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## **IMPROVING THE FORMATION OF A SYSTEM OF FINANCIAL CONTROL**

**Abstract.** It is determined that the mechanisms of management tools is actually achieving goals and that the mechanisms of government always made concrete and the use of available resources, so they should also be changed in accordance with the agreed targets. Therefore, only by improving governance mechanisms improved receptor – a system of financial control and its integrity.

It is established that the improvement of the state financial control and its integrity is through the use of financial, organizational and legal mechanisms of public administration. Preferred Presidency and the role can be in a single, separately applied to the system, the polity.

The function of system-organizational mechanism of government concerning an integrated system of financial control was revealed, which is to form the internal structure of the state financial control, which is central to organizational structure, establishing and organizing the structural links between its elements, building hierarchy. That is, there are connection components of the integrated

system of financial control through their ownership and common goals and control functions, which are aimed at achieving the main goal of the state financial control.

**Keywords:** mechanisms of financial control, governance, structure, system, regulatory mechanism.

## ПОКРАЩЕННЯ ФОРМУВАННЯ СИСТЕМИ ФІНАНСОВОГО КОНТРОЛЮ

**Анотація.** Встановлено, що механізми інструментів управління — це, насправді, досягнення цілей і, що механізми влади завжди конкретні, тому вони, також, повинні бути змінені відповідно до узгоджених цілей. Таким чином, тільки за рахунок удосконалення механізмів управління можливо покращити їх рецептор — систему фінансового контролю та її цілісність.

Встановлено, що вдосконалення державного фінансового контролю та його цілісності, можливі за рахунок використання фінансових, організаційних і правових механізмів державного управління.

Функція системно-організаційного механізму уряду щодо комплексної системи фінансового контролю була виявлена, а саме, що для формування внутрішньої структури державного фінансового контролю, яка є центральним елементом організаційної структури, необхідно забезпечити створення та організацію роботи структурних зв'язків між її елементами, побудувати їх ієрархія. Тобто, є сполучні компоненти інтегрованої системи фінансового контролю, які спрямовані на досягнення головної мети державного фінансового контролю.

**Ключові слова:** механізми фінансового контролю, управління, структури, системи, механізму регулювання.

## УЛУЧШЕНИЕ ФОРМИРОВАНИЯ СИСТЕМЫ ФИНАНСОВОГО КОНТРОЛЯ

**Аннотация.** Установлено, что механизмы инструментов управления — это, на самом деле, достижение целей и, что механизмы власти всегда конкретны, поэтому они, также, должны быть изменены в соответствии с согласованными целями. Таким образом, только за счет совершенствования механизмов управления возможно улучшить их рецептор — систему финансового контроля и ее целостность.

Установлено, что совершенствование государственного финансового контроля и его целостности возможны за счет использования финансовых, организационных и правовых механизмов государственного управления.

Функция системно-организационного механизма правительства комплексной системы финансового контроля была обнаружена, а именно, что для формирования внутренней структуры государственного финансового контроля, которая есть центральным элементом организационной структуры, необходимо обеспечить создание и организацию работы структурных связей между ее элементами, построить их иерархию. То есть, есть связующие

компоненты интегрированной системы финансового контроля, направленные на достижение главной цели государственного финансового контроля.

**Ключевые слова:** механизмы финансового контроля, управления, структуры, системы, механизма регулирования.

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**Target setting.** Improving the management of public financial resources by improving the efficiency of state financial control is imperative Ukrainian society and important scientific and practical tasks of Public Administration.

State financial control is an essential lever general mechanism of government, hence the need to build a system of financial control which fully implemented the control function of public finances and performance of the State's powers.

Given that the mechanisms of governance actually are tools of achieving goals and that the mechanisms of government always specific and made the use of available resources, so they should also be changed in accordance with the agreed targets.

Thus, only by improving the mechanisms of governance improved receptor – a system of financial control and its integrity.

