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Жанна ОЛЕКСІЧ

асистент кафедри бухгалтерського обліку і аудиту

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Zhanna Oleksich,

kandidat of economics

State higher educational institution “Ukrainian academy of banking of the National bank of Ukraine”

The net effect of the final projects involving the use of national resources

Чистий кінцевий ефект від реалізації проектів, пов’язаних з використанням національних ресурсів

Determined the final effect of the projects related to the use of national resources as a key indicator of the efficiency of the implementation of government programs and projects, and the ability to use it during the state audit within the audit effectiveness. The mechanism determine the net effect of the final implementation of national target programs and projects through the analysis of the functions and purposes of the state.

Keywords: final effect, the state audit, performance audit.

Визначено кінцевий ефект від реалізації проектів, пов’язаних із використанням національним ресурсів як основний індикатор ефективності реалізації державних програм і проектів, а також можливість його використання при проведенні державного аудиту в межах аудиту ефективності. Розглянуто механізм визначення чистого кінцевого ефекту від реалізації державних цільових програм і проектів через аналіз функцій та цілей держави.

Ключові слова: *кінцевий ефект, державний аудит, аудит ефективності.*

Introduction. The problem of understanding the system of public audit is relatively new, and so clear and obvious is the fact that there are a number of outstanding issues which are important and form the general direction of this new economic problems. The evolution of any economic scientific thought is inextricably linked with solving applied problems, foremost of which is the promotion of the subject, purpose and method. How object and method are so closely, that it is hard to overestimate. Accordingly, creating and choosing some form of audit, it is necessary to understand the purpose of the study and define possible expectations.

One of the most common forms of public audit is an audit efficiency, the main difference is the thrust of the simultaneous combination of the principles of economic efficiency. However, along with a number of advantages performance audit nepozbavlenyy some drawbacks, the main of which is the lack of definition of the final calculation of the net effect of projects related to the use of national resources that would be given an opportunity to view the effectiveness of projects and work with monetary value, that would greatly simplify the process of analyzing and monitoring the efficient use of state property.

Formulating goals and objectives of the article. The article aims to determine the main components that form the final effect of the government programs and projects and the formation of scientific and methodological approach to the determination of net final effect.

To achieve this goal the following objectives: 1) to investigate the function and purpose of the state; 2) to assess their impact on the performance of government programs and projects.

The main material. Today, with the establishment in Ukraine economy to market relations, there is a need for assessing the effectiveness of management of national resources, which should lead to modernization Audit Institution, send it to an in-depth analysis of public administration.

Consider in more detail the whole state. According to prominent economists C.R. McConnell and S.L. Brue [5, P.9] main economic objectives of the state are:

- *Economic growth.* Doubtless the requirement to improve the welfare of economic agents is to meet unlimited needs, which during use change and grow quantitatively and qualitatively. Thus, only an increase in value of the total product manufacturing is the key to prosperity subsequent periods. Analytical economic growth reflected as an increase in per capita income (see. Formula 1).

$$g = \frac{Y_1}{L_1} : \frac{Y_0}{L_0} \quad (1)$$

g – economic growth;

Y_0, Y_1 – total revenue base of society and the current period;

L_0, L_1 – population of base and current periods.

- *Full-time employment.* It is providing all the factors of production and is one of the main challenges and goals of the state;
- *Cost-effectiveness* as the best results from consumption of resources in the production process, and is seen as a source of achieving economic well-being;
- *A stable price level.* Significant change in commodity prices over a short period of time can significantly affect the economic balance. The state can not allow such significant fluctuations, however, and the complete absence of well-being is not a guarantee, because low rates of depreciation are considered as a factor stimulating the economy [10];
- *Economic freedom.* The desire of freedom is a basic human need, she gets along with life. Quoting words H.Forda "Government and appliances, money and goods have value and usefulness because only give people freedom" [9, P. 356] can best be understood its meaning. In the economic life individual should be free and freely take any economic decision, relying only on their strength and capabilities;
- *Equity income distribution.* Considering the phase distribution, we know that there is a range of options such distribution results of production. Selecting distribution that would be fair for all participants and production is a major issue of public administration and economic life of the country;

- *Security*. Persons who have lost their ability to earn a living, the state should ensure support and social protection. According to Adam Smith, civilized society - a society depending on its separate individuals, but this dependence is not onerous, and if the knowledge can give significant positive results. This dependence is not the result of an agreement, and the objective laws of human society [8].

