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**ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ**

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**N. M. Kolomyychuk**, Doctor of Economic Sciences**THE ROLE OF THE STATE FINANCIAL CONTROL IN THE STATE BUDGET PROCESS**

**Abstract.** *The paper analyzed the current situation prevailing in the area of public finance, the role of financial control during the budget process and the impact of control on the economy, analyzes the main shortcomings of the state financial control, and highlighted priority areas for improving the performance of its operations.*

**Keywords:** control; state control; state financial control; budgeting; public financial control system.

**N. M. Коломийчук**, к. е. н.**РОЛЬ ДЕРЖАВНОГО ФІНАНСОВОГО КОНТРОЛЮ В БЮДЖЕТНОМУ ПРОЦЕСІ ДЕРЖАВИ**

**Анотація.** *В статті проаналізована сучасна ситуація, яка склалася в сфері державних фінансів, роль фінансового контролю під час бюджетного процесу та вплив цього контролю на економіку країни, проаналізовано основні недоліки системи державного фінансового контролю, а також виділено пріоритетні напрямки підвищення результативності його функціонування.*

**Ключові слова:** контроль; державний контроль; державний фінансовий контроль; бюджетний процес; система державного фінансового контролю.

**N. M. Коломийчук**, к. э. н.**РОЛЬ ГОСУДАРСТВЕННОГО ФИНАНСОВОГО КОНТРОЛЯ В БЮДЖЕТНОМ ПРОЦЕССЕ ГОСУДАРСТВА**

**Аннотация.** *В статье проанализирована современная ситуация, которая сложилась в сфере государственных финансов, роль финансового контроля при бюджетном процессе и влияние этого контроля на экономику страны, проанализированы основные недостатки системы государственного финансового контроля, а также выделены приоритетные направления повышения результативности его функционирования.*

**Ключевые слова:** контроль; государственный контроль; государственный финансовый контроль; бюджетный процесс, система государственного финансового контроля.

**Urgency of the research.** Today, we can say that in Ukraine during the years of reforms failed to create an effective system of state control and regulation. This negative impact, primarily on the economy. It is through the control of the development process and proper use of financial resources of the state monitored the work of those who take the relevant decisions in this area, regulation of social and economic processes in society, ensured the stability of the financial relationship of the country.

**Target setting.** The system of state financial control in Ukraine was formed in conditions of radical changes in the political and economic systems. However, it is ineffective, as evidenced by the increasing number and scope of budget violations. It caused the lower efficiency of state financial control, whose purpose is the prevention and detection of crime and increase cost effectiveness of the public sector.

**Analysis of recent researches and publications.** Recent issues of state audit examined O. Anisimov, V. Bazylevych, M. Bilukha, O. Vasiliko, V. Demyanyshyn, E. Kalyuha, M. Maleyin, M. Nykonovych V. Radionova, L. Savchenko, R. Somoyev, V. Stoyan, V. Fedosov, S. Yuri.

Emphasizing unresearched aspects of the problem. Measures, presented by authors, aimed at improving the system of financial control in the budget process, are universal. However, no comprehen-

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sive studies on the implementation of innovative financial instruments within the scope of the implementation mechanisms of state financial control.

**The research objective.** The purpose of the article is to identify the shortcomings and problems in the system of state financial control and provide proposals for a single advanced system of financial control.

**The statement of basic material.** The growth rate of socio-economic development of society and the effectiveness of social production depends on rational, economical, purposeful and effective use of financial resources. Among these resources occupy a special place budget funds, funds of economic entities and state-owned funds state funds.

The main problems of modern economic development of our country belongs to ensure effective formation and use of budget funds, which strengthens the economic power of the country and the welfare of citizens. One way to solve it - this is to improve the system of financial control in the budget process.

The system of financial control of the budget process formed under conditions of market relations in Ukraine and drastic changes in the economic and political structure of the state. However, it is ineffective, because the increasing number and scope of budget violations. The current system of today and the mechanism of state financial control have several disadvantages: lack of coordination; low efficiency; aborted harmonized regulatory framework and a unified information and communications infrastructure; failure to practice the scientific principles of the organization; imbalances in the system of state financial control.

It is this reduces the effectiveness of financial control, the main purpose of which is to prevent crime and identifying the cost and increase the efficiency of the public sector.

Control in the broadest sense - a process which should ensure that the operation of the facility management decision taken by management and aims to successfully achieve the goal [1].

An important part of control - a financial control, which plays an integral role, as it connects functions of planning, forecasting, accounting and analysis and regulation. For effective prevention and prompt detection of crime requires coordination of budgetary financial control, which involves the coordination function of all control and concentration of their efforts on priority areas of control, the introduction of advanced domestic and foreign experience and exchange of information between them [2].

In our opinion, financial control - a comprehensive and targeted financial and legal activities of financial control or their units or representatives and persons authorized to control, based on the provisions of the regulations applicable law. It is to establish the actual state of affairs in controlled facility on its financial and economic activities and is aimed at ensuring legality, financial discipline and rationality in the making, distribution, possession, use and disposition of assets for effective socio-economic development of all objects financial relationships.

The important role played by financial control in the budget process. The budget process as an activity authorized state bodies for the development and implementation of budgets at all levels of management is considered an important part of public relations. Its effectiveness is largely determined by the intended and rational use of budgetary resources and effectiveness of public monitoring compliance with the relevant rules of budget legislation. Forming an effective state financial control is particularly important in terms of reforming and modernizing the entire budgetary system of Ukraine.

