

DESCRIPTION OF THE BUDGET CONTROL TYPES IN MODERN CONDITIONS OF PUBLIC FINANCE MANAGEMENT

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Abstract. The article highlights the essence of budgetary control. The features of control in the public sector performance are grounded as well as the relationship between verifiability and the controllability. It is proved that the achievement of public finance management needs its controllability. There is no alternative verifiability by ensuring controllability of budget resources. The classification criteria of budgetary control types according to the different classification criteria are developed. It has allowed to distinguish its following types: scheduled, unscheduled, previous, current, next, state, municipal, specialized, departmental, public, external, internal, solid, selective, comprehensive, effective, ineffective, centralized, decentralized, legislative, realizable, further, active, passive, available, projected, intermediate, final, mixed. The purpose of the article is to provide a classification criteria of budgetary control development, taking into account the role and functions of control in public finance management. *The subject* of the study is a set of financial relationships arising during the budgetary control due to appropriation of financial resources. *Methodology.* The following methods have been used in the process of writing: cognition, induction, deduction, analysis and synthesis. *Results of the survey.* Thus, the main directions of budgetary control implementation we can consider the following ones: monitoring compliance with procedures for preparation, review and approval of state and local budgets; the implementation of revenue and expenditure of the budget at the national and local levels control; detection of theft of public funds, as well as their misuse; accuracy of accounting control; increasing the revenue base of the state budget detection; preventive measures to combat corruption and bribery in the public sector. The author's approach to classification criteria of budgetary control types, unlike existing ones considers budgetary control as a complex in all its manifestations. It allows implementing budgetary control in full and at all stages of the budget process. It will significantly increase its efficiency and effectiveness. *Value/originality* is specified in the following items. Classification of budgetary control, which differs from previous approaches in more detail and grouping features has been improved according to: the degree of planning and subordination; control entities, stages of implementation, level of activity, time direction, nature of action, implementation and assessment according to the timing, forms of implementation, the scope that makes more effective budgetary financial management control.

Key words: budget, finance, control, financial management, budgetary control, budgetary control types.

JEL Classification: G20, G32, G38, G28, G29

1. Introduction

Effective implementation of the state control functions in the financial sector largely determines the level of trust in society and business to government authorities, coordination of individual components of the budgetary system. Forming an effective control mechanism of the Cash Flow Budget is made according to adequate conditions of modern financial practices and the transformation of economic relations. It affords to determine the ability of supervisory authorities to respond quickly to violations of budgetary discipline, as well as to be responsible for the legitimacy of the appropriation of financial resources and

their filling of all budgets. It causes the necessity budgetary control specifics investigation and its classification types' allocation.

The fundamentals of control state function implementation in the public sector lies in scientific works of scientists, including, in particular: O. Andriyko (1999), S. Zelenskyi (2011), M. Zabashtanskyi (2011), L. Kovalenko (2011), V. Fetisov (2003), V. Shevchuk (2014), V. Chernadchuk (2011). However, despite the constant paying attention to the area studied by both scientists and practitioners, some issues are insufficiently known, particularly for budgetary control performance.

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2. Classification criteria of budget planning types

Assignment of control in the public sector is extremely high, because this type of control is aimed at detecting deviations in the formation and appropriation of financial resources of centralized fund, as well as timely adoption of corrective measures. Their resulting will make it possible to predict the situation in the future and avoid negative phenomena.

As being one of the key management functions, budgetary control at the same time is a relatively isolated subsystem. This subsystem is competent, and management process is controlled in accordance with the presence of control entities and their interaction. The absence or deterioration of any budgetary control subsystem components impairs or destroys both this management system and financial management system as a whole. The achievement of public finance management needs its controllability. According to Shevchuk V. the controllability and verifiability on the one hand, is conditioned by cause-effect relationships between them. Their correlation is interdependent, and it is additionally confirming the connectivity of controllability and verifiability (Shevchuk, 2014). Thus higher efficiency of budgetary control is achieved through its management purpose and methodological and regulatory capacity to compare regulatory and actual data. In case of minor deviations correction and review of scheduled indicators should be performed and the reasons for this discrepancy should be identified. Therefore, knowledge of the methodological and organizational principles regarding the types of budgetary control is crucial.

The following researches Kovalenko L., Zelenskyi S., Zabashtansky M. distinguish the following classifications of budget control (L. Kovalenko, S. Zelenskyi, M. Zabashtansky, 2011, p. 312): according to the entity: state, departmental, internal, and independent); according to the timing (forms): previous, current, next. We consider this classification is not perfect, because it reveals only two classification features that may not fully reflect all existing types of budgetary control.

