

DOI: <https://doi.org/10.34069/AI/2023.64.04.26>

How to Cite:

Zaikina, H., Saranov, S., Demenko, O., Oksin, V., & Bilyk, V. (2023). Legal nature of the tasks and functions of the financial control of railway transport of Ukraine. *Amazonia Investiga*, 12(64), 263-268. <https://doi.org/10.34069/AI/2023.64.04.26>

Legal nature of the tasks and functions of the financial control of railway transport of Ukraine

Правова природа завдань та функцій фінансового контролю залізничного транспорту України

Received: April 10, 2023

Accepted: May 29, 2023

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Abstract

The purpose of the article is to reveal the legal nature of tasks and functions of financial control of railway transport of Ukraine. Research results. The essence of state financial control has been studied. The peculiarities of financial control on the whole and in railway transport in particular are determined. The concepts of "financial control", "tasks of financial control", "functions of financial control" are clarified. Practical meaning. The main tasks and functions of state financial control in general and in rail transport specifically are established. Value/originality. It was determined that the functions of the state financial control of railway transport of Ukraine should be understood as a certain system of tasks and responsibilities assigned to authorized state bodies and services in order to ensure efficient and economical use of railway transport funds.

Keywords: financial control, functions, railway transport, State, tasks.

Анотація

Метою статті є розкриття правової природи завдань та функцій фінансового контролю залізничного транспорту України. Результати дослідження. Досліджено сутність державного фінансового контролю. Визначено особливості фінансового контролю в цілому та на залізничному транспорті зокрема. Уточнено поняття «фінансовий контроль», «завдання фінансового контролю», «функції фінансового контролю». Практичне значення. Встановлені основні завдання і функції державного фінансового контролю загалом та на залізничному транспорті зокрема. Цінність/оригінальність. Визначено, що під функціями державного фінансового контролю залізничного транспорту України слід розуміти певну систему завдань та обов'язків, які покладені на уповноважені державні органи та служби, з метою забезпечення ефективного та економного використання коштів залізничного транспорту.

Ключові слова: фінансовий контроль, функції, залізничний транспорт, державний, завдання.

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Introduction

Financial control is a mandatory attribute of the economy of any country, as it is aimed at compliance with the law, financial discipline, prevention of financial offenses during the mobilization, allocation and use of funds, costs for the implementation of tasks and functions of the State and effective socio-economic development of all financial relations actors. Recently, a significant increase in the number of economic crimes has been observed in Ukraine; there is a rapid process of criminalization of banking and credit systems, foreign economic activity. Accordingly, it is necessary to strengthen the fight against crimes in the economic sphere; its effectiveness will depend on the legal framework, existence and validity of financial control methodologies and terminology. Taking into account these aspects, at the present stage of organization of effective financial control over the completeness of the formation and timeliness of revenues to the budgets of all levels, as well as over the legality and efficiency of the use of funds and property becomes one of the directions of modern economic and financial policy (Honcharuk et al., 2019).

However, in terms of the functioning of railway transport in Ukraine, the symbiosis of administrative and financial law is important, which complicates this topic and necessitates scientific research.

The purpose of the article is to reveal the legal nature of the tasks and functions of the financial control of railway transport of Ukraine based on the theoretical foundations of financial and administrative law, the norms of current legislation and the practice of the executive authorities.

Methodology

The methodological basis of the research is a set of general and special scientific methods and methods of scientific knowledge, the application of which made it possible to form a holistic and comprehensive idea of the legal regulation of financial control over the rail transport in Ukraine.

With the help of logical and semantic, deductive method, as well as methods of abstraction and generalization, the conceptual apparatus was deepened; the concepts of "financial control", "tasks of financial control", "functions of financial control" were clarified.

Formal and logical method was used to determine the features of financial control in general and over railway transport in particular.

Using the method of abstraction and generalization, the author's concept of the functions of state financial control of railway transport of Ukraine was formulated.

Structural and functional method was the basis for determining the essence of State financial control in the system of financial and legal relations.

Induction, deduction, and synthesis were applied when determining the main tasks and functions of public financial control.

The method of system analysis was used to identify the tasks of state financial control over railway transport.

Structural method was helpful when identifying the list of functions of state financial control (analytical, informative, preventive, corrective, mobilizing and law enforcement).

Hermeneutic method made it possible to investigate the views of scholars on the problem under consideration, as well as legal instruments governing this institution.

Literature Review

Prasiuk (2020) stresses that financial control is a universal category regulated by both public and private law, this is confirmed by its main functions: maintaining financial discipline, preventing financial offenses, applying coercive measures for their commission. The essence of financial control is control over the financial and economic activities of the object of control, which accumulates and spends funds for public purposes or uses public property or other financial resources.