The current state of public financial control in the budget process is unsatisfactory, and facts of misuse, failure to return the budget, inefficient management and alienation of public property often observed [3]. Analysis of the effectiveness of state financial control in the budget process made it possible to detect a significant number of problems related to its formation. They can be divided into three groups (Tab.1).

In our opinion, corrective, it is appropriate to make changes in the following areas:

- The definition of common conceptual basis of this control;
- Clarification and separation of functions of state financial control;
- Standardization of forms and methods of control;
- Improving staffing systems of financial control;

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- Improvement of material and technical, scientific and information-analytical support of the system of financial control.

Table 1

**Disadvantages of public financial control \***

Group	Disadvantages
Disadvantages legal guidance	The lack of legislative decisions on: <ul style="list-style-type: none"> <li>- General procedures for financial control of the agencies and entities, which delegated the right to the state financial control;</li> <li>- Status, functions and powers of state bodies and financial control of their relationships and accountability;</li> <li>- An authority higher echelons of power in the system of financial control;</li> <li>- A single methodology for financial control to establish a system of economic indicators that reflect the state of financial discipline, and methods of their calculation;</li> <li>- Internal control mechanism in compliance with current legislation system of financial control.</li> </ul>
Disadvantages organizational structure of state control	<ul style="list-style-type: none"> <li>- Violation of the principles of deregulation of business;</li> <li>- Insufficient part in developing new and improving existing laws and regulations on financial issues;</li> <li>- Giving insufficient attention control actions that provide preventive function monitoring;</li> <li>- Removal of state financial control of the development, discussion and adoption of organizational and legal measures to prevent financial irregularities;</li> <li>- Lack of work with the public to explain the problems of financial control to ensure the elimination of committed violations and uncertainty in all spheres of state financial control</li> </ul>
	<ul style="list-style-type: none"> <li>- Enterprises and state funds that are not part of the consolidated budget, the use of foreign investment, compliance with applicable laws on privatization and work with trusts of private persons);</li> <li>- Lack of application control and revision work methods aimed at determining the effectiveness of the use of public funds;</li> <li>- Failure of the current legislation to ensure proper cooperation between public financial control that enhances duplication and overlap in the work;</li> <li>- Rights violations controlled entities.</li> </ul>
Disadvantages methodological	<ul style="list-style-type: none"> <li>- Aborted methodological support of basic forms of financial control (specific procedural standards).</li> </ul>

\* Compiled by the author [4; 5; 7].

According to the Lima Declaration of Guidelines on Auditing, the state financial control is divided into internal and external [3; 6].

Based on the study of scientific sources it can be concluded that the category of "public internal financial control" - is a complex concept, research and the use of which is of particular relevance in a period of economic and political reform, economic development and integration into the European community.

To our mind, to take into account and reflect the specific characteristics of public internal financial control should be considered as a system of interrelated subjects, objects and elements designed to ensure sound management of the budget process based on the principles of legality, economy, efficiency.

An important condition for the existence of the public internal financial control lies in its unity, integrity and independence. Maximum transparency movement of public funds, full information, exercise proper control, elimination of violations and implementation of proposals to be achieved when it is full of interaction that make up the system. Bad coordination of action leads to a repetition of the same inspection, spraying efforts of control and, consequently, their activity is not pervasive. Creating a sin-

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gle advanced system of public internal financial control automatically enhance the role of all bodies of its member.

We must say that an important characteristic of the system of financial control should be its comprehensiveness. The greatest possible amount of public money must get under control, then the information to be submitted to the authorities and the public will be higher quality and more complete. We believe that the amount of issues that were not covered by the control, in violation of budgetary discipline would not go unpunished.

The system of financial control should have an adequate and professional response to any change in the economy and legislation; ensure the fullest implementation of the previous, current and subsequent control.

**Conclusions.** We must say that an important characteristic of the system of financial control should be its comprehensiveness. The greatest possible amount of public money must get under control, then the information to be submitted to the authorities and the public will be higher quality and more complete. We believe that the amount of issues that were not covered by the control, in violation of budgetary discipline would not go unpunished.

The system of financial control should have an adequate and professional response to any change in the economy and legislation; ensure the fullest implementation of the previous, current and subsequent control.

Each body control - higher state or local - should have a "functional part" that will give a real opportunity to deliberately influence the financial policy of our country and its regions. Moreover, the sense of responsibility and sufficient authority is always a motivating factor.

Nowadays a need for the development and improvement of public financial control in order to reduce threats in the economic sphere of the state. In our view, there is a need for stabilization of fiscal discipline, reducing the volume and number of fiscal violations, securing revenue taxes, compulsory payments, strengthen the guiding and coordinating role of the state in the system of financial control.

Thus, only if the hard work of a comprehensive phased implementation of the proposed measures, we can achieve the desired success in creating a unified system of state financial control. In particular, it is necessary to improve the functions and introduce modern mechanisms, methods and forms of control in the existing practice of state financial control in the budget process.

Note that the proposed measures will help improve not only the creation of a unified system of financial control in the budget process, but also improve the legislation governing the organization of control, improve the quality of its organizational, methodological and information support.

Resolve problems of national systems of financial control will use a single strategy, which must meet the requirements of today and based on worldwide accepted standards, taking into account national peculiarities control.

We believe that reforming the oversight functions of government at regional and local levels and achieve their efficiency will allow Ukrainian economy dynamically and efficiently evolve.

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