

FINANCIAL CONTROL AS A FACTOR OF EFFECTIVE PUBLIC PROCUREMENT MANAGEMENT

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The subject. Financial security of public procurement at the expense of budgetary funds requires the creation and functioning of an appropriate system of public financial control implemented not only by public authorities (legislative, executive, judicial) but also by society. It is shown that the objectivity of control is formed by the parallel financial control, both from the state and society. This interaction forms a public management system in the field of public procurement, guaranteeing the balance of public and private interests.

The goal of the study: confirming the hypothesis that there is a particular type of financial control, the public financial control of public procurement. General scientific (analysis, synthesis, method of modelling) and private scientific (comparative-legal) methods are used to achieve the goal.

The main results. The authors' definition of public financial control of public procurement is a combination of state financial control, departmental financial control, internal financial control (internal financial audit) and public financial control, aimed at the compliance of customers with the rules of financial law and legislation on public procurement for effective and proper use of budgetary funds, as well as other resources aimed at protecting the public interest in the process.

Taking into account the large-scale use of digital technologies in the financial control of public procurement, we confirm the hypothesis about the transformation of methods of public financial control of procurement sphere from the traditional ones to monitoring, or digital financial control of public procurement, viewed as one of the main methods of modern digital financial control, aimed at ensuring the normal process of financing public procurement. Given that digital technologies are quite actively used in public administration, the application of public procurement control is an effective method that allows checking the legality and properness of public finance expenditure. The novelty of the study lies in structuring financial control as a factor of effective management of public procurement in Russia.

Conclusions. The authors emphasize the priority method: financial controlling of public procurement allows using the risk-based approach to minimize the role of the "human factor" in public procurement and reduce the costs of organizing controls and maintaining a large staff of financial control bodies.

1 Introduction

The significance and necessity of financial control of public procurement are beyond doubt in the development of modern society, especially given the fact that control is one of the essential functions of management. Therefore, the relevance of this study is obvious. The complex epidemiological situation in the world has increased attention to the emergency procurement of goods, works, and services for public needs. Restrictions introduced by many world countries during the pandemic have contributed to the deficit for specific categories of goods and an increase in corruption, leading to additional budget expenditures. These circumstances allow us to conclude that a coherent and effective procurement system and timely financial control over its implementation in such circumstances indicate the effectiveness of public administration as a whole.

Insufficient investigation into the system of financial control of public procurement and lack of a uniform scientific approach predetermined the topic of the study.

Traditionally, the scientific literature on financial and administrative law expands on certain aspects related to the control of public procurement, in particular:

- analysis of the system of public administration and activities of control and oversight bodies in the field of public procurement in foreign countries [13;18;20];

- availability and priority of certain types, forms and methods of financial control of public procurement [14-17;19].

Analyzing the existing scientific literature on this issue does not always offer a variant of solving existing problems that can be easily borrowed. In particular, in Ukraine, the establishment of the body of financial control in the field of procurement - Inspectorate of Public Procurement is initiated [13;21]. In our opinion, an additional supervisory body is not always an effective way to transform the existing system of control.

2 Materials and Methods

Scientific research on any topic, including financial and legal, is carried out with the help of various scientific methods.

In order to confirm the hypothesis about the availability of public financial control in the field of procurement, as well as its priority method of implementation - digital financial controlling of public procurement, two groups of methods were selected: general scientific and private scientific, which are used in the studies of both domestic and foreign authors [25-30]. Using these methods allowed the authors to present financial control as a factor in effective public procurement management.

Of the general scientific methods in the study, the methods of analysis and synthesis were prevalent, promoting the use of logical methods of theoretical dissection and subsequent connection of various elements of the system of financial control of public procurement. The modelling method was also used, which allowed presenting models of public procurement control. Regarding private scientific methods, the comparative-legal method was significant, allowing to analyze the essence and content of public administration and financial control of public procurement in Russia and foreign countries.

3 Results

The concept and content of public administration

In view of financial control of public procurement as one of the effective public administration tools, it should be noted that the very concept of "public administration" is a term that has recently entered into scientific circulation because the concept of "state and municipal administration" has been used for a long time.

In developing the theory of public administration in foreign science, different approaches focus on the critical points of interaction between different subjects within the

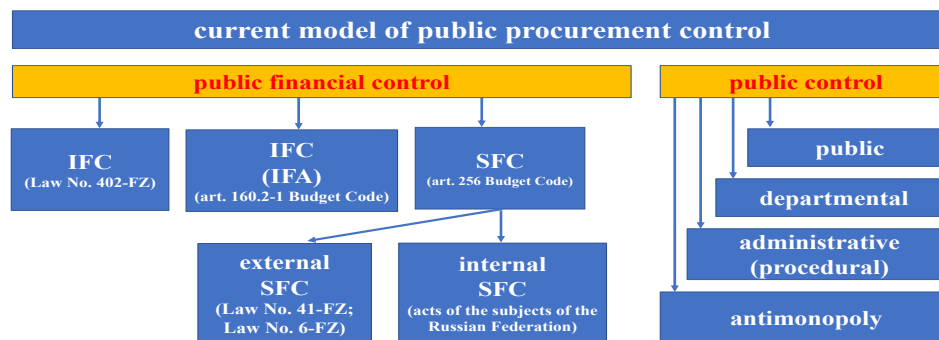


Figure 1. The place and structure of public financial control in the current model of public procurement control

state. We will focus on some of them, in particular, those based on:

