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**IMPLEMENTATION OF THE  
RESPONSIBILITY PRINCIPLE IN THE  
SYSTEM OF FINANCIAL CONTROL  
OF PUBLIC PROCUREMENT**

**РЕАЛІЗАЦІЯ ПРИНЦИПУ  
ВІДПОВІДАЛЬНОСТІ У СИСТЕМІ  
ФІНАНСОВОГО КОНТРОЛЮ ПУБЛІЧНИХ  
ЗАКУПІВЕЛЬ**

**Urgency of the research.** Ensuring the proper level of controllability of procurement contributes to effective action of legislated procedures of financial control, and increases the level of responsibility of participants of the public procurement process.

**Target setting.** Putting forward the provisions of international standards ISSAI, which provide for the implementation of results of financial control in society, is the relevant issue of increasing the effectiveness of control measures.

**Actual scientific researches and issues analysis.** Evolution of the views of scientists on the tasks of financial control in the field of procurement creates the framework for its further development in terms of increasing effectiveness.

**Uninvestigated parts of general matters defining.** The study of the instruments for control actions to assess the implementation of the principle of responsibility in the field of procurement requires theoretical and practical justification.

**The research objective.** The article aims to develop instruments for financial control of public procurement in order to implement the principle of responsibility in this area in accordance with the international standards of financial control ISSAI.

**The statement of basic materials.** On the basis of the implementation of the ISSAI standards, the instruments for control actions to verify compliance with the principle of responsibility under the public procurement is proposed. Assessment of compliance with procurement criteria will provide evidence for substantiated findings and the effectiveness of control measures.

**Conclusions.** As a result of the study, it was concluded that the combination of ISSAI norms and public procurement criteria at the level of financial control instruments will ensure its effectiveness.

**Keywords:** public procurement; financial control; the responsibility principle; performance of financial control.

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**Актуальність теми дослідження.** Забезпечення належного рівня контрольованості закупівель сприяє ефективній дії встановлених законодавством процедур фінансового контролю та підвищує рівень відповідальності учасників процесу публічних закупівель.

**Постановка проблеми.** Актуальним питанням підвищення результативності контрольних заходів є покладення в основу норм міжнародних стандартів ISSAI, які передбачають реалізацію результатів фінансового контролю в суспільстві.

**Аналіз останніх досліджень і публікацій.** Еволюція поглядів науковців на завдання фінансового контролю в сфері закупівель створює основу подальшої його розбудови в частині підвищення результативності.

**Виділення недосліджених частин загальної проблеми.** Дослідження інструментарію контрольних дій щодо оцінки реалізації принципу відповідальності в сфері закупівель потребує теоретичних та практичних обґрунтувань.

**Постановка завдання.** Метою статті є розробка інструментарію з фінансового контролю публічних закупівель щодо реалізації принципу відповідальності в цій сфері відповідно до міжнародних стандартів фінансового контролю ISSAI.

**Викладення основного матеріалу.** На основі імплементації норм ISSAI запропонований інструментарій контрольних дій щодо перевірки дотримання принципу відповідальності в ході публічних закупівель. Оцінка дотримання критеріїв закупівель забезпечить докази для обґрунтованих висновків та результативність контрольних заходів.

**Висновки.** В результаті дослідження дійшли висновку, що поєднання норм ISSAI та критеріїв публічних закупівель на рівні інструментарію фінансового контролю забезпечить його результативність.

**Ключові слова:** публічні закупівелі; фінансовий контроль; принцип відповідальності; результативність фінансового контролю.

**Urgency of the research.** Public procurement constitutes a significant part of state expenditures, the size of which depends on the normative cases of procurement in accordance with tender procedures. Despite the introduction of the electronic procurement system "Prozorro", about 90% of budget funds in the country are spent by ordering customers under non-transparent

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public procurement procedures. This testifies to corruption's influence and improper control of the responsibility of the executives of participants of the public procurement.

