

EXTERNAL STATE FINANCIAL CONTROL AS A FINANCIAL SECURITY ENSURING ELEMENT OF THE STATE

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Abstract. One of the elements of economic security of the state is financial security. In many respects, it is ensured by the efficiency of the budget, tax and monetary policy. Financial security is provided by various state bodies – the Ministry of Finance of the Russian Federation, the Central Bank of the Russian Federation, the Federal tax service, the Federal customs service and others. The bodies of external and internal state financial control are involved in ensuring budgetary security, which is an integral part of financial security. The accounts chamber of the Russian Federation as the Supreme body of external state financial control plays a decisive role in this process. The study is devoted to the assessment of the sufficiency of powers of the accounts chamber of the Russian Federation to perform the function of ensuring the financial security of the state.

The results of the study showed that the powers of the accounts chamber of the Russian Federation, established by Federal law, allow it to participate sufficiently in ensuring the budgetary security of the country.

Keywords: financial security, fiscal security, the external state financial control, audit chamber of the Russian Federation.

INTRODUCTION

The problem of the Russian financial security improvement is of particular importance at the present time, which is characterized by the negative impact of the global financial crises, the economic sanctions against the Russian economy, the energy prices instability, which causes risks to the effective operating of the state financial system. The goal of research was to study the concept of financial security and the influence of external state financial control on the Russian financial security. The object of research was the accounts chamber of the Russian Federation is the supreme body of external state financial control (audit) in the state, authorized by Federal legislation to execute certain powers, allowing to play a significant role in ensuring the Russian financial security. In the process of research, such methods of scientific study as a systematic approach, analysis and synthesis, including analysis of the norms of Russian legislation were used.

1. FINANCIAL SECURITY AS AN ELEMENT OF NATIONAL SECURITY

For any state, the priority is to ensure national security, which is characterized by many factors – economic, political, social, environmental and others. At the same time, the economic factor can be considered the material basis of national security. An important element of the economic security of the state is its financial security, which is provided by the ability of state bodies to conduct independent financial policy, to form sufficient financial resources to ensure the stability of the financial system, to solve urgent social and economic problems.

The state Financial security is a status of the financial and credit sphere characterized by a balance, stability to internal and external negative influences, the ability to ensure the effective operation of the national economic system and stimulate economic growth in the country¹. A broader definition is given by E. V. Karanina: «Financial security is the protection of the financial interests of the state at all levels of financial relations, a certain level of independence, stability of the financial system of the country under the influence of external and internal destabilizing factors that constitute a threat to financial security; the ability of the financial system of the state to ensure the effective functioning of the national economic system and constant economic growth»².

Financial security is largely ensured by the stability of the financial system of the state, which must be able to respond in a timely and effective manner to emerging threats.

We can distinguish two groups of threats to financial security – internal and external. Internal threats arise from a lack of effective governance failures on the part of public authorities, violations of financial discipline and abuses in the management of public finances. External threats are manifested as a result of the growth of a huge mass of capital, high mobility and interconnectedness of financial markets, dependence of national economies on world Finance, increased competition between States for spheres of influence in the world economic space, dependence of the national currency rate and budget occupancy on energy prices³.

State financial security is the main condition of its ability to carry out independent financial and economic policy in accordance with its national interests. The state financial security consists in the ability:

¹ Gaponenko V. F. Economic and financial security as the most important function of the state in modern conditions / V. F. Gaponenko, Z. V. Margiev // «Vestnik» of Moscow Russia MIA university. - 2013 - № 12. – S. 165-169.

² Karanina E. V. Financial security (at the level of the state, region, organization, personality) – Monograph. – Kirov: FSBEI VO «VyatSU», 2015.

³ Vorobyov U. N., Vorobyeva E. I., Masheva S. A. Financial safety of the state // Scientific Bulletin: Finance, banks, investments. – 2016 – No. 2. – S. 14-17.

- to ensure the stability of the development of the state, its payment system and the main financial and economic parameters;
- to neutralize the impact of the global financial crises and the deliberate actions of other States on the national economy and socio-political system;
- to prevent the flight of capital abroad;
- prevent conflicts between authorities at different levels in the allocation and use of budgetary resources;
- to ensure the optimal attraction and use of foreign borrowings;
- to prevent financial irregularities in the use of national resources.