Fetisov V. notes that budgetary control should be subdivided into: state, departmental, internal, public, and independent (Fetisov, 200). This division, in our opinion, reveals it only from the standpoint of economic entities. Other researchers also distinguish two classification features:

- according to the entities performing budgetary control: control of legislative (representative) state and local self-government authorities; control of executive and administrative units; control performed by chief controllers; control performed by especial created supervisory and financial authorities and municipalities; internal financial audit;
- according to the status and functions of supervisory authorities: external and internal.

We consider this classification a broader one. It reveals the types of budget control, not only from the position of the entity, as it has been explored in the previous classifications, but it studies budgetary control, according to the status and functions of supervisory authority.

Andriyko O. distinguishes two types of budget control: general and special (Andriyko, 1999). This approach makes it possible to consider it purely on general principles. This approach, in our opinion, makes it impossible to examine all of its components in detail. In his turn the scientist Chernadchuk V. proposes the following classification (Chernadchuk, 2011):

- 1) according to the stage of the budget process:
 - budget control at the stage of drafting budgets (budget planning control);
 - budget control at the stage of consideration and adoption of the Budget and Accounting Act of Ukraine and decisions due to local budgets (budgetary normative work control);
 - budget control at the stage of budget execution (control of budget implementation);
 - budget control at the stage of preparation and review statement about budget performance and a decision due to it (monitoring the results of the budget).

Considering the following, we think it is important to take into account the following budgetary control features in determining its types:

- the scope of the specific control function of the state;
- budgeting at any level consists of various stages, which are controlled, according to the nature of the relationship between supervisory and controlled entity.

According to the mentioned, we can specify the following types of budgetary control (pic. 1).

1. According to the degree of planning:

Scheduled Budgetary Control is implemented by the supervisory authorities according to the plan of their supervisory work in the public sector.

Unscheduled Budgetary Control is the control exercised by the appropriate authorities if it is necessary and on behalf of centralized authorities according to the formation of effective and targeted appropriation of financial resources in the public sector.

2. According to the timing:

Previous Budgetary Control is carried out before the process of planning, drafting, review and approval of the budget towards the negative phenomena elimination that may lead to a decrease in the revenue part of the budget or misuse of budget funds.

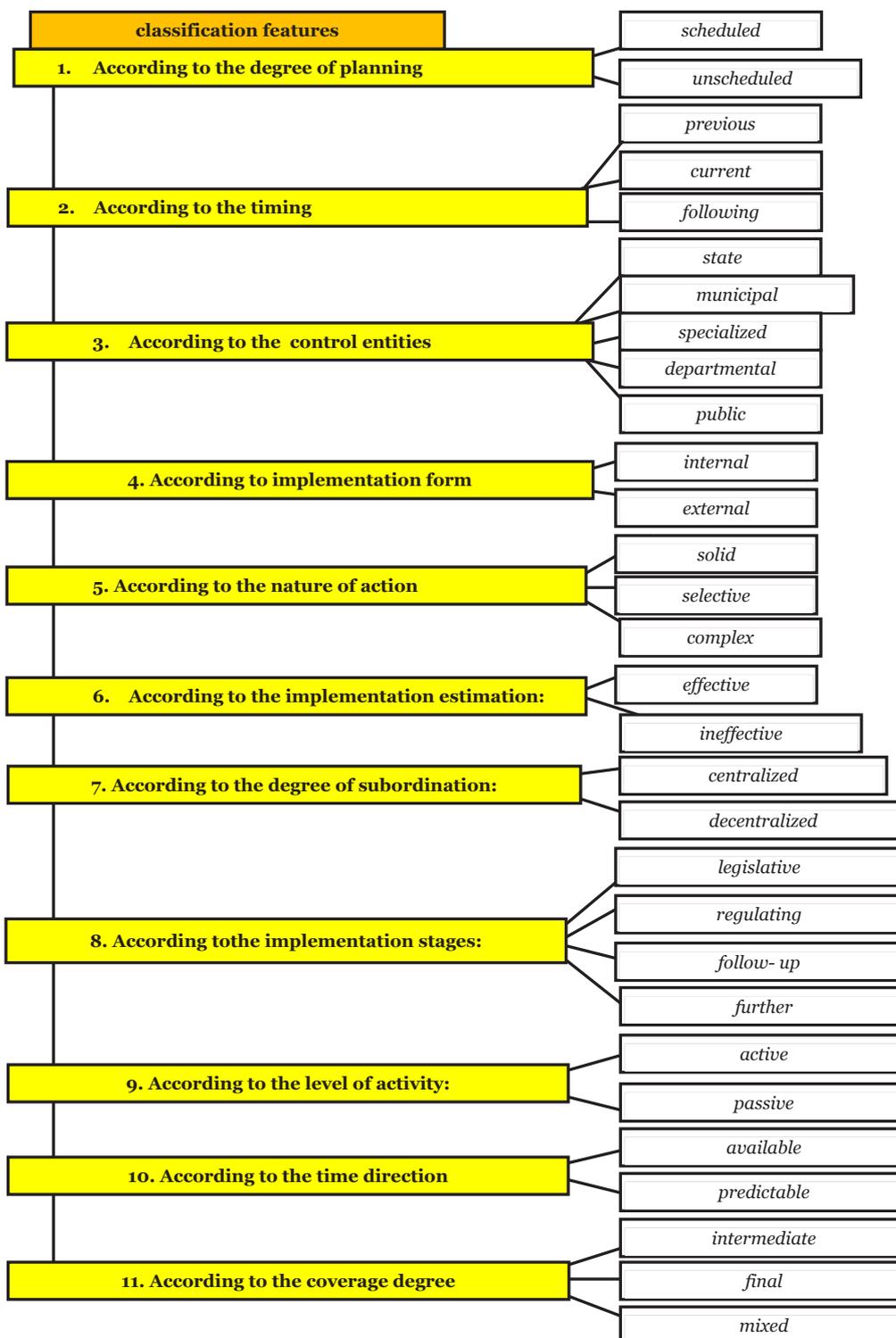
Current Budgetary Control is exercised by the supervisory authorities in the process of monitoring compliance with budgetary discipline controlled entities.