In fact, the implementation of each specific economic goals of the state has a positive impact on the welfare of society and the citizen in particular. Economic growth, as the main purpose of economic functions of the state, especially, has a positive effect on the growth of cultural household income. In fact, the cultural part, *ceteris paribus*, is growing faster than economic growth.

The validity of such views is also confirmed by classical ideas of economic theory, as Keynes said that his approach to the analysis of consumption based on the following statement: "The general psychological law, the existence of which we can be sure not only on the basis of a priori reasoning and knowledge of human nature, but as a detailed study of past experience is that people usually tend on average to increase their consumption of the revenues, but to a lesser degree than increasing income " [4, P. 51].

At the end quantify the effect of projects related to the use of national resources we offer turn to the analysis of growth of real well-being of persons subject to such government measures. Consider the structure of household incomes more. Schematically household income in economic theory are divided into consumption and savings (Fig. 1).

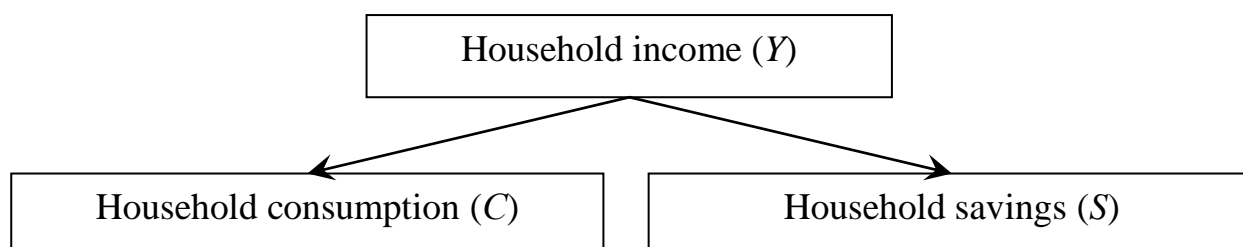


Fig. 1. Schematic representation of the structure of income

A positive feature of the structure of household income is the possibility of separate analysis of consumption as a component of real wealth, aimed at meeting the needs of current and savings as part of which manages a household based on their future interests.

These interests include: the formation of saving for the future to improve the quality to meet consumer needs for future investment or savings to reduce the time spent at work and increasing the share of income going to households with the use of capital. These views are confirmed as permanent income theory and the theory of the life cycle of consumption and savings.

Milton Friedman, Nobel laureate, introduces the term "permanent income" to characterize the average income of the receiving household for a long period [7]. Permanent income model first introduced in 1957 in the study "The theory of consumption function." The main provisions of this theory is the fact that households are trying to align their consumption over time and choose the uniform trajectory consumption compared to irregular.

A new theory of consumption explained by the fact that the marginal propensity to consume is not permanent, but varies with income and marginal propensity to consume out of current income is much lower marginal propensity to consume out of permanent income. According to the model of permanent income, households reduce their current consumption, this suggests pessimistic expectations for the economy in the future and vice versa.

According to the life cycle model of consumption and savings, as in the case of permanent income model, consumption depends on income, the expected lifetime, rather than from income of the current period. The principal contribution to the life cycle hypothesis is to establish the fact that income varies systematically over the life of the individual that determines the strategy for saving life cycle. The author of this theory is also a Nobel laureate Franco Modigliani. According to this theory, young people take loans, expecting large earnings in the future, a future in adulthood and begin to repay their savings to generate retirement period [3].