State financial security includes the following types of security: budgetary, tax, security of the credit and banking system and financial and monetary circulation, investment, inflation and price, safety of the insurance and stock market and currency security⁴.

2. INSTITUTIONAL FRAMEWORK FOR ENSURING STATE FINANCIAL SECURITY

Various state bodies – the Ministry of Finance of the Russian Federation, the Central Bank of the Russian Federation, the Federal tax service, the Federal customs service and others-participate in ensuring financial security. In the financial security system, state financial control is essential. An effective system of state financial control is capable, in addition to its direct control function, of providing analysis of problems arising in the financial system of the state, and the adoption of means of countering threats arising in the financial sphere. Thus, the state financial control becomes a means by which the government regulates the economy and social sphere. In this process, financial, legal, administrative and criminal law mechanisms of influence on the subjects of financial and economic relations in order to ensure financial security are used⁵.

An important component of financial security is ensuring the security of the budget system, since it acts as a key lever of the influence of authorities on the processes of filling and spending of budgets of all levels, is a tool for the implementation of social and economic policy of the state. Budgetary security is largely determined by the ability of public authorities to generate sufficient financial resources to meet the challenges facing the state, as well as to ensure the effective use of these resources. Budgetary security of the state is to be ensured by

⁴ Karanina E. V. Financial security (at the level of the state, region, organization, personality) – Monograph. – Kirov: FSBEI VO «VyatSU», 2015.

⁵ Kondrat E. N. The importance of financial control and financial security in the national security state // Law and governance for the XXI century. - 2012 - № 1 (22).

the state authorities, the Ministry of Finance of the Russian Federation taking the leading place among them. The bodies established for external and internal state financial control also play a significant role in ensuring budgetary security.

The internal state financial control is organized by the Executive bodies of state power at the Federal and regional levels. At the Federal level, the Federal Treasury has been created for this purpose, in the Russian Federation subjects these powers are exercised by financial bodies or specially created bodies of internal financial control. The main powers of these bodies the Budget code of the Russian Federation defined control of observance of the budget legislation of the Russian Federation, and control of completeness and reliability of the reporting on implementation of the state programs⁶. It is obvious that these powers are of a tactical nature and cannot fully ensure the budgetary security of the state.

The Russian Federation Accounts chamber exercises external state financial control in the sphere of budget legal relations at the Federal level. It is a state body with special status and has wide powers. At the regional level, control and accounting bodies of the Russian Federation subjects have been created (their activities are not considered in this study). The mechanism of state audit is the subject of study of many foreign researchers. For example, Alexandra Otetea, Cristina Maria Tita (Batusaru), Mihai Aristotel Ungureanu are working on tools to assess the financial impact of the state audit on the national budgets of Great Britain and Romania⁷. David Hay, Carolyn Cordery explores the historical stages of the formation of public audit and its impact on the development of the public sector⁸. Deniz A. Appelbaum, Alex Kogan, Miklos A. Vasarhelyi in their research systematize more than 300 publications devoted to the study of problems of state audit and external state financial control⁹. Manuel Pedro Rodríguez Bolívar and colleagues point to the need for public policy to strengthen the processes of internationalization with the dissemination of best practices in public financial control to national public audit mechanisms¹⁰.

⁶ The Budget Code of the Russian Federation., p. 265.

⁷ Alexandra Otetea, Cristina Maria Tita (Batusaru), Mihai Aristotel Ungureanu. The Performance Impact of the Supreme Audit Institutions on National Budgets. Great Britain and Romania Case – Comparative Study// *Procedia Economics and Finance*, Volume 27, 2015, Pages 621.

⁸ David Hay, Carolyn Cordery. The value of public sector audit: Literature and history// *Journal of Accounting Literature*, Volume 40, 2018, Pages 1.

⁹ Deniz A. Appelbaum, Alex Kogan, Miklos A. Vasarhelyi. Analytical procedures in external auditing: A comprehensive literature survey and framework for external audit analytics// *Journal of Accounting Literature*, Volume 40, 2018, Pages 83.

¹⁰ Manuel Pedro Rodríguez Bolívar, Andrés Navarro Galera, Laura Alcaide Muñoz. Governance, transparency and accountability: An international comparison// *Journal of Policy Modeling*, Volume 37, Issue 1, 2015, Pages 136.

