CONTROL AS AN EFFECTIVE IMPLEMENTATION OF THE NATIONAL TARGET PROGRAM

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The article addresses the problem of efficient control over national programs. The main objective of the study is to evaluate and improve a mechanism for funding and implementation of national target programs and to take into account the results of analysis during their future planning, approval and execution. To achieve this goal it is advisable to examine the nature and position of control in public administration, to determine specifics of monitoring for the implementation of national target programs and to create an effective public body which main function is an immediate control over target programs. Theoretical and methodological bases of the study were the achievements of domestic and foreign scientists regarding the nature and characteristics of the control and its implementation in government programs. The proposed mechanism of control over the approval, funding and implementation of national target programs is based on the experience of European countries and on characteristics of public administration in Ukraine. Based on the findings, it is proposed to address the issue of effective control of state target programs by creating the competent authority which acts as a coordinator for all national programs in Ukraine.

Key words: effective control, financing, monitoring mechanism, national target programs, public administration.

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1. Introduction

Most countries of the modern world are constantly faced with the fact that they are forced to solve a number of complex environmental, social and economic problems of society in need of outstanding budgetary costs. Meanwhile, most of them are living in the budget deficit, and thus forced to take care of an effective budget spending. Significant place in this process is given to all forms of monitoring of the use of funds allocated for the implementation of public programs.
State financial control is one of the important functions of government, which is to facilitate the implementation of financial policies, ensures the process of formation and effective use of financial resources of the state to achieve its goals. The forms of state control over implementation of national programs can be different, and it scientists offer for each country the most appropriate program to its circumstances. However, the principle of control efficiency should remain the same, so it should ensure timely and efficient introduction of the projects financed by public funds.

The main objective of the study is to evaluate and improve a mechanism for funding and implementation of national target programs and to take into account the results of analysis during their future planning, approval and execution. To achieve this goal, such tasks as study of the nature and position of control in government, determination of the characteristics of the monitoring over the implementation of national target programs and establishment of an efficient public body, whose function is immediate control over target programs, are defined. The object of the study is the state target programs, approved by regulations and financed from the state budget of Ukraine.

Theoretical and methodological basis of the study were the achievements of domestic and foreign scientists regarding the nature and characteristics of the control and its implementation in government programs. General scientific and special methods were used for the realization of set tasks: the method of deduction (for the general scheme of the study development design of the study); dialectic method (to establish the nature of control as one of the effective methods of budget management); method of analysis (while developing the implementation mechanism of control over the state target programs) and the method of induction (during construction of study proposals and conclusions). The method of economic modeling and analytical grouping was used as one of the special methods. Illustrative materials were presented in a graphical and tabular manner.

R. Pushkar and N. Tarnavska (2006) offer to examine the concept of "control in the management" in three main aspects such as a systematic and constructive activity of heads and authorities, one of the management functions i.e. control as activity; as a final stage of management process where feedback mechanism is a core; as a component of development process, adoption and implementation of management solutions, that continuously takes part in process from its beginning to the end. L. Drobozina, L. Okunyeva and L. Androsova (2001) define financial control as the control of legislative and executive authorities at all levels, as well as specially established agencies for financial activities of all entities (state bodies, enterprises, institutions, and organizations), using special methods. Y. Kalyuga (2002) states that financial control is based on the use of control finance function and acts as one of its important values manifestation in extended reproduction.

O. Gracheva (2004) (considers financial control as an activity of state authorities and organizations which should ensure legality during the process of accumulation, distribution, redistribution and use of funds of state and municipal authorities in order
to implement effective financial policies in society to secure rights and freedoms of citizens. V. Rodionova (2002) thinks that the main task of the financial control is to monitor correct function of these relations at a specific managed object level with the aim to determine validity and effectiveness of made solutions and the extent of their implementation, to find deviations which should be reported to the authorities that can improve situation. L. Ovsyannikov (1998) sees financial control as realization of the rights of state to protect its financial interests using legal methods and financial interests of its citizens through the system of legislative, organizational, administrative and law enforcement measurements.

Analyzed domestic and foreign scientist approaches, which based on a scientific sources and on legal practice, we believe that the concept of financial control is not well defined as it focuses on specific aspects of control and does not reflect its essence and main purpose. State financial control acts as a control function that control legality and appropriateness of action in the field of accumulation, distribution and usage of the financial funds of the state and local government entities in order to ensure effective socio-economic development of the country.

