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## **PROBLEMS AND PROSPECTS OF DEVELOPMENT OF PUBLIC FINANCE AUDIT IN UKRAINE**

Reforming of economic relations in the market require not only organizational and practical measures of economic control but also necessity to determine, improve legal and methodological aspects of the formation of public financial control, namely, its kind of public audit.

The formation of the state audit as a separate audit institution started in the middle of last century, namely in 1953, when the International Organisation of Supreme Audit Institutions – INTOSAI was created, which today is one of the most important organizations in the area of control of public finances. But the process of legalization of public audit in Ukraine as a form of state financial control has started relatively recently and is still under development. The main reason is the imperfection of the legal framework that would regulate the procedure of state audit in the state. To date, there is no law "On Financial Control" under which it would be the basic principles of its procedures and bodies responsible for its implementation.

To monitor the implementation of laws of the state of Ukraine, resolutions passed by the Verkhovna Rada of Ukraine, the implementation of the State Budget of Ukraine, checking the legality and effectiveness of financial resources of the State Budget of Ukraine, the implementation of various expert-analytical assessments in Ukraine, the Accounting Chamber is acting for a long time. Implemented by its employees checks and control measures within the prescribed functions found that in today's political and economic development of illegal, inappropriate, inefficient use of funds, there is a mass phenomenon, which generates a large number of other shortcomings, destroying the legal framework of the state, promotes political and social tension in society. Overcoming these deficiencies requires a significant expansion of legislative functions and powers of the Accounting Chamber, improvement of its organizational structure, working out of methods, information management, establishing close relationships with other control organizations and more.

In recent years, the process of rebuilding the system of control in public financial management in Ukraine have acquired a certain dynamism and progress and have seen the adoption of several decisions of the Government on the issues of public financial management, strengthening budget discipline and budget cost control, formation of the public internal financial control according to the European standards, introduction of external independent audit of budget revenues and expenditures in line with international standards.

But, in fact, today the processes of reform of public administration and decentralization of control systems, programs integrated with management and activities of BH, as required by the EU standards, are not completed in Ukraine. Under conditions, in which the internal control system (ICS) and budget and treasury systems operate and interact in Ukraine, it is impossible to establish management accountability, and balance the powers and duties of managers for their effective decentralization of financial management and control.

According to the approach adopted in the EU, internal controls should be integrated into the management of public funds, be a part of the delegation of authority and responsibility of the head. Director is responsible for their (financial, administrative) decision and results from management and the development and improvement of the ICS. In order to provide him such a responsibility, manager required an internal auditor. However, unlike countries with the long-standing practice of internal audit function in the public sector, Ukraine is making the first steps towards the implementation of this function and thus the formation of internal audit units and organizing their activities in public sector is accompanied by certain difficulties of organizational and methodological character.

The truth of the data provided by major budget holders (BH) in financial and budgetary reporting today is certified by nobody, so there is a high probability that the figures reflected in the report do not correspond to the actual state of affairs. The state financial audit carried out by the State Audit Service does not answer the

question of how the annual financial statements in all material respects reflect the real financial status of BH and does that reporting provide a correct understanding of the BH accounts, including balances of funds to the general and special funds as strengthening the audit capacity of the Accounting Chamber will facilitate its implementation in practice auditing of accounts and internal control systems and confirm the annual financial statements of the main BH.

Accordingly, strengthening the role of the Accounting Chamber with efficient, modernized in accordance with the EU PIFC system will improve the transparency and efficiency of public finance management, improvement of budgetary institutions due to the transition from administrative to managerial culture, where heads of institutions independently and effectively carry out the management of public finances.

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