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THREE-LEVEL MODEL OF ORGANIZING
STATE FINANCIAL CONTROL

Urgency of the research. Full implementation by the state financial control its functionality is possible only if the effective system of this control is really established.

Target setting. Systematic approach to the government financial control first of all provides searching the ways of constructive interaction of inspection bodies of different levels, as well as a common methodology and information space.

Actual scientific researches and issues analysis. The problems of financial control in all its aspects were investigated both by domestic and foreign scientists, such as O. Baranovskyi, I. Basantsov, V. I. Stefaniuk, S. Shokin, T. Yunusova and others.

Uninvestigated parts of general matters defining. The lack of an integrated system of SFC has the negative impact on its organization and efficiency work of state controllers.

The research objective. The aim of the research is to develop the proposals for organisation of the integrated system of SFC.

The statement of basic materials. Under the system of financial control it should be understood the coherent interconnected and interdependent, hierarchical and dynamic set of models, types, functions, principles, goals, objectives, objects, subjects, objects, stages, forms, methods and means of the state financial control designed to measure the legality, appropriateness, effectiveness and efficiency of use of public financial resources and state property and the realization of financial, budget, tax, customs, monetary, foreign currency, debt, investment, antimonopoly policy and pricing policy; financial exploration of the processes associated with the existence of “shadow” economy, policy in the field of counteraction (prevention) of legalization of the illegally received income and terrorism financing; to develop and embody the preventive and corrective measures necessary for their improvement.

Conclusions. A structural approach to building an integrated system of SFC was developed, based on the three-level model of its organization, implementation and integration of its individual elements and subsystems for providing its subjects because of consolidating capabilities and material, labor, financial, intellectual and information resources, and harmonization of relations the synergistic effect of formation and use of budget funds and state trust funds, government borrowing, official foreign exchange reserves, foreign investment into the country and abroad, the state property; use of tax and customs facilities.
**Keywords:** an integrated system of state financial control; three-level model; the synergistic effect.

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**Urgency of the research.** Ensuring of social and economic development, increasing the production efficiency, solving the problems of life of the state, reducing the shadow economy and corruption are impossible without adequate modern realities of efficient and effective state financial control. The full implementation of SFC functions is possible only by the establishment of an effective system.

**The research objective.** For the effective implementation of a unified state financial policy the financial public authorities have to function as a system, so it is a systematic approach that allows to provide state financial control into socio-economic life of society, to analyze and consider all relevant factors of the economy, to evaluate and predict in a qualified manner the consequences of decisions affecting the financial and material sphere. Systematic approach to public financial control involves, above all, finding ways to control constructive interaction of different levels, legislative support their organization and functioning, unified methodology for joint activities, the creation of a common information space.

**Analysis of recent research.** The problems of financial control in all its manifestations are studied by such domestic and foreign scientists as O. Baranovsky, I. Basantsov, V. Burtsev, Yu. Voronin, V. Dyachenko, K. Zaharov, O. Kozyrin, L. Ovsyanykov, S. Oponyshev, V. Panskov, P. Petrenko, V. Polischuk, S. Ryabuhin, M. Stylyarov and others.

**Uninvestigated parts of general matters defining.** Highly assessing the contribution of researchers in coverage of theoretical and methodological foundations and practical aspects of state financial control, however, we have to note that today the issue of building an integrated system of financial control is not sufficiently studied, which negatively affects its organization, causing inadequate separation of control functions and poor coordination and duplication of its activities, inadequate response to the results of the control measures, and therefore improper performance of state controllers.

**The research objective.** The purpose of investigation lies in developing proposals for the formation of an integrated system of financial control.

**The statement of basic materials.** There is still no single system of financial control in Ukraine that affects the efficiency and effectiveness of this kind of control. Hence, to develop an effective system of state financial control is a current need. Nowadays it is quite important to develop and establish an integrated system of financial control in Ukraine; without it is impossible to ensure progressive socio-economic development, real reform of the budget system and the social security system, solving immediate needs in different state spheres, effective use of state property, the formation of civil society in Ukraine. Ensuring compliance with national and financial interests and the rights of economic agents is equally important.

For the effective implementation of a unified state financial policy financial public authorities have to operate as a system as it is a systematic approach that allows to provide state financial control into the socio-economic life of society, to analyze and consider all relevant factors of the economy, to evaluate and predict in a qualified manner the consequences of decisions affecting financial-material sphere. Systematic approach to public financial control involves, above all, finding ways to control constructive interaction of different levels, legislative support their organization and functioning, unified methodology for joint activities, the creation of a common information space [1, p. 81].