Thus, taking into account proven scientific papers of domestic and foreign scientists, we can conclude that state financial control is based on the use of control function of finance and it is a control over the formation and usage of financial resources; it is an activity of public authorities which should ensure legality, financial discipline and inform public about the field of public finance resources and financial and economic activities of transactors.

2. The concept of decoupling

Effective public financial control should be made during implementation of government programs. Financial control can be developed in two directions - state control over the formation and effective use of the state budget and the national targeted, budget funds and state control over compliance with applicable legislation to ensure legality, rationality and compliance with financial discipline in the process of formation, distribution, possession, use and disposal of assets owned by the state (Heyets, 2008).

Analysis of the implementation of national target programs in recent years in Ukraine shows that even in the face of significant budget deficit, in many applications, there is duplication of the main tasks and activities in many programs, so not only one program is funded, but several simultaneously. For many governments target programs is presented the trend of constant underfunding, which leads to failure of the program objectives and activities. Other programs receive 100% funding during the first year. Due to absence of complete control over financing and implementation of programs, reported data do not provide full information on the progress of the program will not be published.
In difficult economic conditions of 2014 and 2015, funding of a significant number of programs, started in previous years, is suspended, but most of these programs have been partly funded and part of the tasks are performed, as these programs cannot be simply closed, because they drafted to address important problems of society or individual territories. In tough economic conditions caused by military operations in the state, it is necessary to clarify the list of programs that can be financed by public funds, and requires improvement mechanism for monitoring their implementation, in order to target programs not turned into a scheme for withdrawal of funds from the state budget.

Proper control should be ensured at all stages of the state target programs. First of all, it concerns prior (at approval stage), current (at all stages of implementation) and following (after the program close) control. If will give possibility to monitor require program implementation at all stages, to identity shortcomings in time and to eliminate them (Yaroshenko, 2010).

The mechanism of control at all stages of the implementation of national target programs is shown on Figure 1. Initially it is necessary for the target program to meet requirements of the Activity Program of the Cabinet of Ministers of Ukraine and the State program of Economic and Social Development, i.e. it should meet requirements of the of priority while selecting program for funding. If this requirement is satisfied, the program can be submitted for approval by the relevant government authorities. During this stage financial requirements of the program should be coordinated with financial possibilities of the state budget. In case of compliance with expenditures, program is incorporated into the state budget for the relevant year with clearly defined government funding, terms of extra budgetary funds attraction and budget revenues during the year.

Financing of the national target programs and implementation of planned indices of effectiveness are fulfilled at the next stage. In case of full and timely implementation of program activities, the program will be taken into consideration for funding in the next fiscal year. If the program is not executed, public authorities are required to control bring to justice the perpetrators of state customers or performers for ineffective and inappropriate use of scarce public funds. Such a program should be revised or closed with return of spent money to budget.

Improvement of control forms over allocated and effective expenditure of budget funds is the main important factor of budget cost optimization. European integration direction of Ukraine strengthens control function in the public sector (Shcherbyna, 2011).
Fig. 1. The control mechanism for the implementation of national target programs
The variety of state financial control bodies is explained by their different powers, functionality and status. Distinctive feature of their work is that the heads of the financial control bodies are approved for a longer period than terms of their functional authorities. It prevents a direct impact on of officials decisions and the results of activities of the inspection bodies. The reason for their dismissal can only be a professional incompetence or misuse of authority.

It is therefore advisable to consider the basic system of control of developed countries and to compare it with the existing system in Ukraine (Figure 2).

![Diagram of controlling bodies]

**Fig. 2. Bodies of state financial control in European countries**

We should also examine fundamental provisions of legal acts of Ukraine, which control application of public funds, including by national target programs (Table).

Thus, we see that control for the implementation of targeted programs assigned to various state bodies within their competence. It makes impossible to conduct a full and timely examination of all existing programs. Therefore, it is advisable to establish on the basis of existing bodies single centralized body, that will provide control at every stage: from the approval of the program to the study of the results of program activities after its completion, while maintaining a unified methodology of control.
Table. Legally defined responsibilities of government bodies, that should control target programs in Ukraine

