

Effectiveness of State Financial Control at the Federal and Regional Levels

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Abstract: The article conducts a research of state financial control from the standpoint of its effectiveness. In particular, it analyzes: regulatory control at the federal and regional levels, practical problems of spending budget funds, assessment of effectiveness of control, including the responsibility of bodies. The author's position comes down to considering state control as a system, the elements of which must interact in coordination. If there is an interrelation between regulatory control at all levels, the availability of transparent procedures and methods to overcome the practical problems of spending budget funds, as well as the measures of responsibility of financial control bodies, it can be said about its effectiveness. The analysis of the legal phenomena under consideration is carried out through the understanding of the unity of the purpose of state financial control, which is consistent with the idea of effective spending of funds by budgetary organizations. The conclusion summarizes, that organizational measures should be taken both at the state and municipal levels. The purpose of this work is a systematic analysis of state control and the development of measures to improve its effectiveness. The identification and substantiation of such proposals correspond to the feature of scientific novelty. The materials and results of the research can be used as a theoretical basis for the further scientific development of topics, related to the development of state financial control both at the federal level and at the regional level


1 INTRODUCTION


The advantage of the public sector is the transparency of budget spending. The population, as the only source of power in Russia, has the right to know for what purposes budget funds are being accumulated (Minashkin, S.A., 2016).


There are two forms to determine the reliability of financial documentation: state financial control and effectiveness audit of government costs. The integration of these forms has taken place recently. The audit is used in order to confirm the reliability of financial statements, as well as to develop recommendations for correcting violations. The audit is extremely important and necessary because confirms the compliance of financial transactions with budget funds and state property with financial

documents, analysis of effectiveness. The audit not only establishes the reasons for the unprofitableness but first of all, gives recommendations on how to correct the situation. The introduction of effectiveness audit into the system of state financial control will expand the activities and powers of controlling bodies, and ensure effective management. Effectiveness can be ensured only if the state control covers all levels: from the federal to the level of municipalities.

Effectiveness audit requires reforming the structure of state financial control, a qualitatively new and modern approach, that would meet the economic interests of the state (Nazaretyan, D.G., 2016).

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2 REGULATORY CONTROL OF FINANCIAL CONTROL AT THE FEDERAL AND REGIONAL LEVELS

Currently, in the Russian Federation there are more than two hundred acts of the federal and regional levels, acts of local self-government bodies, that control relations in the field of financial control. The Tax Code of the Russian Federation contains chapters on financial control. Currently, delegated legislation is in force, in particular, the Decree of the President of the Russian Federation "On the system and structure of federal executive bodies", etc.

The constituent entities of the Russian Federation also adopt numerous acts, that control relations in the field of financial control, including special ones. By the nature of these acts, and, despite the specific content and volume, it is possible to try to form them into homogeneous groups.

So, the first group unites the main acts of the constituent entities of the Russian Federation - the Constitutions and charters of the constituent entities of the Russian Federation, which contain general regulations on the bodies, exercising financial control. Regional regulations reveal the specifics of the organization of control and accounting power in a particular region, therefore they play a special part in the system of sources of legal control. Relevant regulations may be contained in the laws of the constituent entities of the Russian Federation, as well as in regulatory legal acts of the sublegislative level, adopted in accordance with regional laws.

The second group can include the laws on the budgetary structure, budgetary process, adopted mainly in all constituent entities of the Russian Federation, and in which articles or chapters on financial control are highlighted.

The third group of acts is constituted by the laws on the audit chambers of the legislative (representative) bodies of state power of the constituent entities of the Russian Federation, these are important regulations, controlling relations in the field of financial control.

The laws of the constituent entities of the Russian Federation on state financial control contain regulations, controlling the organization and activity of regional control and accounting bodies. Such laws usually confirm the organizational and legal foundations of state financial control, carried out at the regional level, its principles, methods of implementation, determine the place, that control and

accounting bodies occupy in the institutional system of regional state financial control.

Other regulatory legal acts, controlling the activities of a regional control and accounting body include, first of all, local (internal) regulatory legal acts, adopted by the regional control and accounting bodies themselves, as well as various contracts and agreements, that govern the interaction of control and accounting bodies with each other and their cooperation with other state bodies.

The fourth, small group, consists of special acts on financial control. Such acts are adopted only in certain regions of the Russian Federation.