In the economic and legal literature, the term "control system" is seldom used, but when used, it does not usually include without meaningful analysis and terminology. In technical literature this term is used extensively as creating any complex technical object without a control system for its formation and operation is impossible. Control systems are: 1) technical devices that carry out the measurement parameters and control of the facility for a given algorithm; 2) means of control and performers; 3) means of control and control entity, incorporated into the information system control. The third
determination is the most complete and may serve as the basis for developing the concept of the control system in public administration. Thus, M. V. Vasilieva determines the control system as a set of subject, object, means and methods of control that interact as a whole in the process of establishing the desired results, performance of measurement, object condition monitoring, analysis and evaluation of measurement data and development of the necessary corrective actions. In her opinion, including objects in the financial control means that the system must be unique and created for each of them. The researcher believes that an important role in the control belongs to its means, which include not only some hardware, but the forms and methods of control that are necessary to develop for this particular system.

The presence of listed links between the elements and the necessity for analytical-information work emphasize that the monitoring system is largely an information system based on the processing of large volumes of information, which requires the use of modern means of processing.

The system of control is treated as a set of organizational structure and processes initiated by its subjects managerial, technological, assessment and agency, including methods, tools and techniques that detect or prevent the emergence of deviations of actual state of the object from the established standard, to ensure achievement performance objectives and its functions within the standards established by regulations and optimal risks.

V. L. Pleskach and K. S Zhadko slightly expand the number of elements of financial control system, including to it: subjects, objects, principles, methods, forms, types of control, the stages of the process control, and management decisions by monitoring results [3, p. 86].

In our opinion, it is very important to find out the nature of the system of state financial control. And the essence of the latter is interpreted simply as a set of interrelated and interacting institutions that operate as a single entity with common goals and objectives and is more complex.

Considering the state financial control as a social system, the main characteristics are: elements (subject, object and action control), links, boundaries, environment and the subsystems are controlling and controlled (subcontrolled), S. M Klimova concludes that the set of elements of financial control may become the system when it receives the capacity for self-organization, self-regulation, an adequate response to changes in the environment where it is (it exists within a particular state with specific economic conditions). Moreover, such a system is viewed by the researcher as a static and dynamic phenomenon [5].

Researchers maintain the system of methodical approaches for creating a complex control system in the course of projects implementation, which, to our mind, is legitimate up to a point, and consequently can be used in relation to forming the state financial control system [6]:

1) the control system structure is well-organized and integral, that provides for the terminologically and structurally unified system, with all sources and recipients of information clearly identified, as well as with non-conflicting organization of information flows;

2) the system of control includes the feedback mechanism providing information on the result achievements, that makes it possible to define both the arising and unforeseeable problems, take necessary measures aimed at avoiding the negative divergences in the course of the project implementation;

3) the control system structure is of a multilevel nature. Herewith the decomposition of each level that goes into detail description of the system consistently, by the composition of processes and connections has a single format, that, in particular, makes it possible to replace the solution of one complicated task (the creation of the control system) with the solution of a number of simpler tasks (by the elements and processes of every decomposition level);

4) the concept of control has purposeful and transparent nature, that provides for the final result of the functioning of the system as a whole to be the system-creating factor. The organization of processes within the system is inferior to the logic of hierarchy and the sequence of results development. Thus, the unity of information on the results is provided both vertically by levels of decomposition and horizontally - from a process to process within every level;

5) the creation of the control system is based on the rational organization of information flows, which means that both senders and recipients of information are clearly identified, the integrity,
continuity and consistency of information flows are provided;

6) the complex nature of the control system envisages the provision of permanent cooperation with the systems of planning, budgeting and regulation, as well as the estimation of the consequences prognosis in the course of the project implementation;

7) the control system includes the mechanism of verification of the information received from performers and stimulation of reliable information transfer on the course of performance of project works;

8) the concept of control has the address nature. It is aimed at the participants of a project who make decisions on participating in it and its financing: a customer, an investor and their representatives. They shall timely get information on the divergence in the course of implementation, the prognosis values of duration and the project cost, have some financial reserve in case of non-fulfillment of the set volumes in the pre-arranged term.

However, in our opinion, the system of methodical approaches offered for the creation of a complex control system in the course of projects implementation is mainly concentrated on the informative aspect of the control system functioning and does not take into account other important subsystems of its forming, functioning and development in full.