**Target setting.** According to the results of the financial control of public procurement, there is a contradiction: significant amounts of violations detected by the control bodies do not correspond to the consequences of their full compensation and the inevitability of punishing the guilty persons. The effectiveness of financial control, in the form in which it is currently fixed by the control authorities, obviously does not meet the expectations of society about the ultimate effects of verifying the effectiveness and legitimacy of public procurement. Today, one of the primary tasks of financial control is the reducing corruption in the field of public procurement by implementing the principle of responsibility for violations or ineffective decisions.

**Actual scientific researches and issues analysis.** The questions of the effectiveness of financial control their biggest development in the works by S. V. Bardash, M. T. Belukha, F. F. Butynets, E. V. Kalyuha, V. P. Panteleyev, G. A. Solovyov, V. S. Rudnytskyi, who considered complex and combined approaches to the implementation of the control results in the light of "audit body" – "controlled object". V. O. Shevchuk was the first to connect the implementation of the control results to the indirect relations of the mechanism of public administration [1, p. 63]. Conclusions on the superiority of public interest over the private about the results of financial control [2, p. 14] are consistent with the latest concepts of "genealogy of financial control" Yu. L. Slobodyanyk, which unites the interests of the performers of the control functions of the state and the public's demands for information on disclosure and prosecution of the guilty persons [3]. Foreign scholars Ayers J. B. [4], Clifford P. McCue, Eric Prier, David Swanson [5] and others stress on the need to limit the possibility of fraud in procurement. However, the issue of assessing responsibility for management decisions in the field of public procurement remains controversial, since they require a modern methodological support for control activities.

**Uninvestigated parts of general matters defining.** Best practices of the scientists on the implementation of the results of financial control and the public need for information on prosecution for violations in the field of public procurement updated the need for a study of financial control instruments in order to ensure the implementation of the principle of responsibility. The study of the methodological basis for drawing conclusions on the results of financial control requires developments in accordance with the best foreign practice and the norms of the international standards of financial control ISSAI.

**The research objective.** The research aims to use scientific principles of relational doctrine of control and results of analytical evaluation of legitimacy of regulations to determine areas of improvement of the public financial control in the field of public procurement to achieve the performance of control actions to implement the responsibility principle.

**The statement of basic materials.** The system of public procurement in Ukraine is in the process of continuous improvement with the aim of creating a competitive environment, preventing corruption, and developing fair competition. At the same time, the issues such as customer planning avoidance of legally defined norms in the field of procurement arise already at the stage of budgeting and preparation of annual procurement plans, which leads to an increase in the number of contracts without conducting the bidding procedures by tender participants, the existence of legal grounds for the use of noncompetitive procedures in "bypassing" the competition, which negatively affects the dynamics of open bidding and does not contribute to the effective use of public funds in this area. The typical violations in the conduct of non-competitive procedures are overpricing, possible avoidance of open tender procedures, violation of contract terms, and the lack of transparency in the conduct of pre-procurement on the background of their weak legislative regulation. These and other issues of the development of the public procurement system determine the specifics of carrying out control activities in the course of financial control. Its main goal, according to international standards, is to increase the accountability of authorized persons [6]. The implementation of this goal is reflected in domestic legislation on financial control [7] and public procurement [8], which meets the expectations of civil society.

Effectiveness, as one of the tools for improving the quality of work of an institution, is measured by the degree of implementation of the planned activity and the achievement of the results. The

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effectiveness of financial control is increasing, depending on ensuring the inevitability of liability for detected violations, especially with regard to the appropriation of public funds and property in the course of public procurement procedures. The results of financial control in society are estimated by the created opportunities to improve public administration and rational use of budgetary resources. The control body is effective provided that the results of its activities adequately reflect the objectives of the audit, defined by international and/or domestic standards and are related to the interests of society as a whole.