For example, the Law of the Volgograd Region No. 1800-OD dated December 04, 2008, "On State Financial Control in the Volgograd Region" contains regulations, establishing the inspection by the state financial control bodies of the Volgograd Region of compliance by the objects of state financial control with the budgetary legislation of the Russian Federation, the legislation of the Volgograd Region and other regulatory legal acts, controlling budgetary legal relations, and the effectiveness of the use of state financial and material resources.

The fifth group includes acts of the executive bodies of state power of the constituent entities of the Russian Federation. In accordance with Art. 269.2 of the Budget Code of the Russian Federation, the procedure for exercising powers for internal state financial control at the regional level is determined, along with the Budget Code of the Russian Federation, by regulatory legal acts of the supreme executive body of state power of the constituent entity.

Article 51 of the Law of the Pskov region No. 769-OZ dated June 6, 2008 "On the Budgetary Process in the Pskov Region" establishes, that internal state financial control is carried out by the regional administration and the financial department, and the procedure for exercising the relevant financial and control powers is determined by the regional administration.

State financial control legislation often becomes a problem. The interrelation of all regulatory legal acts is of great importance in the formation of the basis: in order to prevent situations, when there are several regulations, but still no control. The duty of the legislator is to objectively review the legislative basis and eliminate situations of lack of regulatory control.

Today, it is obvious, that the Federal Law "On State Financial Control" needs to be adopted to clarify all powers, functions and other gaps. It is possible to improve the quality of financial management only by eliminating all the

nonconformities (Kulaev, M.O., 2013). Currently, there is a model law "On State Financial Control", which was adopted at the twenty-fourth plenary session of the Interparliamentary Assembly of the CIS member states, which sets guidelines, that can be used as the basis for federal control in this area. Determination of these foundations at the federal level will make it possible to assess uniformity and identify shortcomings of regulatory control at the regional level.

3 REGULATORY CONTROL OF FINANCIAL CONTROL AT THE FEDERAL AND REGIONAL LEVELS

Currently, the sphere of spending budget funds has a number of practical problems. These problems, of course, are reflected in the effectiveness of state financial control. Let us pitch upon the analysis of some of the most relevant of them.

One of the problems is the overpricing of contracts, which leads to ineffective use of budget funds. If the requirements for the selection of a supplier, the method for calculating the initial price and the established restrictions are met, then in fact, the controlling bodies do not have the opportunity to take measures against such a customer.

So, for example, judicial practice indicates one of the reasons - the procedure for applying methods for determining the initial price of a contract in the Methodology of the Ministry of Economic Development is advisory in nature. In one of the cases on a claim of the OFAS of the Murmansk Region, the arbitration court concluded, that the auction documentation, contained a justification for the initial price of the contract and complied in this part with the provisions of clause 1 of Part 1 of Article 64 of Law No. 44-FL. The defendant's references to the violation by the Procurator's office of the provisions of clause 3.7 of the Order of the Ministry of Economic Development of Russia No. 567 dated 02.10.2013 "On Approval of Methodic Recommendations for the Application of Methods for Determining the Initial (Maximum) Price of a Contract, the Price of a Contract, Concluded With a Single Supplier (Contractor, Executor)", were not accepted by the court. Law No. 44-FL does not contain a certain procedure for establishing and justifying the initial (maximum) contract price), according to the number of requests sent and comparable market prices.

The solution to this problem will be market research, as well as monitoring market prices and confirmation of price range, increasing responsibility by introducing such an administrative violation (Miheeva, O.A., 2015).

Another problem is the procurement of goods, the demand for which is either not present or functionally broader. And again, existing legislation is unable to solve this problem. Since the establishment of the quantity, quality, price range will not affect, it is necessary to have authority within the framework of refusal to conclude a contract. The goal of solving all the problems is the same - this is, first of all, the saving and rational use of budgetary funds.

4 ASSESSMENT OF THE EFFECTIVENESS OF STATE FINANCIAL CONTROL

One of the problematic dilemmas in the field of state financial control is the assessment of its effectiveness. The effectiveness of control implies the ratio of compensated damage to the cost of its implementation. Effectiveness is characterized by performance, efficiency and cost effectiveness. And at the moment, the legislation does not formulate criteria for assessing the effectiveness, efficiency and cost effectiveness (Kirichenko, S.V., 2015).

In practice, each controlling body determines the criteria and creates formulas for the assessment. In such a situation, it is almost impossible to clearly assess the effectiveness, to compare all the controlling bodies with each other.

These problems reduce the cost effectiveness, which is unacceptable in the current difficult economic and geopolitical situation. Problems can turn up the heat and prevent from the further development of the economy. An analysis of work experience will stimulate the improvement of legislation and the entire system of state financial control. Awareness of the benchmark for further development helps to improve the field of financial and budgetary relations.