1) the concept of "new public management", in which the state is seen as an institution that:

- provides various services to society, and does so at a lower cost than other actors;
- creates the necessary framework for social activity;
- coordinates social and economic activities based on established rules [3;4];

2) network model of public administration ("governance without government", representing a partnership between the state and society [5;6].

Nevertheless, regardless of the emphasis put when characterizing public administration, its general definition consists of the following elements: public management, strategic planning, the interaction between state and society [1].

Currently, the essential characteristic of public administration in domestic science is based on the positions of foreign authors, who believe that public administration can be defined as a system of cooperation of state, municipal, non-profit and other structures, designed to ensure the satisfaction of public interests [2;7;8;9;24]. Consequently, public administration, combining the activities of state and non-state structures, is a public-state system, the purpose of which is to realize national interests and produce public goods. This goal is also achieved through the institution of public procurement of goods, works and services. For procurement to be carried out on legality, efficiency, economy, it is necessary to have an organized control system.

Financial control of public procurement

The control in the sphere of procurement is represented by the public control, which includes the following types: financial, public, departmental, administrative (procedural), antimonopoly (see Figure 1).

Within the framework of this study, public financial control of procurement is of most significant interest and will be discussed below.

The concept of public financial control in the scientific literature is considered in several aspects: a) as an analogue of state and municipal financial control implemented simultaneously with the control by other subjects in terms of finance [10;12]; b) as an independent type of public control, along with fiscal and other types of control [11].

Initially, financial control was equaled to state (municipal) control in the scientific literature on financial law. Expanding the boundaries of traditional (state) financial control in public procurement is possible through the use of public financial control of procurement, which in our view includes: state financial control, departmental financial control, internal financial control (internal financial audit) and public financial control.

From our standpoint, the second approach is the most acceptable due to the specifics of public procurement: it allows us to identify the main feature of public financial control - the mandatory presence of public interest. It is

financed at the expense of the relevant budget, and by its virtue, control measures are implemented.

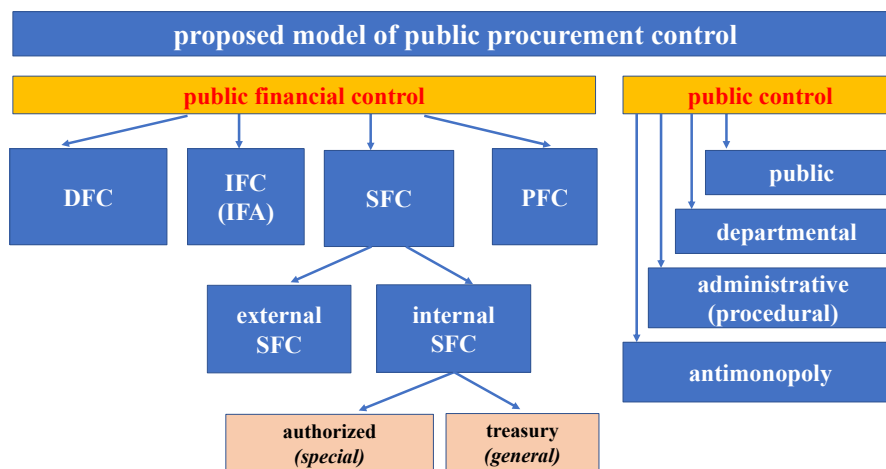
Availability of public interest predetermines the system of public financial control in the field of procurement, in which under the subject of public financial control, we propose to understand the compliance of parties to a transaction with the norms of financial law and legislation on procurement, ensuring effective and purposeful use of budget funds, as well as other resources aimed at protecting public interest.

System of financial control of public procurement

Following the discussion above, we propose considering public financial control of procurement as a structural element (along with public control) of the public procurement control model. In this case, public financial control is subdivided into types (see Fig. 2):

- public financial control (internal and external);
- departmental financial control;
- internal financial control (audit);
- public financial control of public procurement.