The EU Directives on public procurement [9] set out the main criteria for developing a public procurement system in European countries. Despite the fact that the law [8] contains rules that are ideologically identical to the EU directives, monitoring compliance with them is difficult to implement because of the lack of standardization of financial control activities according to ISSAI in Ukraine. According to the ISSAI 400 Fundamental Principles of Compliance Auditing, financial control requires reliable and relevant evidence to provide relevant and substantiated confirmation of the findings regarding the activities of the audited entity [10]. The procedures for collecting such evidence are determined in the process of planning financial control, and may vary depending on the circumstances of the audit. That is why the compilation of a regulation for carrying out control actions aimed at obtaining information (in our study on the confirmation of the principle of responsibility of top management in the field of public procurement) provides an evidence base for drawing conclusions.

We suggest to use a financial control instrument to verify compliance with public procurement criteria, developed in accordance with the ISSAI standards, taking into account the implementation of the principle of responsibility of management for the procurement decisions to be taken (Tab. 1).

*Table 1*

**Control actions on the implementation of the principle of responsibility in the course of compliance with the criteria for public procurement**

Criterion	Essence of control tasks	Implementation of the principle of responsibility
1	2	3
Accountability	Checking the compliance with public procurement legislation at the procurement stage as well as compliance of applicable procurement procedures by the state customer and suppliers in terms of reporting and information.	Control of a clear division of responsibility between the authorities of the customer-providing agency to ensure procurement in the administrative, budgetary areas and supplier in part of the contract execution
Honesty	Control of the implementation of the honest state policy at the stage of procurement planning and responsible attitude in determining the ratio of "price-quality" to procured goods, works, services	Establishing the mechanisms for limiting the abuse of official influence. An assessment of the existence of a conflict of interest at all stages of the procurement procedure
Transparency	Reliability of the documentary process of public procurement, evaluation of procurement activities in their openness, and objectivity. Establishing cases of non-transparent decisions and the conditions facilitating the closure of procurement information	Identification of regulations, orders and other customer's documents aimed at making decisions unpopular and identifying those responsible for making such decisions.
Competition	Assessment of compliance with fair competition rules to combat discrimination in procurement. Observance of objective consideration of tender bids of suppliers and equal conditions for participants of tender procedures.	The control verifies the availability of criteria for admission to bidding and the grounds for exclusion therein, eligibility of qualification requirements, ensuring equal conditions for procurement procedures and responsible persons for approval of these provisions
Cost-effectiveness Efficiency	Control of the cost-effectiveness ratio of procurement tasks for public goods. Analysis of the relationship between the price and quality of the purchased goods, works, services.	Identification of bias in the assessment of needs and rationality of procurement planning. Responsibility for adopting a methodology for assessing bids that adequately takes into account the quality and cost of purchasing
Reliability	Assessment of the legality and timeliness of updating the internal job descriptions, authorities of those responsible for procurement procedures	Analysis of the compliance of all participants of the procurement with their functions, rights and responsibilities

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Financial control of criteria for public procurement in the context of identifying those responsible for violating the norms of the current legislation is conducted in accordance with all stages of the procurement process. The instruments for conducting control actions, as a methodological component of the control process, allow identifying the biased decisions of the top management of ordering customers (or the influence of other persons) that distort the sequence of public procurement. The assessment of the implementation of the principle of responsibility, carried out in the course of the proposed control procedures, provides information on the quality and legality of management decisions both from the side of the procurement authority and from the potential suppliers of the participants of tender procedures. The ultimate goal of financial control of public procurement should be to draw conclusions and suggestions on achieving the goals of functioning and execution by the budget authority - the customer of its powers, and not only informing the public about the existence of specific violators or individual violations of procurement.

**Conclusions.** The paper deals with the tasks of financial control, aimed at the use of actionable and effective control measures in the field of public procurement. Based on the criteria for the implementation of public procurement defined by the EU Directives, the financial control instruments have been developed that reflects the essence of assessment of the implementation of the principle of accountability of authorized persons of procurement participants. The direction of control activities is in line with the main provisions of the international standards of financial control ISSAI for obtaining appropriate evidence in the process of drawing conclusions and proposals on the effects of financial control, taking into account the specific nature of the public procurement process.

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