In addition, the author notes that the essence of state financial control is also revealed through its tasks, which, in general, include: ensuring compliance with the requirements of financial legislation and financial discipline; detection, elimination and prevention of financial offenses, as well as provision of prerequisites for holding perpetrators liable; ensuring the fulfillment of financial obligations by all subjects of financial legal relations; checking the timeliness,

efficiency, rationality of public financial resources using.

Savchenko (2008) claims that the main tasks of state financial control are checking the timeliness and completeness of the formation of state funds; assessment of the legality and effectiveness of their distribution and usage, as well as assessment of the expediency and justification of decisions taken by relevant state bodies and certain persons and related to financial issues, management of state property, with the aim of preventing possible inappropriate and inefficient spending of costs, property, etc., detection of financial discipline violations and application to offenders of the measures of influence, provided for by the current legislation. That is, state financial control covers all operations related to the movement of state financial resources.

According to Hupalovska (2012), the goal of state financial control is reflected in more detail in the tasks aimed at its achievement. There are two main approaches to defining control tasks. According to the first one, the task of control is to identify the actual state of affairs, compare it with the intended goals, assess the situation and, if necessary, propose corrective measures. Pursuant to the second one, it is the controllability of the state and attitude of the objects of control towards the established norm. The tasks of state financial control are to secure legality, efficiency, financial discipline and rationality during the formation, distribution, possession, use and alienation of assets belonging to the state.

In the opinion of Pikhotskyi (2015), the basic tasks of state financial control are:

- to promote the implementation of the state financial policy;
- to ensure timely and complete fulfillment of financial obligations;
- to facilitate balance between income sources and directions of use of funds in accordance with the financial plans of economic entities;
- identify internal reserves for the growth of centralized financial resources;
- encourage rational use of available financial resources;
- ensure proper accounting and reporting;
- comply with current legislation and other regulatory acts.

Maksimova (2012) notes that financial control performs the following functions: 1) cognitive – identifies factors that negatively affect the development of productive forces and industrial

relations with the aim of regulating them; 2) practical – provides management of the economy using specific methods in relation to the rational usage of material, labor and financial resources. In our opinion, the definition of the cognitive function should be supplemented, since it lies in identifying not only negative, but also positive factors, the analysis of which can help raise the level of the domestic economy.

Results and Discussion

The main task of the state control system is to increase the effective activity of state authorities in protecting the interests of the country and its citizens by increasing the responsibility of these bodies and their officials for the performance of their duties. Such control, by its very nature, should be carried out on behalf of the State by special monitoring bodies not bound by any other functions (Pikhotskyi, 2015).

Slobodianyuk (2014) claims that state financial control is one of the most important functions of state administration, which lies in promoting the implementation of the state's financial policy, ensuring the process of formation and effective use of the country's financial resources to achieve its goals in the field of distributional relations.

Domestic scientists consider the tasks of state financial control at the macro- and micro levels. Thus, the authors identify the tasks of state financial control at the macro level:

- 1) exposure of activities aimed at concealing taxes and mandatory payments;
- 2) prevention of activities that monopolize markets;
- 3) blocking activities aimed at organizing production of goods and provision of services prohibited by the state;
- 4) termination of activities containing significant social threats;
- 5) prevention of activities violating the property rights of business entities, legitimate interests of the state and society in general, etc.

The tasks at the micro level include:

- 1) compliance with the rules of accounting and financial reporting;
- 2) ensuring payment discipline, uniform pricing standards and setting tariffs;
- 3) prevention of inappropriate and inefficient use of budget and other state funds;
- 4) compliance with state and communal procurement procedures;

discouraging of improper and non-targeted application of state and communal property; preventing misuse of credits and loans received under Government guarantees, etc. (Rusin & Shuliuk, 2018).

Other scientists note that the essence of financial control is revealed in the main tasks, which are:

- checking the timeliness and completeness of financial obligations to the state and local self-government bodies by controlled subjects;
- verification of the performance by state authorities and local self-government of the functions entrusted to them in the formation, distribution and use of monetary funds;
- verification of compliance with the correctness of financial transactions, preservation of funds and material resources;
- detection and elimination of violations of financial discipline;
- prevention of violations of legality in the field of financial activity, provision of compensation for material damage, identification and prosecution of perpetrators;
- identifying internal production reserves;
- improving efficiency;
- cost-effective use of material and monetary resources.

Implementation of the listed tasks of financial control is a necessary condition for ensuring law and order and legality in the process of carrying out financial activities. One of the aspects of legal order in the field of finance is financial discipline (Honcharuk et al. 2019).

