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1.2 Modern approaches to state financial control as a means of ensuring effective use of budget resources

The implementation of the internal and external functions of the state would be impossible without the use of financial resources accumulated in centralized and decentralized monetary funds. In today's conditions, the issue of the productive functioning of financial institutions is particularly relevant. Accordingly, the use of financial resources necessitates the state's engagement in activities such as financial control.

The state's financial activity involves the creation, distribution, and application of decentralized and centralized monetary funds to ensure the fulfillment of socio-economic tasks, state functions, administration, operations, and the defense capabilities of institutions. Control over the state's financial activity ensures the organized flow of financial resources and the identification of shortcomings in financial reporting in accordance with current legislation. Financial control, as a method of effective influence, is gaining increasing importance and is aimed at the efficient use of national resources. We consider it appropriate to examine the current state of public financial control in Ukraine and highlight modern approaches to the effective use of budgetary resources.

A significant number of researchers have studied modern approaches to state financial control as a tool for ensuring effective use of budgetary resources. For instance, L. Borysenko examined modern principles of building a performance-oriented process of controlling public funds, noting that well-founded decisions and confidence in the content of the information received are among the promising directions. V. Bortnyak provided an interpretation of the concept of "state financial control" and identified its peculiarities in the system of financial management of the state. L. Vasilyeva, N. Datsiy, and V. Zaliznyuk conducted extensive research on financial control, which should correspond to the socio-economic development orientations of the state. In the article by V. Voytenko, financial control is considered as a multifaceted economic category that affects all aspects of financial relations. I.

Gryzhyuk provided recommendations for improving and rationalizing the processes of state control in Ukraine. T. Gurenko identified the main functions of state control: organizational, regulatory, analytical, managerial, compliance with which ensures an effective process of preserving state resources. D. Dolbnieva presented several examples of improving the methodology, organization, financial theory, and practice of state financial control. In the study by I. Kveliashvili, information is provided on the role of civil society organizations in financial control of state resources. A. Kolpakova identifies the primary tasks of quality financial control, including timely verification of financial resources, control over resource utilization, financial expertise, and recovery of illegally used state funds.

State financial control is one of the most important functions of public administration. It is aimed at identifying deviations from accepted standards of legality, appropriateness, and efficiency in the management of financial resources and other state property, as well as the timely application of necessary corrective and preventive measures . The economic well-being of the state largely depends on the effectiveness of public finance management.

An important type of state control is financial control, which holds a significant place in the administrative system. In Ukraine, state financial control is carried out by various government bodies and their subordinate agencies according to current legislation as necessary and within their competencies.

Overall, the function of state financial control bodies is to regulate economic processes through various forms and types of ownership, free entrepreneurship, economic independence of producers, markets, and the existence of market relations within the national economic system. This approach is considered to be the most justified, dynamic, and effective compared to administrative and legislative mechanisms .

Financial control is an essential element of management activities, organizational leadership, and one of the forms of implementing decisions of government bodies . The main content of financial control includes the following priority areas:

1. Verification of the fulfillment of financial obligations to the state by local authorities, organizations, enterprises, institutions, and citizens.

2. Control over the proper use of funds under the economic management or operational administration of state and local authorities, enterprises, institutions, and organizations.

3. Supervision of legal entities' compliance with the rules for conducting financial transactions, settlements, and money storage; and identification of internal control .

When analyzing the effectiveness of the financial control system in Ukrainian public administration, it is necessary to pay attention to a number of serious problems in its creation and implementation. The legal, informational, organizational, communicative, institutional, and methodological support of the state financial control system in Ukraine is insufficient.

The current state of the Ukrainian economy is characterized by specific features such as the decline of domestic industry, the destruction of infrastructure due to military actions, the development of the shadow economy, the constant increase in economic crime, and the emergence of new schemes for committing economic offenses. All of these factors undoubtedly have a negative impact on the overall economic situation in Ukraine and lead to serious problems in ensuring the effectiveness of public financial management. This management is the main tool for influencing the sustainable development of the country by ensuring the effective and legal administration of state financial resources.

Moreover, the current process of Ukraine's integration into the European space is accompanied by the implementation of generally recognized international norms and standards. State financial control and its reform in accordance with the requirements of the international economic community are no exception. In view of this, it is necessary to identify the structural elements of financial control and their interconnections as a coherent system (Fig. 1).