<table>
<thead>
<tr>
<th>State control authority</th>
<th>Regulations</th>
<th>Content duties</th>
</tr>
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<tbody>
<tr>
<td>The Accounting Chamber</td>
<td>Article 98 of the Constitution of Ukraine</td>
<td>Control the flow of funds to the State Budget of Ukraine and their use.</td>
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<tr>
<td></td>
<td>Article 2 of the Law of Ukraine &quot;On the Accounting Chamber&quot;</td>
<td>Controls financing national economic, scientific, social and cultural development, and environmental protection.</td>
</tr>
<tr>
<td>Cabinet of ministers</td>
<td>Article 20 47 of Budget Code of Ukraine</td>
<td>Enforcement and reporting, it is solely responsible for the targeted, effective management of public funds.</td>
</tr>
<tr>
<td>State Fiscal Service</td>
<td>Article 26 of the Budget Code 113</td>
<td>Controls not only target and legitimate budget spending, but also its efficiency.</td>
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<tr>
<td></td>
<td>Paragraph 2 of the Decree of the President of Ukraine &quot;On State Financial Inspection&quot;</td>
<td>Ensures state control over the proper use of state and local budgets; drafts the budget reports, budget programs and reports on their performance, makes estimates and other documents, used during implementation of the budget.</td>
</tr>
<tr>
<td>The Ministry of Finance</td>
<td>Paragraph 3 of the Decree of the President of Ukraine &quot;On the Regulation of the Ministry of Finance of Ukraine&quot;</td>
<td>Provides concentration of financial resources in priority areas of socio-economic development of Ukraine; forms and provides within the powers realization of the state policy in the sphere of public financial control, coordination and direction of the activities of the executive branch, authorized to conduct monitoring compliance with budget legislation and others.</td>
</tr>
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</table>

The experience of developed countries synthesis of approaches, methods and principles consolidated in unified official publication should be used and introduced to all bodies of state financial control.

3. Results

Control department over financing and implementation of national target programs should be established under the Ministry of Finance of Ukraine. It can be the primary coordinator for all programs, conducted in Ukraine with public resources involvement. The main functions of this department should be:

- analysis of all existing programs, selection of the most topical programs at this stage of social development;
- consideration of new projects of national target programs, comparison of their objectives with current programs in order to avoid duplication;
- assessment of the financial potentialities of the state regarding complete funding of targeted programs;
- submission of new programs for Parliament or the Cabinet of Ministers approval;
- identification of funding from the state budget and fundraising from other extra budgetary sources;
• inclusion of budget requests for targeted programs to the State Budget of Ukraine for the relevant year;
• monitor the timely and full funding of the program from all sources;
• monitor implementation of the program at each stage of realization of program activities, that is determination of the program implementation degree, control over deviations from the planned terms, correction of scheduled tasks if necessary, etc.;
• collect analytical data and test reports on the results of the implementation of state target programs;
• adjustment and reallocation of funds for target programs throughout the year;
• audit of each program and prepare proposals for the further implementation of state programs;
• annually prepare an opinion on each of the programs and the status of implementation for all existing programs;
• preparation of the decision on further funding of target programs in subsequent periods or closure of some of them, possible option to combine several programs into one;
• publication of results regarding implementation of target programs in official publications, such as the level of funding for state programs, fundraising amounts from the state budget and extra-budgetary funds, the level of implementation of program objectives.

One of the subdivisions of such department should be market research service that will allow solving the problem of information sharing regarding the needs during program approval which will help to solve urgent problems of the state and to provide results of its possible implementation.

Service management will allow expanding extra-budgetary funding of target programs as within its function will be cooperation with banks, commercial organizations and sponsors, which are interested in programs implementation.

Thus, the department of control over the implementation of state target programs will help to evaluate all advantages of program target method, to solve problems, related to the program implementation and control, and to increase efficient use of scarce public resources.

4. Conclusions

1. State financial control is an activity of government body that ensures legality, financial discipline and information of the public in the field of public finance management and financial and economic activities of transactors.

2. It is represented the mechanism of control over state target program implementation, which focuses its attention on approval of the program only if it complies with development priorities of the country, possibilities of the state budget, achievement of the set in the program results for each stage of implementation and for the whole period of implementation and compliance with other areas of budget expenditure.
3. It is proposed to establish a sole centralized state body, which should control state target programs at every stage of their implementation and it will help to ensure efficient use of scarce public resources.

4. Availability of an effective system of state control over planning, financing and implementation of national target programs will allow timely and efficiently execute program tasks that address the problems of the country in various fields. Implementation of an effective control provides timely response of customers and executors of public purpose programs and intensive changes in the environment.

References


SANTRAUKA


Raktiniai žodžiai: valstybės valdymas, efektyvus valdymas, kontrolės mechanizmas, nacionalinės tikslinės programos, finansavimas.

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