Having analyzed the views of scientists regarding the definition of the tasks of state financial control, it should be said that the Law of Ukraine "On the Basic Principles of State Financial Control in Ukraine" is in force in Ukraine, according to which the implementation of state financial control is ensured by the central body of executive power, authorized by the Cabinet of Ministers of Ukraine to implement state policy in the field of state financial control. The legislator defines the main tasks of the state financial control body, which are: implementation of state financial control over the use and preservation of state financial resources, non-current and other assets, correct determination of budgetary requirements, identifying budgetary requirements and commitments, effective use of funds and property, status and reliability of accounting and

financial reporting in ministries and other executive bodies, state funds, mandatory state social insurance funds, budgetary institutions and business entities of the state sector of the economy, including business entities, in the authorized capital of which 50% or more of the shares belong to economic entities of the state sector of the economy, as well as to enterprises, institutions and organizations that receive (received during the period under review) funds from budgets of all levels, state funds and mandatory state social insurance funds or use (used during the audited period) state or communal property, in compliance with budget legislation, procurement legislation, activities of economic entities, regardless of the form of ownership, which are not defined by legislation as controlled institutions pursuant to a judicial decision in criminal proceedings (Law of Ukraine 2939-XII, 1993).

That is, in a general sense, the tasks of state financial control over railway transport of Ukraine should be understood as the activity of authorized state bodies, the purpose of which is to ensure the effective use of state budget funds and other financial resources of the state. Such tasks include:

- 1) control over the implementation of the budget and other state financial programs by the national railway carrier;
- 2) verification of financial statements of state organizations and enterprises in the field of railway transport;
- 3) monitoring of public procurements and control over their execution;
- 4) detection of violations in the sphere of use of state funds of railway transport;
- 5) development of recommendations for improving the management of state finances in the railway transport industry of Ukraine.

As for the functions of state financial control, some authors note that they are a manifestation of the essence of such control in practice. In their opinion, state financial control performs the following main functions: analytical, informative, preventive, corrective, mobilizing and law enforcement.

Analytical function of state financial control includes a range of actions for analysis, study of the implementation of current legislation in terms of the use of state budget funds; identification of deviations in formation of revenues and expenditures of a subject of financial activity; abnormalities in the field of financial activity of state institutions (ministries, departments, other

bodies); analysis of the causes of variations (investigation of the facts that caused them, identification of perpetrators).

Informational function of the state financial control is reduced to the fact that the data obtained as a result of its implementation should become the basis for making appropriate management decisions and taking corrective measures that will ensure the functioning of the economic entity in accordance with the norms established by the state.

Preventive function is a priority direction of control and audit work, aimed at identifying conditions contributing to the violation of norms and standards established by laws and regulations, incidents of mismanagement, shortages, thefts and abuses, as well as the identification of persons guilty of financial violations, and bringing them to justice in accordance with the law.

Corrective function ensures the development of proposals to eliminate identified violations of the financial and economic activity of enterprises and organizations, other subjects of control.

Mobilizing function involves elimination of the consequences of financial violations committed by business entities, conditions that contributed to them, and the development of organizational and legal measures to spread progressive management methods and prevent financial violations at other objects of state regulation.

Law enforcement function is a means of ensuring the legality of the actions by officials and citizens; it is associated with bringing to liability, as well as the application of state or public influence measures to officials and citizens guilty of shortcomings and violations (Rusin & Shuliuk 2018).

When determining the list of tasks of state financial control, the legislator also defined the functions assigned to the authorized body. Thus, state financial control body:

- 1) carries out state financial monitoring and control over: performing functions in the management of State property; targeted and effective use of state and local budget funds; addressable use and timely repayment of loans received under state (local) guarantees; reliability of determination of budgetary requirements when drawing up planned budget indicators; compliance of budget commitments made by the managers

of budget funds with the corresponding budget allocations, the passport of the budget program (in case of application of the program-target method in the budget process); accounting, as well as drawing up financial and budget reporting, passports of budget programs and reports on their implementation, estimates and other documents used in the budget implementation process; the state of internal control and internal audit of budget funds managers; elimination of identified deficiencies and violations;

- 2) develops proposals for eliminating identified shortages and infringements and preventing them in the future;
- 3) takes measures in accordance with the established procedure to eliminate breach of legislation revealed in the course of state financial control and holds the perpetrators liable;
- 4) exercises other powers determined by the laws of Ukraine and assigned to it by the Cabinet of Ministers of Ukraine (Law of Ukraine 2939-XII, 1993).

Conclusion

Since railway transport is one of the most important components of the transport infrastructure of Ukraine and is a necessary general condition for the production of any product, which ensures connections between industries, enterprises, regions of the country, and foreign countries (Sirko et al. 2022, p. 198), state financial control is necessary to ensure efficient and economical using costs and stable development of railway transport.

That is, the functions of state financial control of railway transport of Ukraine should be understood as a certain system of tasks and responsibilities assigned to the authorized state bodies and services in order to ensure efficient and economical use of railway transport funds. Most often, these functions may include checking the activity of railway enterprises for compliance with legislation and budget restrictions, analyzing the effectiveness of public funds use, monitoring compliance with budget restrictions, providing recommendations for improving financial management and ensuring transparency and availability of information on the usage of public funds in railway transport.

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