The disadvantage of this consideration household income is only the fact that for such a structure can not see the actual change in welfare. Thus, an increase in savings will not talk about improving welfare, it is possible that the family refuses to current consumption for large purchases in the future. Similarly, reducing consumption is not

always talks about quality of life, it is possible that changing family residence began to save on costs associated with road work.

Based on all the above, we believe it is necessary to change the existing understanding of the structure of income advanced components. We believe it is necessary to apply psychological theories of motivation - namely to the two-factor theory of motivation developed in the late 1950s, Frederick Herzberg [6]. According to Herzberg satisfaction from work affecting the following factors:

- Hygiene factors - factors that are mandatory for the job. The absence of these factors does stay on the job impossible;
- Motivational factors - their presence is not mandatory, but significant effect on improving labor [6].

As Herzberg classified conditions, we propose to determine the effectiveness of the final effect of the implementation of government programs and projects, classified structure of household incomes. Thus, for example Herzberg, we share household income on hygiene component mandatory for household subsistence and cultural component, the existence of which is not mandatory, but reflect more the welfare of the family.

The cultural component - it's part of household income that is not related to its actual operation, but must grow at improving welfare. In the proposed structure of household income can be represented as follows (Fig. 2).

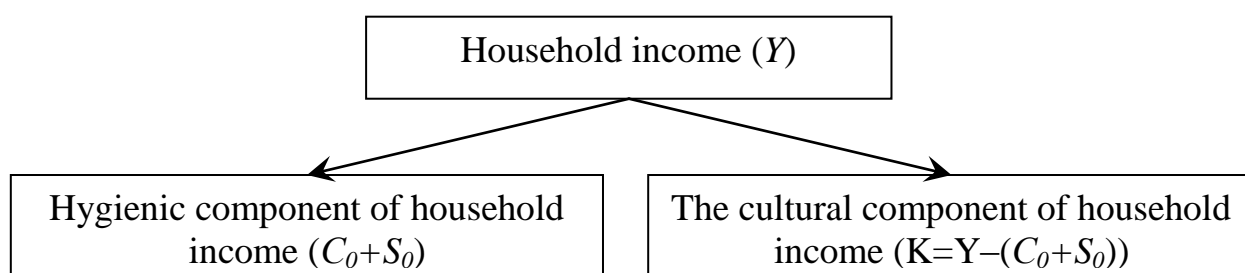


Fig. 2. Structure of household income based on the motivational component

By hygienic component we include share of income a household needed for its normal functioning and implementation of reproductive function. In conducting practical research component under hygienic consider the initial state of the household consumption until the implementation of the results of projects associated with the use of national

resources. Unlike the income structure under consideration in economic theory, hygienic component can consist of consumer spending, and with the savings that are mandatory for the household. This approach gives us more opportunities to review and analyze the pleasure of implementation of those projects.

The cultural component of household income reflects the share of income remaining after satisfaction of hygiene requirements and can be spent to improve their welfare. It is the degree of growth of the cultural component of household income and can judge the degree of improvement of household wealth. Our view is reinforced by the views of economists fundamentalists - namely Engel's law [2]. According to consumer behavior which is inextricably linked to the income they receive, and as revenue growth consumption of goods increases disproportionately.

Consequently, the main indicator of household wealth and, consequently, the criterion of efficiency projects associated with the use of national resources shall increase the cultural component of household income, which can be calculated as follows (see. Formula 2).

$$\Delta K = \left(\frac{K_1}{K_0} - 1 \right) \cdot K_0 \quad \text{or} \quad \Delta K = K_1 - K_0, \quad (2)$$

ΔK – actual absolute increase cultural component of household income;

K_1 – cultural value of income resulting from the implementation of projects related to the use of national resources;

K_0 – cultural value of household income at the time of implementation of the results of implementation of projects related to the use of national resources.

Accordingly, given the uneven changes in the structure of household income, subject to general economic growth, analytically the impact of economic growth can be represented as follows (see. Formula 3).

$$\Delta K = \Delta g \cdot Y_0, \quad (3)$$

Δg – increase in economic growth.

