EFFECTIVENESS OF STATE FINANCIAL CONTROL

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Abstract: The paper examines criteria for evaluating the effectiveness of state financial control in the theoretical and applied aspects. It is proved that the efficiency of state financial control should be considered not only in terms of evaluating the effectiveness of work bodies state control, but also in terms of performance budgeting and spending of budget and extrabudgetary funds.

Keywords: financial control, state control, effectiveness, state financial control, budgeting, budget fund.

Introduction

Among all the problems related to state financial control main one is the problem of efficiency, namely the efficiency of using budgetary funds and state property and efficiency of the state financial control. (Pihockyj, 2009).

Due to the nature of finance and content of public financial control, we can assume that the effectiveness of state financial control should be considered as efficiency of forming and the use of state financial resources and the effectiveness of state financial control in terms of system, which is governed (effectiveness of the activities of financial control, methods of implementation).


Method

Same time, the study of the efficiency of public financial control and determine its criteria, despite the publication of this problem is still logically incomplete. Thus, in the economic and legal literature, the effectiveness of state financial control is limited, the vast majority, only the evaluation of the effectiveness of activity of organs state financial control. Quite an important aspect when it should be that to be effective and the formation budgets of all levels and expenditure of budgetary and extra-budgetary funds, describing the quality of management of state resources (financial, material, labor, natural, etc.) and show how appropriate and efficient used taxpayers' money to fulfill state constitutional functions. A performance of budgets at different levels always aims to get some results in the expenditure of state resources. Hence, the importance of efficiency of state financial control and logical incompleteness of scientific developments on criteria of efficiency, determine the need for continued research in this area.

The objective of the paper is a generalization of existing approaches on criteria for evaluating the effectiveness state financial control in the theoretical and practical aspects and substantiation of necessity along with the evaluation of the effectiveness of activity of organs state financial control to assess the effectiveness of budgeting at all levels, as well as spending budget and extra-budgetary funds.

Research of efficiency as an economic category, the analysis of the efficiency of labor, material and financial resources reproduction public good requires isolation of each resource to analyze its motion for phases (stages) playback. With regard to financial resources analysis covers only those phases where occur financial relationship. This phase distribution and exchange, in which the apparent distribution and control functions of finance (Godunov, 1967, p.16).

The starting point for the development of the methodology of efficiency of state financial control is to identify criteria for measuring the effectiveness of financial management. It is necessary to distinguish between the theoretical and applied aspects of research. In the theoretical analysis it is important to uncover the foundations of reproductive development of economy and finance, and applied - to identify and articulate
the specific parameters for calculating the effective control of the financial management system at the stage of formation, distribution and use. The effectiveness of financial control should be provided in all its forms: national, municipal, departmental, internal (intrafirm), independent, public.

Moreover, the criterion (from the Greek word "kriterion", which means tool for judging, a measure of comparison, evaluation) in this case is a means of evaluating and comparing different versions of the control system operation, serves as generalizing the interaction result of its elements.

N. Shevchenko defines criteria for evaluating the effectiveness of state financial control as security for maximizing the ratio obtained result of the implementation of control measures to incurred costs (time, material and manpower, money) while simultaneously maximizing the number of detected offenses and to minimize the difference between the detected and actually reimbursed by the state losses a result of inspections. This approach allows us to provide a comprehensive assessment of the effectiveness of three-state financial control by matching the ratings of economic expediency of measures of state financial control, their performance (in terms of detected offenses) and effectiveness (the compliance results achieved potentially possible) (Shevchenko, 2011, p. 10-12). In this case, the researcher stresses the need to assess the effectiveness of multi-state financial control at the individual budget entity (department, employee), the region and the country as a whole, which involves drawing up a list of indicators for the evaluation of the groups, the effectiveness and of economic expediency of measures of state financial control, standard definition for each of them and their importance by interval estimation, generalization of the results within an integrated display.

In our opinion with the above approach is basically impossible to agree. However, to assess the effectiveness of integrating state financial control and evaluation necessary to provide such efficiency at the industry level economic complex well as on the state (national) and international special programs financed by the state budget.

The effectiveness of state financial control can be determined using the methods for evaluating the effectiveness of financial control displayed in such concepts (Zaharov, 2010):

- concept definition and evaluation of the ineffectiveness of financial control and audit G. Robertson (risk of ineffective internal control defined program evaluation of internal control institutions, the study and analysis of the shortcomings of the system of internal control. Assessment of risk of inefficiency financial control G. Robertson sees as the probability that the system control agencies do not allow to detect material errors and deficiencies in reporting. For this analyzed control environment agencies - "a set of characteristics that define the service relationships" (Robertson, 1993, p. 137), the institution accounting system and control procedures);

- concept of identifying and evaluating the effectiveness of financial control and audit F. Defliz, H. Genik, W. O'Reilly, M. Hirsh (effectiveness of financial control proposed to evaluate statistical and non-statistic methods. Statistical method, called "selective test for qualitative features" (Defliz et al., 1997, p. 252), is that when testing the effectiveness of control applicable "assessment some signs of actual proportions in the general population"(Defliz et al., 1997, p. 252). Thus the sign should be clearly defined and be able to be confirmed. Then "the results of the sample are projected onto the general totality and statistical calculations, performed to measure the accuracy and reliability of results sample" (Defliz et al., 1997, p. 252);

