансового контролю, органи державного фінансового контролю, нормативно-правова база щодо здійснення державного фінансового контролю.

У статті зроблено акцент на те, що в сучасних умовах система фінансового контролю в Україні потребує суттєвого вдосконалення та модернізації, адже інтегративні процеси, які з кожним роком набирають обертів вимагають ретельного аналізу та вивчення проблем в політичному і економічному житті країни та пошуку шляхів для їх усунення.

Ключові слова: державний фінансовий контроль, механізм державного фінансового контролю, Закон України "Про Рахункову палату".

Formulation of the problem: The state can fully function and develop in the presence of an organized and properly constructed control system. Control is an integral part of society, which is constantly undergoing changes in the process of development of its political system, state and local government bodies, as well as bodies of legislative and executive branches of government. The weakening of the control mechanism in the financial system leads to the emergence of threats to the financial and economic security of the state, namely: an increase in the number of financial violations, the rapid deterioration of the financial discipline, the weakening or even lack of responsibility for the offense, etc. Nowadays we have the opportunity to observe the ineffective control activities of state bodies, since there is no tendency to reduce the number of offenses committed in the financial sphere, there is no clear and effective mechanism for preventing such offenses. O. Loktev defines the lack of co-ordination of the actions of bodies that have control powers as one of the reasons for such a situation [8, p. 15].

Analysis of recent researches. The study of the construction of the state financial control mechanism was analyzed in the works of such scholars as L. V. Katrosha, I. K. Drozd, Y. I. Lin, O. O. Repetko, V. P. Nagrebelny, N. V. Shevchenko, M. T. Biluha, A. M. Kolotylo, O. V. Krushelnyska, G. S. Tsehmystrova and others.

The purpose of the article is to study the structure of the state financial control mechanism in Ukraine.

The main material of the article. There is uncertainty about the legal field of state controlling bodies activity in Ukraine, there is parallelism in work and duplication of powers and functions, there is no clear

specialization and coherent interaction during inspections and in the performance of its direct powers. It should be added that the lack of such coordination of the actions of the bodies, which have control powers and coherence, is a direct consequence of violation of the legality principle in their activity in particular, and the state as a whole. The observance of the principle of legality is possible in the case of the strict execution by each state body of the functions and tasks entrusted to it by the Basic Law of Ukraine – the Constitution of Ukraine and the laws of Ukraine. In turn, the overall efficiency of the work of state authorities and local self-government bodies depends on the implementation of control over the regulated implementation of statutory instruments, their regulations, orders and decisions. Control is one of the main conditions for identifying and eliminating shortcomings, their preconditions and consequences for the implementation of the powers of the respective governing bodies.

A steady increase in the volumes and scale of financial activity of the state and the complication of the contacts and relations in the financial sphere are observed. All this is a precondition for the growing role of financial control in the existence and development of the state. The main purpose of control in this area is determined in promoting the successful implementation of the country's financial policy, the efficient use of financial resources and, consequently, prosperity.

One of the most problematic and poorly investigated questions in this area is the issue of the structure of the of state financial control mechanism in Ukraine. Thus, as a result of thorough analysis of the scientific works and the general problems, six components of the control mechanism can be allocated (Table 1).

Table 1. Structure of the state financial control mechanism in Ukraine

The mechanism of state financial control					
Types of state financial control	Methods of state financial control	Forms of state financial control	Instruments of state financial control	Organs of state financial control	Regulatory framework for the implementation of state financial control

Source: compiled by the author

V. F. Pihotsky explores the structure of the state financial control mechanism, and singles out types of public financial control as one of the elements of such structure. The scientist gives a list of varieties of such control: state, departmental, independent (public) and municipal [10, p. 46]. We believe that such a classification of state financial control is inappropriate, as a scientist conducts duplication and, for example, relates the public financial control to the types of public financial control. In addition, it is not clear what kind of public financial control is, for example common state financial control. We have previously determined that the state, departmental, independent (public) and municipal are types of financial control, but not types of state financial control on the basis of the nature of controlling entities. In addition, in accordance with the Draft Law of Ukraine "On the System of State Financial Control in Ukraine" of 03.06.2002, № 1131, on the basis of the provisions of the Ukrainian legislation and the Basic Law of Ukraine, the competence of bodies and their status, external and internal (departmental and specialized) is singled out [12].