**Analysis of recent research and publications.** Question justify public administration development of certain sectors of society, the definition of the functions of government and its mechanisms reflected in the works of scholars such as O. Amosov, G. Atamanchuk, V. Bakumenko, A. Dyehtyar, V. Dzyundzyuk, V. Kalyuzhny, V. Kirilenko, V. Knyazev, V. Korzhenko, O. Korotych, A. Kuznetsov, M. Latynin, T. Lozynska, S. Maistro, N. Meltyuhova, N. Mironova, A. Monayenko, G. Мо-

stovy, N. Nyzhnyk, O. Obolensky, N. Orlaty, G. Odintsova, O. Radchenko, V. Rybachuk, T. Savostenko, O. Semenova, I. Streltsov, Y. Surmin, O. Sushynsky, O. Fedorchak.

Investigation of formation of the system of financial control mechanisms and its implementation is an urgent both in theoretical and in practical terms, hence the importance of the subject article.

**The purpose of the article** – to prove theoretical approaches and to develop measures to improve the mechanisms of formation of public financial control.

**The statement of basic materials.** The impact of governance mechanisms in the system of state financial control believe that improving the system of financial control and its integrity is through the use of financial, organizational and legal mechanisms of public administration.

Comprehensive disclosure to improve the system of state financial control in order to develop its entirety, the author's vision, achieved a harmonious combination influential and implementation mechanisms of government, financial, organizational and legal. Preferred Presidency and the role can be in a single, separately applied to the system, the polity.

The first phase will consider the role of the financial mechanism of government. According to the author's definition of a financial mechanism

of government is a tool to implement control functions of finance and public administration, because it is the basic mechanism for improving the system of state financial control, due to its nature concerning the system of state financial control, financial security, budget system, public finances and financial state system:

- The purpose of the financial mechanism of government is to build the integrity of the state financial control, leading to its improvement;
- Construction and operation of an integrated system of financial control is able to provide the state required level of financial security through comprehensive control over its structural elements – security and fiscal debt security;
- Used in the public system during the budget process;
- Used in the public administration associated with the formation and use of public finances and their control;
- Ensure the effectiveness of the implementation of finance and financial relations in the country within the financial system.

The second stage is to outline the role of organizing the polity.

System-founding function of institutional mechanism is to form the internal structure of the state financial control. It creates the structure of the system is established and organized structural links between its elements, upset the hierarchy. Improving institutional mechanism enhances the managerial capacity of the system. That, in turn, by enhancing the manageability

of the system of financial control can improve the overall level of public administration in Ukraine.

Theoretical and methodological principles on which the institutional arrangements are based in the management of state, in practice, are implemented through regulatory mechanism. This includes an integrated system of financial control, where this provision is reflected in the manner in which its internal structure and relationships formed via organizational mechanism and external realization and implementation of the assistance is legal mechanism.

Improving and streamlining the organizational structure of the mechanism of an integrated system of financial control, should find appropriate reflection in the legal mechanism for their implementation in practice of state financial control.

Election direction of development is through institutional mechanism of government.

The study of organizational mechanism of public financial control should identify the main elements of its structural construction, and then to examine shaping vectors.

Investigating the structural building institutional mechanism system of financial control to perform a series of related tasks, such as:

- Classified methods and forms of control on the basis of compliance methods and forms of control to determine their compliance species control;
- Prove the expediency principle of periodicity and commitment in carrying out audits kinds of entities of state financial control;

- To prove the unity of the constituent elements of an integrated system of financial control through their ownership and common goals, functions, forms and methods of control, to achieve the overall objective of financial control;
- To formulate the results of scientific achievements of the author's vision of integrity of public financial control by types, methods and forms of control.

Now you need by analyzing the structural components to determine the internal construction of an integrated system of financial control.

Exploring the organizational mechanism integrated system of financial control should determine that it is central to the organizational structure. It is through the organizational structure of the system maintains its integrity and ability to resist outside influence. The organizational structure is the core of an integrated system because it is the center of all structural, shaping relationships that integrate unified system of holistic education.

The integrity of the organizational structure as a central link institutional mechanism can be defined in several ways:

- First, the ability of the organizational structure of the objectives defined;
- Secondly, the ability to optimize the structure and shaping relations, which increases the efficiency of the organizational structure of a particular way and the system as a whole.

The author distinguishes between the concept of “structural links” and

“form-building connections,” continue to study, structural constraints we understand these connections between the elements that form the internal structure and environment are not detected in the environment.

On the contrary, form-building connections taking its roots in the middle of system structure, form its external form — they are the vectors by which the structure occupies a special place in the institutional arrangements system and in government in general.