3. THE INSTITUTIONS OF THE STATE AUDIT OF RUSSIA

In recent years, Russia has adopted a number of Federal laws regulating state financial control in the public sector, specifying the powers of external state financial control bodies, expanding the powers of the Russian Federation Accounts chamber¹¹.

What is the peculiarity of the Russian Federation Accounts chamber and why it has a significant impact on the state financial security?

Firstly, the accounts chamber is a constitutional body of financial control established by the Federal Assembly of the Russian Federation and accountable to it¹².

Secondly, it is the Supreme body of external financial control, that is, a body functioning outside the Executive power and designed to exercise control by the legislature over how lawfully and effectively the Executive bodies of state power manage the state public resources.

Thirdly, the activities of the Russian Federation Accounts chamber as an external financial control body can be regulated only by the laws of the Russian Federation.

Fourthly, the Russian Federation Accounts chamber has organizational, functional and financial independence, plans and organizes its activities independently, which ensures the objectivity and independence of the results of its work.

Fifthly, the Russian Federation Accounts chamber is authorized to carry out preliminary, current and subsequent financial control, ensuring its continuity at all stages of the budget process.

Sixthly, the Russian Federation Accounts chamber is not only a financial control body, but also a body of state audit, which gives it special powers in terms of ensuring the state financial security. Thus, the Federal law defines the powers of the Russian Federation Accounts chamber to conduct financial audit, efficiency audit, strategic audit, audit of state programs and Federal investment projects, audit of the financial settlement system, audit of Federal information systems, and other powers in the field of state audit¹³.

Using its status and powers, the Russian Federation Accounts chamber makes a significant contribution to ensuring the state financial security, applying the full range of measures aimed at this. Control measures carried out by the accounts chamber, allow to identify financial irregularities, to return to the budget a significant part of illegally used budget funds, to bring to justice the perpetrators. Therefore, in 2016, the Russian Federation Accounts

¹¹ Ponomarenko K. S. Financial and legal regulation of the system of state audit (control) in the Russian Federation // Society: Politics, Economics, Law – 2016 – № 1. – S. 64-68.

¹² Russian Constitution, p. 101.

¹³ Federal law № 41-FZ of 05.04.2013 «About the Russian Federation Accounts chamber», p. 265.

chamber held 321 events, which covered 3211 object. 3845 revealed violations in the amount of 965, 8 billion. In the course of carrying out control actions and by their results 8, 8 billion rubles are compensated in the income of the Federal budget. According to the materials of the audit chamber, law enforcement and security agencies opened 45 criminal cases. According to the results of consideration of materials of the accounts chamber, the Prosecutor General's office issued 264 submissions on elimination of violations of the law, 150 people were brought to disciplinary responsibility. Inspectors of the accounts chamber initiated 411 cases of administrative offenses, in the income of the Federal budget collected 33.6 million rubles¹⁴. These activities are carried out within the framework of subsequent control, that is, after the budget has already been used.

No less important role in ensuring the state financial security is played by the preliminary control, which is carried out by the accounts chamber in the planning of budget expenditures. It makes it possible to forecast Federal budget expenditures in an optimal way and to minimize the possibility of committing financial irregularities. In the course of preliminary control, the accounts chamber shall carry out an examination of draft Federal laws on the Federal budget and budgets of state extra-budgetary funds of the Russian Federation, an examination of draft Federal laws relating to expenditure obligations of the state, an examination of state programs, international treaties of the Russian Federation, strategic planning documents. Preliminary control allows analyzing and assessing the quality of forecasting budget revenues and expenditures, investment and debt policies, forming and using a system of targets based on the priorities of socio-economic development of the state in the development and implementation of strategic planning documents.

In the process of ongoing monitoring, the accounts chamber monitors budget execution, which allows assessing the impact of internal and external conditions on the actual level of achievement of the goals of socio-economic development of the Russian Federation, the effectiveness of the formation, management and disposal of Federal resources in order to ensure security and socio-economic development of the state. Based on the results of the monitoring, the accounts chamber prepares quarterly operational reports on the Federal budget execution and quarterly operational information on the implementation of the budgets of the state off-budget funds of the Russian Federation and submits them to the chambers of the Federal Assembly. The Russian Federation Accounts chamber has the authority to carry out state audit, during which it has the opportunity to conduct an in-depth analysis of the financial situation, to

¹⁴ Golikova T. A. the accounts chamber returned almost nine billion rubles to the Federal budget in 2016 // «Vestnik» AKSOR – 2017 – № 2. - P. 26-30.

assess the impact of various factors on the achievement of the goals of socio-economic development of the state, to develop proposals to improve the functioning of the state mechanism and to submit them to the Supreme legislative body of the state¹⁵.