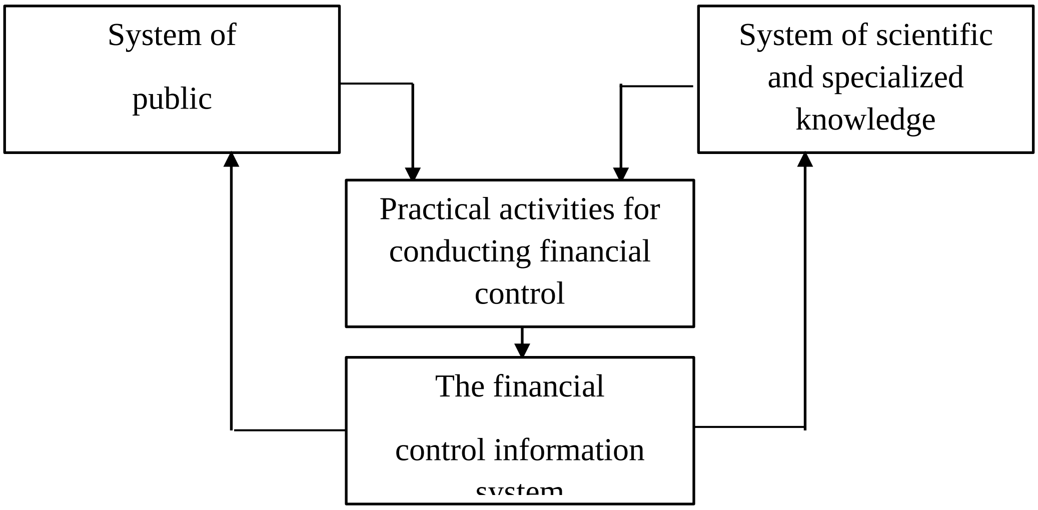

Fig. 1. Financial control according to the interaction of its characteristics.*

* Source: developed by the authors based on source [22].

The main directions for improving financial control in the current economic situation in Ukraine involve the development of a unified legal framework for the development of an effective budgetary resource utilization system and legislative consolidation of control functions by authorities and existing budgetary control procedures, as well as the modernization of methods and the organization of structure. Specifically, it is necessary to establish a comprehensive and effective national internal control system. This can be achieved through two approaches:

1. The Ministry of Finance should not only play a key role in budget preparation and allocation among ministries but also have the authority to directly intervene in financial control. This should occur through treasury officials stationed in each ministry. Additionally, sectoral ministries should have their own control units.

2. Responsibility for budget expenditure and management should be placed on the heads of ministries. The central control unit of the Ministry of Finance should carry out effective financial control.

An important aspect is the organization of internal control, which should clearly define and assign responsibilities for verifying various areas of reporting to individual employees and establish the limits of their authority in accordance with their duties. Control measures help the organization's management ensure compliance and implementation of directives at all levels of management and in all types of activities, units, and functions.

It is important to emphasize the need to change the philosophy and goals of control. The positive role of control in economic management is demonstrated by the fact that control should not be limited to merely identifying deviations. The focus should shift to preventing improper, illegal, or inefficient spending of public funds. Appropriate methods aim to strengthen and improve the quality of the state's internal financial control system and harmonize it with international experience in this area.

For effective risk assessment, the national financial control body must establish an appropriate regulatory framework, develop criteria for risk identification and rules for their assessment, as well as provide a plan for control measures (for this purpose, a risk management methodology should be developed).

Management should identify risks that may affect governance and manage them in a way that does not impact the achievement of governance goals and activity results. Risk management should be transparent, coordinated, effective, and based on public trust. Table 1 presents enhanced directions for financial control that take into account risk factors and their management.

For further improvement of the directions of the financial control system in Ukraine, it is advisable to define its main structural elements (goals, controlled and controlling entities, personnel, regulatory framework, methodology, organization, information and communication, and scientific-technical support) and stages of their organization (Table 2), investigate the basic structure of the national financial control mechanism based on a systemic approach.