The state financial control system is defined as the combination of the structural creation of the state financial control, the totality of objects and subjects of control and co-operation between them during realization of the fixed functions, complemented with the aim of the state financial control. Within the framework of organs of the system the following constituents are determined: external, internal, department and specialized state financial control depending on the levels of realization. Such a system embraces both a normatively-legal base and organs carrying out the state control, and also forms and controls methods.

However, we believe, that these definitions lack integral connection between the structure of the system and its objects and subjects, moreover, the supervisory organs and varieties of the state financial control are not adequately identified, with its providing subsystems taken only to normatively-legal, organizational and methodical ones.

The state financial control system can also be seen as a complicated mechanism of legal, financial, economic, organizational and other methods of influence of the state with the purpose to ensure legality and authenticity of financial operations, the objective estimation of their economic efficiency and expediency, as well as the increase of budget revenues, safety and rational disposition of public domain [7, к. 140].

However, to our mind, the state financial control system, certainly, is not taken only to the totality of methods. The word-combination "mechanism of methods" in this context can be treated as improper.

The state financial control system is dealt with not as a strict hierarchy of organs of financial control and their subordination, but as a unity of aims, principles and co-ordination of actions in the sphere of financial control over the national and municipal funds [8]. However, we believe that the existence of the system is just impossible without certain organs, but at the same time different organs of state financial control a priori cannot serve identical aims.

A. L. Ovsianykov states that there is no generally accepted definition of the concept of "financial control system", although the term is widely used not only in the literature but also in normatively-legal, administrative and managerial, educational and other references related to the state financial control activity. He emphasizes the fact that authors, as a rule, do not expose the content and features of financial control as a social-economic system; the scheme of "any control system" is applied to the system of financial control, without noticing that the construction presented by a chart is illogical and inwardly contradictory; with the elements of the system itself and external terms of its existence artificially combined. Therefore, he believes, that the system of financial control should be defined and examined, as it really exists, in the concrete actions of people, that form and carry out public regulation and state administration [9, к. 13-14].

In our opinion, it is possible to agree that overall effective system should provide reliable implementation of financial control in three main areas:

formation and use of all public funds, regardless of the form in which they exist - the budget or any
other; activities of the executive in charge of practical financial, credit, monetary, fiscal and monetary policy; attraction and use of businesses and individuals and other credit organizations, which is provided by law [9, c. 23].

However, the above-mentioned trends, in our view, do not cover all the objects of state financial control. Hence they should be supplemented by issues such as the use of state property; debt, investment, customs, competition policy and pricing; formation, distribution, redistribution and use of funds for business, and the use of businesses (primarily banks and NBFIs) for the maintenance of public funds; financial intelligence processes associated with the existence of "shadow" economy, politics (prevention) legalization of proceeds from crime and terrorist financing.

In this regard, a particular problem in forming a unified system of state financial control is almost complete lack of integrated theoretical ground rules for the state financial control in scientific literature, which is an essential kind of financial control and combines budget, tax, customs and currency control, control of monetary circulation, pricing and economic concentration (antimonopoly control), control of the opposition (prevention) of money laundering and terrorist financing.

M. Stolyarov among the principles of a systematic approach to the organization of financial control attributes [10, c. 18-19] identifies: integrity, structuring, hierarchy, functionality, informativity He notes that it is the integrity of a systematic approach, without which it cannot be a system. Developing this idea, M. Stolyarov emphasized that "state financial control in this respect can be seen as both an independent system, which is a whole and as a subsystem, which is a part of the higher level - social control".

Integer (management system) and part (control) are studied simultaneously. Thus, the nature of financial control, its goals and objectives should be adequate to the strategic objectives of the state " [10, c. 35].

The unified system of financial control, in our view, should include a complete s of internal and external state financial control. However, the theory of structural-functional analysis of E. Durkheim, considering any institution (including financial) is a subsystem of parliamentary and state financial control, can be imagined as a system of ideas, values, goals norms, principles of regulations, institutions and relationships, objects and object; a set of tasks and functions, forms and methods of financial control technology its effective evaluation.