According to the research conducted by such scholars, as L.V. Katrosha, I. K. Drozd, Y. I. Lin, O. O. Repetko, V. P. Nagrebelny, N. V. Shevchenko etc. one can classify the state financial control types according to the following classification features, but not exclusively:

- 1) the time of conducting: preliminary, current, next;
- 2) the information support: documentary, actual, timekeeping;

3) the branches of state power: legislative, executive;

4) the nature of the relationship between the subject and the object: external, internal;

5) the field of conducting: budget, currency, tax, money supply, financial and economic activities of state institutions, audit of administrative activities;

6) the nature of competence: audit control, supreme body of state financial control, bodies of general and special competence, service of internal control of the budget manager;

7) the frequency of conducting: permanent, systematic, episodic.

The next element of the mechanism of state financial control structure is determined by the method presented in the form of a set of methods, means and ways for the implementation of control functions of the state in the financial sector. While analyzing the position of scientists, we come to the conclusion that researchers of the state financial control problems do not pay enough attention to the questions of its methods. For example, V. F. Pihotsky, only lists possible methods during the exercise of control functions without any detailed analysis and grouping, which in the future will create a theoretical basis for improving the practical implementation of state control functions in the financial sphere [10, p. 52].

M. T. Biluha, A. M. Kolotylo, O. V. Krushelnytska, G. S. Zhehmistrova indicate that general scientific methods are used to cognize all phenomena of reality, and therefore, they are used in all sciences, including jurisprudence in general and the science of financial law in particular. The main ones are: analysis, synthesis, induction, deduction, analogy, modeling, abstraction, specification, system analysis [7, p. 105].

The forecasting of the indicators in the financial sector for future periods based on the received indicators in the reporting and previous periods is carried out within the framework of the calculation and analytical method of state financial control. According to G. V. Silakova, the basis of this method is an expert evaluation [14, C. 22]. The main

methods are financial analysis methods, mathematical, statistical, analytical and modeling methods.

I. B. Stefanyuk, O. A. Shevchenko, S. Y. Greben note that documentary and factual control are used to establish the legality, reliability, appropriateness, substance and correctness of the relevant business operation, which are some of the most effective methods and techniques in the field of financial control.

Currently, we can observe the lack of a clear definition of the relationship between forms and methods of state financial control in the legal science, which, as F. F. Butinets, L. A. Zhuk, O. O. Repetko note, does not give a clear idea of each of the mechanism of public financial control elements [6, p. 116].

According to I. B. Stefanyuk and K. G. Loginina, the form of state financial control is a way of displaying and organizing control actions by the relevant actors. In this case, the main forms include: monitoring in the form of surveillance and supervision, examination, licensing, state registration (identification), standardization [7, p.125].

I. K. Drozd and V. O. Shevchuk emphasize that the form of control completely represents its content and is divided into three main groups:

1) forms of control, which are of non-recurrent or periodical character – examination, attestation, accreditation, certification, licensing;

2) forms of control that take place during the implementation of control measures (inspections) – revision, audit, verification, inspection;

3) forms of control, which are carried out continuously: financial monitoring and other forms of continuous supervision [5, p. 85].

A. O. Monaenko emphasizes the fact that the forms are only certain definite aspects of the implementation of the control activity content, while the reason for their definition and division is the time during which the control actions are carried out [9, p. 36]. At the same time B. F. Usach include to the forms of public financial control examination, audit, investigation, documentary control, current control checks, thematic checks [15, p. 70]. The

diametrically opposite position is expressed by F. F. Butinets, who generally does not consider the form as a separate category within the framework of the implementation of state financial control, and fully carries out identification with control methods, the basic ones of which are audit, revision, inspection, survey, inventory, analysis of economic activity [2, p. 63]. Thus, there is no unambiguous approach in science to the interpretation of the concepts of “form” and “method” and the criteria for their differentiation as well.