Table 1

Characterization of directions of state financial control*

Type of control	Objective	Characterization of directions
State Financial Control	Improve the system of managing state finances to facilitate effective governance, detect and prevent violations of current legislation, and inefficient use of material resources at both the state and local levels	- Strengthening state fiscal management in the most vulnerable sectors; - Ensuring effective interagency cooperation in the field of fiscal management; - Enhancing the organizational capacity of state audit at the local and regional levels.
State Internal Financial Control	Enhance managerial accountability at all levels of the public sector and improve the effectiveness of internal control and auditing in government institutions	- Implementation of internal control aimed at strengthening management accountability for governance and overall organization development; - Strengthening the effectiveness, capacity, and independence of internal audit; - Improving the organizational capacity of the central harmonization unit of the Ministry of Finance.

* Source: developed by the authors based on source [17].

Effective national internal financial control will undoubtedly contribute to public administration in the face of changing social and national environments. In this context, to improve the financial control system, it is necessary to implement new technological advancements and consider programmatic changes to adapt to present-day needs.

To enhance internal financial control at the state level, it is necessary to envisage the implementation and development of centralized and decentralized internal audits and inspections. The need for inspections in Ukraine today is justified and driven by the very low level of financial discipline in the budget sector and the absence of institutional control and audit. However, since inspections are conducted long after management decisions are made and budgetary operations are carried out, rectifying violations is difficult and often impossible.

Table 2

Stages of organizing state financial control*

№	Stage name	Characterization of the conduct
1	Preparation for control organization	Analysis of institutions and enterprises subject to audit in the reporting year through the qualification analysis of employees and experts who may be involved; establishment of cooperation with various government bodies responsible for conducting state financial control; approval (with the participation of control bodies responsible for conducting state financial control) of a unified audit plan, which includes a list of bodies, organization of work, and conditions of control; preparation and approval of the state financial control program, which determines the objects and goals of the audits; preparation and sending of general notifications to companies subject to the relevant control.
2	Conducting financial control	Verification of accounting objects at each controlled entity according to defined criteria and timeframes; interviewing employees of relevant structural units within the controlled entity; documenting the audit results.
3	Documentation of the results	Training employees on processing audit results and creating an information database; sending summarized audit results to all supervisory bodies, organizations, and enterprises (preparing a unified format for audit reports); organizing work time to address complaints and discrepancies arising from audit results; providing recommendations and setting deadlines for addressing deficiencies.
4	Risk analysis	Analysis of risks arising at early stages or during the current phase of state financial control; assessment of the impact of these risks on the effectiveness of state financial control.
5	Monitoring of control	Organization of time tracking for monitoring the rectification of deficiencies and compliance with recommendations.

* Source: developed by the authors based on source [17].

One of the prerequisites for proper understanding, awareness, and responsible approach to reforming control systems in government structures is openness and transparency of relevant state institutions. It is important that the tasks and functions of institutions ensuring control over budgetary resources are comprehensively reviewed. It is also essential to recognize that reforming the system of control over public internal finances should occur gradually. This requires not only amending legislation and adopting regulatory acts but also conducting necessary explanatory work and enhancing the effectiveness of control over state resources and property.

In 2021, Ukraine approved the Strategy for reforming the public financial management system for the period 2022-2025 and the Plan for its implementation. According to this document, the following measures are envisaged:

1. Establishment of functional public financial management.

2. Amendments to the Budget Law, specifically the methodology of internal control and audit in line with international standards, including the COSO model.

3. Implementation of strategic audits, inspections, and planning.

4. Approval of the basic principles for conducting internal control of budgetary funds.

The main goal of these approaches is to ensure quality control over state resources through internal control, audit, and their harmonization based on the principles of legality, economy, efficiency, effectiveness, and transparency.

Therefore, financial control is a complex process and faces many obstacles. It is important to recognize the need for the approval of appropriate rules regulating the reform process and the necessity for retraining personnel of administrative bodies and managers of budgetary institutions.

The analysis of the current state of the economy in Ukraine has demonstrated the decline of domestic industry, the destruction of infrastructure, the development of the shadow economy, the increase of economic crime, and so forth. Accordingly, it is necessary to use contemporary approaches to organizing and implementing financial control.

The main stages of financial control over the use of budgetary resources include preparation for the organization of the process, conducting financial control, documenting results, analyzing identified risks, and monitoring control.

It is important to adapt the system of state financial control to domestic realities, address current issues through the reorganization of the state control system, and ensure adequate scientific and methodological, and most importantly, staffing support for government authorities.