At the same time, it should be noted that economic growth may be the result of extensive factors, namely the involvement of all inputs to the process of reproduction. Thus, to achieve a state of economic objectives (to achieve full employment) is the key to

the implementation of other (economic growth). However, along with the extensive growth factors do not forget intensive component of expanded reproduction. Thus, economic efficiency, won by science and technology and rational use of scarce resources will certainly contribute to improving the well-being and will indicate the positive impact of projects related to the use of national resources.

The decisive factor for the welfare and economic growth A. Smith calls the progress of participants consciousness due process. So, to quote him verbatim: "On the contrary, civilized and prosperous nations - and although they share most people are not working, besides many idle consumes ten times more than most workers - a product of all the work society is so great often all there in abundance provided by him, so that the lower and poorer worker category, if provident and industrious, may enjoy more convenience and necessity items lives than any savage. " [8], we understand that it is the key to technological progress overall economic growth.

Another important component analysis nvukovo methodological framework for evaluating the effectiveness of implementation of projects related to the use of national resources have a stable price level. Previously we have reported that the analysis should be taken only real income and, therefore, the real change of its components, but a stable price level has significant social and economic impact, from the standpoint of stabilization of economic relations is an effective indicator of determining the degree of development of the economy. The stabilization of prices positively affect the purchasing power of real income, even with constant their value, clearly demonstrates the positive changes in the economy.

Sustainability inflation as the fact, already seen as a significant positive thing but steady reduction in inflation provides really argue about positive changes in the economy, provided that the optimal rate of inflation. Reducing the rate of inflation can be seen as an actual increase in real income, respectively, and the mechanism of the effect on the cultural component will be the same. Valuation changes in cultural component shown in formula 4.

$$\Delta K = \Delta\pi \cdot Y_0, \tag{4}$$

$\Delta\pi$ – the magnitude of the reduction in inflation, defined as (Formula 5)

$$\Delta\pi = \frac{1 + \pi_0}{1 + \pi_1}, \quad (5)$$

π_0, π_1 – inflation respectively before and after the implementation of projects related to the use of national resources.

Economic freedom is actually manifested the ability to manage their own revenues and form their own costs. In fact, if the household is forced, for any reason of their income to spend on the will of third parties, we can speak of pressure and suppression of freedom of expression and to disposal of own revenues. The mechanism of economic freedom is manifested through increased cultural component of household income, since the latter forms the enforcement costs are not on their own will, and, accordingly, such actions do not lead to satisfaction (Formula 6).

$$K = f \cdot (Y - (C_0 + S_0)), \quad (6)$$

f – factor that determines the degree of economic freedom. If a household has the ability to fully manage their own income, then f is unity and varies depending on changes in the share of income that actually manages the household.

Equity income distribution is played by one of the decisive role in shaping economic relations in the country. Equitable distribution of income in society indicates a high degree of economic development and the presence of visual motivation to improve productivity and learning. In countries with a high level of economic development is usually a gap between the rich and the poor little that can not be said of countries with emerging economies.

The degree of income distribution in society is determined by the Gini coefficient, which allows you to see how the current situation differs from ideal. Based on the nature of the economic functions of the state, increasing the degree of fairness of income distribution in the economy is an important element in the implementation of government programs. Accordingly, to achieve social justice for revenue sharing should also be taken into account when determining the final effect of the implementation of government projects. To determine this value we offer the absolute growth Gini coefficient (Formula 7) [1].

$$E_j = \left(\frac{G_1}{G_0} - 1 \right), \quad (7)$$

E_j – an indicator of economic fairness of income distribution that expresses the increase in the Gini coefficient as a result of projects related to the use of national resources;

G_1 – Gini coefficient after the implementation of projects related to the use of national resources;

G_0 – Gini coefficient at the start of projects related to the use of national resources.