However, summarizing the main approaches to understanding, it is possible to choose more reasonable approach to the definition of the concept of the state financial control form (from Latin “form” – type, kind) – it is a tool for studying a single object, a phenomenon, process, the general meaning of which characterized by a set of methods and techniques that are used depending on the time of control measures implementation. We agree with the position of O. O. Repet’ko, regarding the fact that although forms and methods of public financial control are interrelated, they should be distinguished and actual implementation of forms takes place through the use of different methods [13, p. 4].

The regulatory framework for the implementation of public financial control has a multilevel view. So, the main legal regulation in this area is the Constitution of Ukraine. In accordance with Article 98 of the Fundamental Law, the Accounting Chamber of Ukraine, on behalf of the Verkhovna Rada of Ukraine, controls the receipt of funds to the State Budget; Article 116 establishes the obligation to carry out financial policy, manage the objects of state property, and implement the State Budget assigned to the Cabinet of Ministers of Ukraine.

The Economic Code of Ukraine introduces and ensures the conduct of the state financial audit by the Accounting Chamber of Ukraine [4]. The Budget Code of Ukraine defines control over observance of budget legislation, defines the powers of the relevant state authorities in this area, defines the rights and obligations of control objects, and is responsible for violating budget legislation [3]. The Tax Code of Ukraine specifies the

implementation of tax control, which is part of the state financial control, the subjects of such control and their authority to realize control functions, control objects, their main rights and obligations [11].

At the same time A. V. Hmel'kov states that in the sphere of legal regulation an important place among other normative legal acts is occupied by the laws of Ukraine, which can be divided into [16, p. 234]:

1) the laws of Ukraine, which define the powers, status, main functions, rights and obligations of the subjects of state financial control, for example, the Law of Ukraine "On the Basic Principles of the Implementation of the State Financial Control in Ukraine" dated 16.10.2012. and the Law of Ukraine "On the Accounting Chamber: of 11.07.1996;

2) the laws of Ukraine that regulate the control in the relevant areas or directions, for example, the Law of Ukraine "About management of objects of state-owned property" dated September 21, 2006, the Law of Ukraine "On the Public Procurement" of 01.06.2010, Law of Ukraine "On circulation of bills of exchange in Ukraine" dated April 5, 2001.

In Ukraine, state financial control is carried out through an extensive system of bodies, each of which is an element of the whole system of control bodies. In accordance with the provisions of the current legislation of Ukraine and the Constitution of Ukraine, we consider it possible to present the general system of state financial control bodies in the form of interconnection and interaction of the two subsystems:

1) the bodies of state financial control, which implement the national control: the Verkhovna Rada of Ukraine, the President of Ukraine, the Cabinet of Ministers of

Ukraine. Depending on the fact who is the subject of such control, O. O. Aleksandrovich offers to separate parliamentary, presidential and governmental controls [1, p. 53];

2) the bodies of state financial control, which are subjects of special control. They are strictly subordinated to the bodies of national-level control and carry out the powers delegated by these authorities.

Conclusions. The system of financial control in Ukraine needs substantial improvement and modernization under the modern conditions, since the integration processes, which every year are gaining momentum, require careful analysis and study of the problems in the political and economic life of the country and the search for ways to eliminate them. At the legislative level, in particular, the Law of Ukraine "On the Accounting Chamber", the necessity of carrying out activities based on the principles of the International Organization of Supreme Audit Institutions (INTOSAI), the European Organization of Supreme Audit Institutions (EUROSAI) and the International Standards of Supreme Audit Institutions (ISSAI) in the part that does not contradict the laws of Ukraine and the Constitution of Ukraine. However, a clear implementation of such principles is not realized today. At the same time, the system of state financial control is subject to constant changes and reforms, which does not allow fully approving and introducing a control mechanism in the state. In turn, the efficiency and stability of the work of state authorities depends on the implementation of control in the financial sector and its effective organization. Such control ensures the adoption of unbiased decisions and the formation of a stable regulatory framework.

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