It is the form-building communications system gradually directions of its development in structural they become double, and their place is occupied by a new form-building connections.

The concept of organizational structure closely related to the functions of the system. The registration mechanism combines the essence of the organizational structure of the functions that it must perform, that ratio appears essential nature and integrity of the system — the main purpose of the system and how to achieve it.

Exploring the integrity of the state financial control should be noted that its main purpose, including Finance is to achieve security of the state, which is the implementation of appropriate control measures and institutional building public financial control system that is able to achieve a particular purpose. Thus, the internal integration institutional mechanism should be aimed primarily at achieving the main goal of the public financial control its functions — determined in accordance with the purpose.

Unity of purpose and functions of the state financial control will allow the structure to form an effective insti-

tutional mechanism that is motivated to further comprehensive study and find ways to improve the structure and integrity of the system of financial control in general. Defining the main goal of the public financial control exactly how the safety of public finances, we give it public importance and raise it from a purely application element of public administration to public social security institution. Control over the formation and use of budgetary funds is of great importance both among state priorities identified just channeling public funds through reallocation of public funds in the budget process. Under what system of financial control can be left aside areas forming social budget. Therefore, the development budget may build only the effective functioning of the financial control system that can detect and prevent violations of financial discipline, without building an integrated system of financial control all efforts for the formation of a balanced and adequate budget will be reduced to zero.

The urgent need to systematize and streamline the regulatory mechanism of financial control is dictated by several reasons.

First State Financial Control has a great social significance as it is the highest control of public finances.

The most important questions of the formation and distribution of governing the Code – The budget that has undergone the second edition, customs and tax that passed recently, so system-legislative regulation on State Financial Control also should be a code that will fully realize the public management oversight of public financial resources [1; 2; 3; 4].

An analysis of the regulatory mechanism made it possible to establish that the activities of the institutions of state financial control governing regulations of different levels – from the Laws of Ukraine to the orders of the central executive authorities. Therefore, the development and adoption of the Code of the State Audit Ukraine fail a single methodological basis under regulatory mechanism integrated system of financial control and prevent violations of the principles, methods and forms of control.

Thirdly, there is a need for debugging the current regulatory mechanism that regulates the activities of financial control based gains international experience. In the face of the Accounting Chamber of Ukraine is a party to many international organizations are constantly improving the methodological basis of state financial control. And implementation of the declarations and resolutions adopted at international congresses regarding the functioning of the state financial control is only possible by appropriate legislation backbone, namely the State Audit Code of Ukraine.

Fourth, as has been repeatedly emphasized unacceptable situation to control revenues to the state budget, the formation of the budget deficit, the formation and use of public and publicly guaranteed debt since the adoption of the Code of the State Audit Ukraine currently make it impossible to inefficiency and strengthen the accountability of the budget process.

Fifth, a large number of existing normative acts unrelated to each other, so do not form a coherent system of financial control. For reasons which

need involve shaping the synergistic function of an integrated system that is the ability of self-building system by system-development and adoption of legislation – the State Audit Code of Ukraine.

Justification feasibility of adoption of the Code of the State Audit Ukraine due to the following:

- Determining the integrity of the state financial control enabled to comprehensively cover its qualitative characteristics, compile and organize all party ties plurality of elements in ways caused by inside and hierarchical relations between them, form a higher-level system that is capable of self-development, which functions as a coherent institutional education. Without an understanding of financial control as a system that has form and maintain its integrity can't cover the need for system-legal act format Code State financial control;
- Research and determine the degree of the integrity of the state financial control, scientific research of the quality criterion of the integrity of the system, is the ability of the system to implement control measures of the total public funds all kinds of control on the basis of principles, methods and forms of control serves strategic goals achievement a degree of integrity of the state financial control. The adoption of the Code of the State Audit foot lift integrity of public financial control by full coverage revenue and expenditure parts of the budget resources all types of control;
- Formulation of general purpose integrated system of financial control that is comprehensive and universal protection of property and financial resources of the state. Defining the main goal of an integrated system of financial control commitment provides all the control measures that should be enshrined in the Code of the State financial control and strengthen the relationship between the structural elements integrated system and harmonizing their interaction;
- Separation methods and forms of control by determining the method of control, as a combination of specific methods and means of implementation and control actions made it possible to determine the space exercise supervisory powers and offer to fix it in the Code of the State financial control;
- Determination of the functioning and development of an integrated system of financial control that the principles of inclusiveness control – mandatory, frequency and priority lay in the basis of analysis of the functioning of financial control and further rationale for adoption of the Code of the State Financial Control, which was to establish and consolidate using legal mechanisms in law unconditional adherence to these principles. The principles of commitment, the frequency and priority that laid the basis for the Code of the State Financial Control will serve as the cornerstone of the integrity of the state financial control.

