

*Workshop: Finance, insurance and stock-exchange industry: diversification
strategic to the brief-case.*

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THE ROLE OF THE STATE FINANCIAL CONTROL IN THE ECONOMY OF THE COUNTRY

Today we can say that Ukraine during the years of reforms failed to create an effective system of state control and regulation. This situation has a negative impact, primarily on the economy. It is through the control of the formation and proper use of state financial resources made regulation of social and economic processes in society, monitoring the work of those who take the relevant decisions in this area, provided stability of the financial relationship of the state.

Ensuring effective formation and use of budget funds, which strengthens the economic power of the country and the welfare of citizens belonging to the major problems of modern economic development of our country. One way to solve it - this is to improve public internal financial control in the budget process. System of financial control of the budget process in Ukraine formed under conditions of radical changes in the political and economic systems of the state. However, it is ineffective, as evidenced by the increasing number and scope of budget violations.

The current system of today and the mechanism of public internal financial control have several disadvantages: aborted harmonized regulatory framework and a unified information and communications infrastructure; lack of coordination; failure to practice the scientific principles of the organization; low efficiency; imbalances in the system of state financial control.

These shortcomings lead to reducing the impact of public internal financial control whose main purpose is the prevention and detection of crime and increase cost effectiveness of the public sector. At present there are important scientific and practical tasks of forming an effective system of formation of the public internal financial control, develop methodical positions its operation and development, evaluation of interaction between subjects and objects of control, introduction of new forms and methods of control aimed at improving the efficiency of the budget process[1].

Analysis of the current status, characteristics of development and problems of organizational and legal support public internal financial control in the budget process showed that the integrity and effectiveness of the system of monitoring can be ensured only if the internal ordering and coordination of the organs that have a common goal but different functions and need to ensure coordination of their work.

The analysis, conducted by European experts and international organizations "SIGMA" to reform public internal financial control in Ukraine, showed the need to introduce appropriate legal and organizational support for the construction of internal control and internal audit at central and regional levels[2].

In our opinion, it is appropriate to allocate priority areas of increasing the effectiveness of functioning of the public internal financial control in the budget process.

To create an efficient unified system of control is advisable to develop the foundations of its organization, define the principles, goals and objectives; form and composition of hierarchical levels of management; identify system objects; develop information support activities; create a single database and common reporting form and procedure. The system must be permanent, stable to be aimed at correcting violations and prevent them in the future at all levels of government.

Creating a new system and deficiencies of the current system of public internal financial control in the budget process shall be financed on the basis of modern achievements of domestic and world financial science and advanced foreign experience.

This system must adequately respond to the many socio-economic problems, to ensure the unity and stability of organizational and economic relations between all branches of power and cover all levels and public sector of the economy.

It must build on common organizational and methodological principles, uniform standards of operation and implementation of these objectives with a clear definition of the control and distribution of their functions and powers.

The need for development of the state financial control in Ukraine caused by the objective necessity to create efficient and effective control system to counter threats in the economic sphere, namely on: ensuring revenue taxes and duties (mandatory payments); reducing the number and scope of fiscal offenses; stabilization of fiscal discipline; strengthening the state's role in the system of financial control.

1. On public internal financial control : the draft law of Ukraine [Electronic resource] – access Mode:
<http://www.dkrs.gov.ua/kru/uk/publish/article/51285>.
2. Conception of development of state internal financial control on a period 2017 to : the approved disposal of the cabinet of Ministers of Ukraine from 24 herbares. in 2005, № 158 (With the changes brought in according to order of Cabinet of ministers from 07.09.2011 №968 is access Mode:
<http://www.dkrs.gov.ua/kru/uk/publish/article/83412>.