- concept of criteria for evaluating the effectiveness of financial control E. Arens and J. Lobek (by sampling and establishing performance criteria such as "a characteristic that has developed"(Arens, 2003, p.546), that is, how the activities of the organization are better or worse; "comparative performance" (Arens and Lobek, 2003, p. 546) - economic entities under which the financial control, more is not unique in its field as indicators of their performance can be compared with those of similar businesses and as a result to estimate the performance of the object to be controlled; "discussion and agreement" - when "develop objective criteria for complicated and expensive" (Arens and Lobek, 2003 p. 547). Then they just get through discussion and agreement);

- concept definition and evaluation of public financial control V. Zhukov, S. Oponyshev, M. Melnyk and Yu. Voronin (M. Melnyk - according to criteria of effectiveness, efficiency and productivity. Evaluating the effectiveness "means primarily an assessment or impact of the program, an assessment of the extent to which the results match expectations" (Ivanova et al., 2007, p. 65). Effectiveness reflects the degree of achievement of the objectives institutions (both general and very detailed; Yu. Voronin - according to criteria performance, efficiency and effectiveness. Effectiveness - "timely and qualitative achieving the social and economic goals
and objectives" (Voronin, 2005, p. 253); "Economic activity is considered in which to achieve the established service quality using less public funds" (Voronin, 2005, p. 222), "effectiveness" is defined as "the implementation of the results of control and auditing and expert analysis activity" (Voronin, 2005, p. 223) - the number of executed instructions and introductions, the amount of funds returned to the budget, the amount of money returned to facial accounts, V. Zhukov and S. Oponyshev - separation structure efficiency of public financial control, which includes a "national economic effectiveness and efficiency of operations of public financial control" (Zhukov and Oponyshev, 1999, p. 468). In the conduct of state financial control can get the sum of the effects that are classified as social (change (improve) the social environment as a result of inspections), organizational (supply and take measures to improve the structure of the executive branch, resulting in reduced excess layer of management or creating new, operating effectively) and economic (budgetary and extra-budgetary funds by the executive authorities and government agencies that are the result of an improvement in their activity) effect).

K. Zaharov offers presented Mykola Melnyk and Yu. Voroninym criteria complement the criterion of "compliance", with which compliance is determined by the relative effectiveness, efficiency, productivity and effectiveness of such activities or programs, and conducted an analysis of the results (Zaharov, 2010). He also introduces the concept of "intermediate effectiveness of the activity of organs state financial control", which is expressed as the ratio of the amount returned to the federal budget and the budgets of federal funds, and fines on the results of checks to the costs of the activities of public financial control (Zaharov, 2010).

Among the criteria for the effectiveness of the external financial control singled out as follows (Pavlova, 2006):
- effectiveness (identifying the amount of funds used illegally, inappropriately);
- efficiency (final specific activities carried out by the Accounting Chamber)
- cost (the cost to the entity controlling the operation and costs of its implementation), the intensity and dynamic control of activities.

Results

In this case, states that as part of the preventive audit function focuses on the budget process in the region expert analytical research project budget is necessary to forecast the expected performance of various expenditure items and search costs, which is characterized by an increased likelihood of potentially inappropriate / ineffective use of funds. Hence, to assess the potential for misuse of funds should be used theoretical-probabilistic criterion is the potential likelihood of the use of finances, to assess the likelihood of misuse of budget funds in financial control. In the process of using budget expenditures realized some set of financial and business transactions, which may change as a result of performance indicators. Based on expert estimates calculated bond parameters of financial or commercial transactions with indicators of effectiveness. Detected by monitoring the trends of indicators of efficiency, and in the event of a substantial and permanent weight taken appropriate action.

Among the criteria for the effectiveness of state financial control singled out and reduce transaction costs, since the absolute efficiency of the control measured ratio of transaction costs of implementation and the amount detected and proven financial loss to the state as excessive transaction costs in the implementation of redistributive relations (Rybachuk, 2009).

I. Basantsov emphasizes that the degree of effectiveness of control the higher, the less effort and money is spent on achieving a positive result (Rybachuk, 2009). However, in our view, such a position can hardly be entirely agree, because, first, in this case, is not fully understood, which is embedded in the concept of "positive". Secondly, it is not always minimize the effort and money helps to ensure the best ceteris paribus result of control activities.

Independence Institute financial control and transparency of its operations is the first condition of its effectiveness. Only this control actually contributes to the development and stabilization of the market system. (Basancov, 2008).

Discussion

The starting point for the development of the methodology effectiveness of state financial control is to identify criteria for measuring the effectiveness of financial management. It is necessary to distinguish between the theoretical and applied aspects of research. In the theoretical analysis it is important to uncover the foundations of reproductive development of economy and finance, and applied - to identify and articulate
the specific parameters for calculating the effective control of the financial management system at the stage of formation, distribution and use. The effectiveness of financial control should be provided in all its forms: national, municipal, departmental, internal (intrafirm), an independent, public.

Determination of effectiveness of state financial control should not be limited to the evaluation of the effectiveness of activity of organs state financial control, and should include an assessment of the efficiency of the budgeting at all levels, as well as spending budget and extra-budgetary funds, characterizing the quality of the management of public resources (financial, material, labor, natural, etc.) and demonstrate how appropriate and efficient use taxpayers' money to fulfill state constitutional functions.

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