The most controversial is the last state objective - namely, the state guarantees. On the one hand, it is clear that in case of losing the ability to earn a living person should not left for good. However, the practice of substantial state support for the non-working population adversely affects the interest of people in work. A striking example of this situation is the United States, with its extremely high support non-working population. The effectiveness of state guarantees at the same time, we believe, can be observed due to the positive growth rate of economic fairness of income distribution, while a slight increase revenues. According to Adam Smith "economic man" quickly reach their goals, if not wait affection of others, and appeal to their selfish motives and prove that its own interests to do for themselves what is needed [8].

Thus, government spending related to the protection of so-called socially disadvantaged groups are compensated and the opportunity for retraining and earning a living alternative ways. This venture will enable to cut government spending and reduce the tax burden on society. Size reduction of the tax burden calculated using the formula 8.

$$T = \frac{T_1}{T_0} \cdot T_0, \quad (8)$$

T – current tax burden submitted in monetary value, which reduces current income households;

T_0, T_1 – tax rate, respectively, basic and current periods.

Considering all the above, we can proceed to solve the methodological problem of determining the final effect of projects related to the use of national resources on auditing the efficiency of public purpose programs and projects. By combining all the components

of the economic objective functioning of the state as an economic entity, we offer the following scientific and methodical approach to determining the final effect of projects related to the use of national resources (see. Formula 9).

$$\Delta K = \Delta g \cdot \Delta \pi \cdot f \cdot E_j \cdot (Y_0 - T) \quad (9)$$

At the same time, performance audit should vidpovity questions as economically sound is the introduction and implementation of any project. Accordingly, from this perspective, the calculation of the final effect of projects related to the use of national resources is not final size, do not disclose the effectiveness of state reform. To address the question of economic efficiency, we propose a course of performance audits, correcting figure final effect on the value of the initial investment on its implementation to obtain the final net effect of projects related to the use of national resources, which has the following analytical form (see . Formula 10).

$$\Delta NK = \Delta K - I_0, \quad (10)$$

ΔNK – the net effect of the final projects related to the use of national resources;

I_0 – the value of the initial investment.

In calculating the net effect of the final projects associated with the use of national resources all indicators compared to the same date, and accordingly, the data of the final effect of the initial investment and the discounted or kompaundyutsya a single moment in time. This approach in the implementation of efficiency audit provides an opportunity to view the effectiveness of projects and work with monetary expression, which greatly simplifies the process of analyzing and monitoring the efficient use of state property.

Conclusions. Objective indicators of effectiveness and optimality of state property during the audit of effectiveness will enable significantly increase the level of control at all stages of projects related to the use of national resources. Use of final effect has a new vision of the practical implementation of scientific and methodological foundations efficiency audit in question today, as the most optimal form during the control over the use of public finances (property).

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Дмитрий Олексич

Жанна Олексич

ЧИСТЫЙ КОНЕЧНЫЙ ЭФФЕКТ ОТ РЕАЛИЗАЦИИ ПРОЕКТОВ, СВЯЗАННЫХ С ИСПОЛЬЗОВАНИЕМ НАЦИОНАЛЬНЫХ РЕСУРСОВ

Определен конечный эффект от реализации проектов, связанных с использованием национальных ресурсов как основной индикатор эффективности реализации государственных программ и проектов, а также возможность его использования при проведении государственного аудита в рамках аудита эффективности. Рассмотрен механизм определения конечного эффекта от реализации государственных целевых программ и проектов через анализ функций и целей государства.

Ключевые слова: конечный эффект, государственный аудит, аудит эффективности.

Dmitry Oleksich

Zhanna Oleksich

NET FINAL EFFECT FROM THE IMPLEMENTATION OF PROJECTS USING NATIONAL RESOURCES

Detected the final effect from the implementation of projects using national resources as the main indicator of the effectiveness of government programs and projects, as well as the possibility of its use in the state audit at the audit of effectiveness. The mechanism of determining the final effect of the implementation of state programs and projects through the analysis of the functions and purposes of the state.

Keywords: the final effect, the state audit, performance audit.