An obstacle in identifying problems in the field of state financial control is, that currently there is no methodology for assessing the effectiveness of financial control. Without a full assessment, it is impossible to minimize costs and detect incompleteness in the financial control system.

5 RESPONSIBILITY OF FINANCIAL CONTROL BODIES

One of the main difficulties in the full implementation of state financial control is the lack of a structured system of state financial control. The system should be hierarchical and provide for active interaction between elements and participants.

Most of the authors tend to the point of view, that the structure of state financial control lacks a special supreme body. A significant disadvantage of creating a body may be the expansion of an already large officialdom. The supreme body itself already exists - the Audit chamber of the Russian Federation. There is a need to vest with additional powers, related to the coordination of the entire structure of state financial control, direct legislative initiative, consideration of administrative violations, and referring a claim to courts. The current legislation does not solve the corresponding difficulties (Sherbenko, E.V., 2016).

Another urgent problem is the insufficient level of responsibility of the state financial control bodies. With a low level of responsibility, the most important principle of control is violated - objectivity. Failure to comply with this principle entails manifestations of corruption in government bodies. The most effective measure to prevent the government financial control bodies from studying their own interests, which interfere with the conscientious performance of control functions and lead to nonobjective conclusions, could be material incentives for civil servants (Panskov, V.G., 2014).

Certain problems are caused by such a stage of control as the implementation of audit materials. The truth of the matter is the need to make effective management decisions to eliminate and prevent further identified violations, but adequate decisions are often not made, or are taken untimely or not in full.

The resulting difficulty in the implementation of the effective functioning of state financial control is the lack of adequate measures against violators of budget legislation, and the measures, that exist, are still not being implemented. To date, the Budget Code of the Russian Federation establishes responsibility for violations of budgetary legislation and provides for 23 elements of violations.

The Administrative Violations Code of the Russian Federation provides for only 3 elements of violations. In 2003, criminal liability was introduced for the misuse of budgetary funds and funds of state non-budgetary funds.

In practice, it is impossible to impose liability to those responsible for budget violations due to the fact, that the Budget Code of the Russian Federation does not define "budget violation", the law contains the concept of "violation of budget legislation."

A state contract was concluded, the subject of which was bank protection works on the sites, provided for by the Agreement on the granting subsidies, was concluded at the expense of targeted grants, allocated to the constituent entity of the Russian Federation from the federal budget as part of the implementation of the Federal target program on the terms of co-financing from the budget of the constituent entity of the Russian Federation. Works that did not correspond to the design estimates and technical specifications, provided by the customer for an open auction, were performed within the state contract. The performance of work on this site was not provided for by the conditions for obtaining a subsidy, determined by the Agreement. The acceptance of works not provided for by the project and the use of budget funds for purposes, not provided for by the program, were regarded by the courts as a violation of budgetary legislation.

Financial control, being a specific form of expression of the control function of finance in general, plays an important role in the management of public finance, creating reliable conditions for their effective and targeted use, is a prerequisite for the economic development of the regions of the Russian Federation.

6 CONCLUSION

In order to develop financial control from the standpoint of its effectiveness, according to the co-authors, organizational measures should be taken both at the state and municipal levels. It is necessary to obligate institutions at all levels to establish internal financial audit departments.

Analyzing the experience of foreign countries, we can say, that only the creation of financial management in the executive bodies and, as an integral part of it, financial control, will increase the effectiveness and performance of government costs in government control.

The implementation of these measures together will increase the effectiveness of state financial control, the ultimate goal of which is to achieve balance and financial stability (Logvinova, M.V., 2014).

The main methodological measures, affecting the development of state financial control, include:

1. Monitoring the socio-economic situation, both at the federal level and at the regional, and especially at the municipal level. To implement monitoring, it is necessary to develop a system of indicators, as well as to monitor the dynamics of financial and economic indicators and associated information and analytical activity.

2. Effectiveness audit through the approval of standards and objective quality indicators. A comprehensive analysis of the effectiveness of spending budget funds will allow to minimize costs, and an analysis of the best world standards of state financial control will allow to fully optimize the entire system.

3. Development and validation of the concepts of state financial control, with the aim of enhancing the interaction of controlling bodies and increasing transparency.

4. Combatting Corruption and Raiding. Mandatory components in this area are the examination of legislation for corruptogenicity and the internal security system.

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