Thus, according to T. Tabunschykova the system of organization of external state financial control is based on the following principles: complexity of operations; decisive selection (top) level - the Accounting Chamber; phased development of the external state financial control exercised by the Accounting; organizational dynamic development of the state financial control. According to the author, the construction of an effective system of financial control is impossible without a national policy in this area based on the organizational principles of integrated subsystems of external financial control. Moreover, the Chamber must establish common rules, standards, classifications of financial irregularities, reporting; develop guidelines, provide a single information database and monitoring the control measures; analyze and draw conclusions on the performance of the consolidated state budget indicating the causes of violations, trends, measures to address the deficiencies and irregularities in the implementation of public financial policy [4].

According to M. Stolyarov, a structuring principle of system approach to the organization of state financial control can detect persistent connection between objects (management and control), parts of the whole experience, its organizational structure. Financial control that is organized in a legal democratic state is divided into external and internal. Each of these controls has its specific purpose. Organizational structure - a way of combining elements of the system - must meet the goals and objectives of control and provide a stable relationship between them. Disruption or weakening of the connections between internal and external control inevitably leads to lower efficiency of the entire system of control".

Speaking about the hierarchy, M. Stolyarov emphasizes that to realize the principle of system approach to the organization of financial control in the country in relative autonomy in matters of control is difficult. Thus, the "Subordinate bonds can be compensated coordination - in terms of sustainability and compliance interests as a whole and creating a system of parts. Management
systems in multi-hierarchical structure are never completely rigid - hierarchy is combined with lower autonomy and provides the possibility of self-organization”.

Commenting special place in the systematic study of the principle of functionality, M. Stolyarov said that “the organization of financial control across the state provides, on the one hand, the determination of the actual role of control of the socio-economic development, on the other – identification of the functional relationships between components of a control system, and between the parts and the whole. The difference between the function of financial control should be clearly distinguished, i.e. coinciding with the openly declared aims and objectives of the Institute of Financial Control and hidden ones. The latter includes the creation of well-established and widespread financial control conditions precluding misuse in the financial sector, corruption among officials, diversion and inefficient use of public funds”.

Arguing the need to respect the informativity principle M. Stolyarov stresses that this property is "inherent management systems of any complexity, is a prerequisite for the organization and operation of financial control. Due to the forward and reverse communication the system has the ability to judge its viability, matching the performance of the planned objectives. Without the information it basically cannot be controlled" [10, c. 36-37].

Thus, summarizing the above mentioned, the system of financial control, in our view, should be understood as a coherent interconnected and interdependent, hierarchical and dynamic set of models, types, functions, principles, goals, objectives, objects, subjects, objects, stages, forms, methods and means of state financial control, designed to measure the legality, appropriateness, effectiveness and efficiency of public financial resources and public property and the implementation of financial, budget, tax, customs, monetary, foreign exchange, debt, investment, antitrust policy and pricing of business; financial intelligence processes associated with the existence of "shadow" economy, politics AML (prevention) legalization of preventive measures from crime and terrorist financing; develop and improve their preventive and corrective measures.

This definition differs from the current definition of the nature of the relationship between its elements, clarifying their list and end use, the expansion of the subject of state financial control, which gives clear guidelines for the formation of such a system.

In our opinion, the best option of forming financial control system of which is the most widespread in the world is a three-tier model system (Pic. 1.)

Taking into consideration the above-mentioned a structural approach to the formation of integral system of the state financial control, based on a three-level model of its organization, adoption and integration of its individual elements and subsystems that provide consolidation opportunities and material, labor, financial, intellectual and information resources of its subjects and harmonization of their control relations, synergetic effect (which exceeds the total effect in the case of separate operation) the formation and the use of budget funds and state extra-budgetary funds, state borrowing, official reserves, foreign investment in the country and abroad, state ownership; the use of tax and customs privileges is proposed. Such synergetic effect as a cornerstone criterion of state financial control organization in the end is not only in the classical economy of regulatory bodies that form the system of the state financial control over the mixed model, on the scale, improving the self-organization of such a system, but also increases the effectiveness and efficiency of public services provided in all areas that characterize the objects of the state financial control, and therefore contribute to the financial security of the state as a whole and efficiency of the public finances movement, functioning of economic entities and the welfare of the population in particular.
Pic. 1. Three-level system model of state financial control (author development)
Conclusions. Implementation of the such structural approach to forming integral system of the state financial control, based on a three-level model of its organization will ensure the effectiveness of the financial control system functioning in general and separate regulatory bodies, which it contains. At the same time, in addition to the basic subsystems of external and internal public financial control system includes several security subsystems, without which its normal functioning is impossible. And, therefore, the last consideration requires further study.

References