Next budgetary control is carried out after the completion of financial transactions when a specific reporting period completed. Its main goal is to establish the correctness, legality and economic expediency of the formation and appropriation of financial resources of the public sector.

3. According to control entities:

State Budgetary Control is the control performed by the centralized authorities during the budgeting implementation, as well as other issues of national importance solving in the field of formation, distribution and appropriation of financial resources of the public sector.

Municipal Budgetary Control is control performed by the local authorities during the budgeting implementation, municipal programs of development of the corresponding area, as well as other issues of local importance in the field of formation, distribution and appropriation of financial resources of local government.



Pic. 1. Classification criteria of budget planning types

Compiled by the authors

Specialized Budgetary Control is carried out by specialized government authorities in the process of preparation, review, approval and implementation of the budget.

Departmental Budgetary Control is the control exercised by authorities due to formation and appropriation of financial resources in the public sector.

Public control – is the control of centralized and decentralized authorities' activities performed by citizens on their being residents, and acting on behalf of the public. Their supervisory powers do not have legal status, so decisions on the control results are, as a rule, a recommendation.

4. According to implementation form:

External Budget Control is the state controls of the elected government authorities, specialized authorities and the public due to the legality of their organizational insubordinate their entities, which mainly deals with one aspect of the public sector activity.

Internal Departmental Budgetary Control is the control for systematic verification of the current legislation principles on the formation and appropriation of financial resources in the public sector, which plays an important role in strengthening state discipline, law in the formation of the executive authorities, increasing their executive discipline.

5. According to the nature of action:

Solid Budget Control is exercised when it is necessary to check only the most important and complex operation, and when significant deficiencies, violations or abuse in the formation and appropriation of financial resources are found. This is the most effective type of budget control, although it is the most time consuming.

Selective Budgetary Control involves financial transactions, primary documents and accounting records verification concerning the revenue and expenditure budget for the specified time intervals within a period of long-term control.

A Comprehensive Budgetary Control is performed by supervisory authorities while checking the supervised entity, its departments, subordinate enterprises and organizations to comply with applicable legislation in respect of public sector funds for a certain period of time.

6. According to implementation estimation:

Effective Budgetary Control is the control of providing the timely measures implementation performed by supervisory authorities. They are aimed at an objective assessment of the fiscal policy areas and their implementation.

Ineffective Budgetary Control is the control, providing the measures implementation performed by the certain supervisory authorities. As a result an ineffective formation and targeted appropriation of financial resources occurs.

7. According to the degree of subordination:

Budgetary Control is the control in the public sector, which is carried out by representatives of centralized power.

Decentralized Budgetary Control is the control involving authorized, local regulatory authorities supervising, which are elected through elections at the level of the separate political unit.

8. According to implementation stages:

The Legislative Budgetary Control is the control exercised by the Ministry of Finance during the planning, formation and presentation of the draft budget for consideration.

Regulatory Budgetary Control is the control exercised by the Parliament according to the established rules in the process of consideration and approval of the budget.

Realizable Budgetary Control is the control exercised by the competent authorities, agencies and Parliament (in attracting additional assignments) at the stage of budget execution and its revision.

Further Budgetary Control is the control involving a set of methods and techniques using performed by special authorities or parliamentary committees in the process of the financial statements checking as a result of the budget implementation.