In the development of the State Audit Code must comply with certain provisions that already exist in the territory of the regulatory mechanism of public financial control, including:

- Higher education oversight body and the necessary degree of independence should be laid down in the Constitution, the details can be installed applicable law. The authorities can't be absolutely independent because they are part of the state as a whole, though such a higher controlling authority should have the functional and organizational independence required to carry out its tasks. The Supreme Audit Institution shall check the activities of the government, its administrative management and any other subordinate government body. This does not mean that the government is subordinate to the higher supervisory institution, it just means that the Government fully responsible for their actions and mistakes can not exempt themselves from responsibility;
- Implementation of structuring or group of state financial control on the basis of competence in relation to the object and the subject of control in three groups: highest state financial control; external state financial control; State internal financial control.

Based on the research, believe appropriate to make the following copy-right proposals should serve as basis for the development of the State Audit Code:

First of all, the Code of the State financial control are secure types of financial control in line with the group, in a higher, external and internal state financial control, followed by the introduction of:

- The creation of two institutions composed of top state financial control – one for controlling the flow of funds to the state budget from the legislative branch, the second to monitor the spending of the state budget and the use of state property by the executive branch. Given the desire to balance the budget, control the flow of funds to the state budget are equally weighted as earmarking state budget and the fact that both the budget process due to the presence of two parts: revenue and expenditure, and in control of the budget funds should be two components: control the flow and control of expenditure of funds.
- Consolidate the group consisting of the state financial control of three control subjects, using the defining signs – competence with respect to the object and the subject of control and on the functions, tasks and powers of government – the subjects of the government, according to current regulations and legal acts regulating their activities.
- Consolidate the internal state financial control and structure of control audit units within ministries and other central executive authorities, local authorities, the main managers and lower level of budget funds of local governments.



Second, the State Audit Code has regulated institutional mechanism of state financial control different branches of government, both the executive and the legislative, followed by the introduction of:

- Identifying and fixing types, principles, forms, methods, components and nature of control as a set of components of the integrity of public financial control;
- Should be enshrined bound hierarchical relationships in a coherent system of financial control, by introducing compulsory control of the control of the higher powers in respect of the implementation of control subjects of internal and external state financial control, that is the subject of another control is both subject and control to another group. What will help increase the quality integrity by introducing self within an integrated system of financial control. Thus, we can overcome institutional trap (established, ineffective rule of conduct for public institutions), which is a manifestation of uncontrolled exercise of their supervisory powers;
- Consolidation of the entities conducted separate kinds of public financial control inherent methods and forms of control based on their own characteristics and objectives and will help secure the integrity of the state financial control systematized norm of law, which will help avoid duplication, different directions, mutual exclusion between entities control;

- Refuse the division of internal state financial control (internal control) on internal control and internal audit referred to is not appropriate for the lead to methodological confusion that is the substitution of species and methods of control, that is audit – a control method is proposed to allocate a separate species control and which forms an extra structural surplus in the form of the creation of separate departments.

Third, by the State Audit Code must establish and ensure the independence of public financial control, especially such controls as:

- Higher state financial control;
- Internal audit, in particular by strengthening its independence from the executive organs of local government, through the formation of local council only individual executive body of the local council of accountability and accountability to an appropriate welcome.

**Conclusions.** The study defined set of mechanisms to improve the system of state financial control in order to develop its integrity enables to get a scientific result as determining the extent and degree of influence of each of the mechanism. This allows you to carry out further scientific exploration in the direction of improving the system of financial control by implementing financial, organizational and legal mechanisms of governance that are in harmonious combination, complement each other and are aimed at achieving its integrity.

Determining the mechanisms of formation of a perfect system of financial control, quality characteristic of which

is its integrity, allows the author to propose a conceptual model of an integrated system of financial control.

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