As the Supreme body of state audit, the accounts chamber is authorized to conduct:

- audit of financial settlement systems to facilitate the formation of an effective national payment system;
- audit of the state of internal and external debt of the Russian Federation, the debt of foreign States to the Russian Federation, budget loans provided from the Federal budget;
- audit of realizability and efficiency of achievement of strategic goals of social and economic development of the Russian Federation;
- financial audit to be used for documentary verification of the reliability of financial transactions, budget accounting, budget and other reporting;
- efficiency audit carried out in order to determine the effectiveness of the use of Federal resources obtained by the objects of the audit to achieve the planned goals, to solve the socio-economic problems of state development;
- strategic audit which is carried out for the purpose of assessment of feasibility, risks and results of achievement of the goals of social and economic development of the Russian Federation provided by documents of strategic planning;
- audit of state programs of the Russian Federation, used to assess the quality of their formation and implementation;
- audit of state and international investment projects carried out to assess the validity of the investment and the efficiency of the use of public resources;
- audit of Federal information systems and projects;
- audit in the field of procurement of goods, works and services for state needs, which aims to assess the validity of procurement planning, their feasibility, effectiveness and efficiency of the use of public funds for procurement;
- audit of the banking system, during which the accounts chamber assesses the activities of the Central Bank of the Russian Federation in terms of servicing the Federal budget, budgets of state off-budget funds of the Russian Federation, public debt service of the Russian Federation.

¹⁵ Izmodenov A. K., Frants O. B., L. F. Shaybakova «Control, supervision and audit in the public administration» [Electronic resource] // Regional problems of transformation of the economy, No. 9 (83), 2017. – Mode of access: <http://www.rppe.ru/wp-content/uploads/2018/02/LIST-ARTICLE-9-2017-BASES-ok-1.pdf>

These powers in the field of state audit allow the Russian Federation Accounts chamber to perform not only control functions, but to become a major analytical center, which has a significant impact on the efficiency of the financial system of the state, the entire state mechanism.

CONCLUSION

The analysis of the Russian Federation Accounts chamber powers, established by Federal legislation, allows for the conclusion that the Accounts chamber, as the supreme body of external state control and audit, has sufficient opportunities for effective participation in ensuring the budgetary security of the country. Thus, external state financial control becomes an essential element of the state financial security ensuring system.

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IŠORINIO VALSRITYBĖS FINANSAVIMO KONTROLĖ KAIP VALSTYBĖS FINANSINĮ SAUGUMĄ UŽTIKRINANTIS ELEMENTAS

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S a n t r a u k a

Vienas iš valstybės ekonominio saugumo elementų yra ekonominis saugumas. Daugeliu atvejų tai užtikrinama pakankamu biudžetu, mokesčiais ir monetarine politika. Finansinis saugumas yra užtikrinamas įvairių valstybės įstaigų pastangomis – Rusijos Federacijos finansų ministerijos, Rusijos Federacijos centrinio banko, Federalinės mokesčių inspekcijos, Federalinės muitinės ir kitų. Šalies vidinės ir išorinės kontrolės įstaigos užtikrina biudžeto saugumą, o tai yra integrali finansinio saugumo dalis. Rusijos Federacijos ataskaitų tarnyba kaip svarbiausia išorinės finansų kontrolės institucija vaidina lemiamą vaidmenį šio proceso metu. Straipsnis skirtas aptarti Rusijos Federacijos ataskaitų tarnybos svarbą, taip pat parodyti akivaizdžias sąsajas su šalies finansinio saugumo užtikrinimu.

Straipsnio analizės rezultatai parodė, kad Ataskaitų tarnybos įgaliojimai, apibrėžti federalinės teisės, yra pakankami, kad būtų užtikrintas šalies biudžeto saugumas.

Raktiniai žodžiai: finansinis saugumas, fiskalinis saugumas, šalies išorinė finansų kontrolė, Rusijos Federacijos audito tarnyba.

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