9. According to the level of activity:

Active Budgetary Control affects the supervised entity through regulation function within the parameters set by the law.

Passive Budgetary Control involves the use of budget analysis in the implementation of control activities in the public sector as one of the control means.

10. According to the time direction:

Available Budgetary Control is the control implemented by the supervisory authorities towards the attainment of the fiscal policy objectives in a correspondent time period (or term) based on the real current statement.

Predicted Budgetary Control is the control when supervisory authorities seek to avoid negative phenomena in the formation and appropriation of financial resources based on predictions of the future financial standing according to previous and current analysis.

11. According to the coverage degree:

The intermediate Budgetary Control is the short-term control implemented by supervisory authorities on intermediate financial statement towards gaps identifying that may occur in the future. It can cause serious negative consequences in the future.

Final Budgetary Control is the control that characterized by its long-term nature exercised supervisory authorities by the results of the annual financial statements toward determining the level of efficiency of formation and appropriation of financial resources.

Mixed Budgetary Control is the control providing simultaneous intermediate and final controls in the course of the budgeting.

According to the mentioned classification it is seen that today we can distinguish many types of budgetary control. Their implementation will significantly increase the level of efficiency and in the future it will make possible to improve its action mechanism.

3. Conclusions

Thus, the main directions of budgetary control implementation are the following ones: monitoring compliance with procedures for preparation, review and approval of state and local budgets; the implementation of the revenue and expenditure of the budget at the national and local levels control; detection of theft of public funds, as well as their misuse; accuracy of accounting control; increasing the revenue

base of the state budget detection; preventive measures to combat corruption and bribery in the public sector.

The author's approach to classification criteria of budgetary control types, unlike existing ones considers budgetary control as a complex in all its manifestations. It allows implementing budgetary control in full and at all stages of the budget process. It will significantly increase its efficiency and effectiveness.

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Наталія МЕЛЬНИЧУК

ХАРАКТЕРИСТИКА ВИДОВ БЮДЖЕТНОГО КОНТРОЛЯ В СОВРЕМЕННЫХ УСЛОВИЯХ УПРАВЛЕНИЯ ГОСУДАРСТВЕННЫМИ ФИНАНСАМИ

Аннотация. В статье приведены сущность бюджетного контроля, обоснованно особенности осуществления контроля в бюджетной сфере, отражены взаимосвязь контролируемости с управляемостью. Доказано, что достижение управляемости финансовыми ресурсами в бюджетной сфере требует их контролируемости. Контролируемость является безальтернативной условием обеспечения управляемости бюджетными ресурсами. Разработана классификация видов бюджетного контроля по различным классификационным признакам, что позволило выделить следующие его виды: запланированный, не запланирован, предварительный, текущий, следующий, государственный, муниципальный, специализированный, ведомственный, общественный, внешний, внутренний, сплошной, выборочный, комплексный, эффективный, не эффективен, централизованный, децентрализованный, законотворческий, регламентирующий, реализационный, дальнейший, активный, пассивный, имеющийся, прогнозируемый, промежуточный, конечный, смешанный. *Целью статьи* является разработка классификации бюджетного контроля с учетом роли и функций контроля в системе управления финансовыми ресурсами бюджетной сферы. *Предметом исследования* является совокупность финансовых отношений, которые возникают во время действия бюджетного контроля за использованием финансовых ресурсов. *Методология исследования.* В процессе написания статьи были использованы следующие методы: познания, индукции, дедукции, анализа и синтеза. *Значение/оригинальность.* Таким образом, главными направлениями применения бюджетного контроля являются следующие: контроль за соблюдением процедуры составления, рассмотрения и утверждения государственного и местных бюджетов; контроля за выполнением доходной и расходной части бюджетов на общегосударственном и местном уровнях; выявление фактов хищения финансовых ресурсов в бюджетной сфере, их нецелевого использования; контроль за правильностью ведения бухгалтерского учета; выявление резервов увеличения доходной базы бюджета государства; проведение профилактических мер по борьбе с коррупцией и взяточничеством в бюджетной сфере. Предложенный авторский подход к классификации видов бюджетного контроля. Данная классификация отличается от предыдущих подходов большей детализацией и группировкой признаков: по степени запланированности и подчиненности, субъектами контроля, этапами осуществления, уровнем активности, временной направленности, характеру действия, оценкой осуществления и в зависимости от времени проведения, формы осуществления, сферы охвата, что позволяет сделать бюджетный контроль результативным в сфере управления финансовыми ресурсами. Это позволяет применять бюджетный контроль в полной мере и на всех стадиях бюджетного процесса, значительно повысить его эффективность и результативность.