Figure 2: The place and structure of public financial control in the public procurement control model



In characterizing the system of public financial control, it should be borne in mind that:

- state financial control in the field of procurement is currently implemented by the Accounts Chamber of the Russian Federation, Federal Antimonopoly Service of Russia in terms of the state defense procurement, the Federal Treasury, state control bodies, which are executive authorities of the subjects of the Russian Federation and control and accounting bodies of the subjects of the Russian Federation;

- public financial control over procurement is carried out by citizens and public associations;

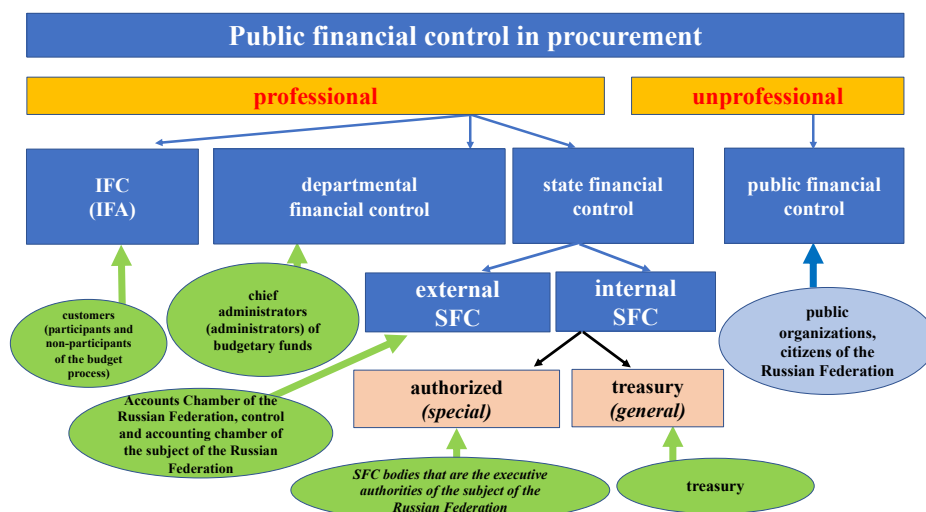
- audit of public procurement is carried out by the Accounts Chamber of the Russian Federation and control and audit bodies of the subjects of the Russian Federation;

- departmental financial control is exercised by the main administrators of budget funds, including those in control of their subordinate institutions;

- internal financial control (audit) is carried out by the par independently.

Thus, the author's definition of **public financial control in the field of procurement** is a combination of state financial control, departmental financial control, internal financial control (internal financial audit) and public financial control, aimed at the compliance of customers with the norms of financial law and

legislation on public procurement for effective



and targeted use of budget funds, as well as other resources aimed at protecting public interest in public procurement.

Based on this study, it is appropriate to say that the primary type of public procurement control is public financial control, and the control of customers' compliance with antimonopoly requirements is defined as a secondary (post-control), stemming from the public financial control.

Implementation of financial control of procurement in foreign countries

Financial control of public procurement is present in all foreign countries because it is one of the tools for effective public administration implementation. It should be noted that the considered type of financial control has several peculiarities in different foreign countries:

- existence of control and supervisory bodies in the field of public procurement. In particular, the Complaints Commission in Denmark, the Public Procurement Arbitration Committee in Hungary; the Tenders Review Authority in Cyprus; the National Control Commission of Slovenia, the State Audit Service and the Audit Chamber in Ukraine, etc. [13;22];
- prevalence of separate types of control in the system of financial control of public procurement, for example, internal financial control in Croatia, which consists in the strengthening of financial responsibility of

Figure 3: Public financial control of procurement

the head of the organization, who annually confirms properness and legal grounds of the use of budgetary resources according to a financial plan with a special statement [14];

- the prospects of development of public financial control in the field of public procurement [15; 23];
- the use of various forms and methods of financial control of public procurement, particularly monitoring [16].

4 Discussion

The purpose of public control is to ensure all lawful ways to comply with public and private interests in the procurement process, encouraging all actors in this area for the effective use of public material and financial resources.

Public interest shapes the system of public control of public procurement, where its subject is the customers' compliance with the norms of financial law and legislation on procurement, ensuring effective and targeted use of budgetary funds, as well as other resources aimed at protecting public interest.

Consequently, the object of public control of public procurement is customers, and the subjects of such control include authorized public authorities (public subject), individuals and public organizations (civil subject). At the

same time, digital technology has become the basis for a new paradigm of financial control of public procurement: the transition from global traditional financial control and numerous inspections to comprehensive monitoring with the help of hardware and equipment.

Analysis of the financial control system of public procurement in several foreign countries shows similar trends in the development of domestic control in this sphere, especially in the examples of neighboring countries. In particular, in Ukraine and Russia, state financial control is carried out by the Accounting Chamber, as the supreme control body, and the term "state audit" is used for this type of control. Also, recently, along with the established forms and methods of control, a relatively new method began to be used - monitoring, both in the Russian Federation and in Ukraine, Uzbekistan and other countries.

In the Russian Federation and some foreign countries (the USA, China, etc.), special attention is paid to the availability of public financial control of procurement, which indicates the development of the concept of publicity in all spheres, including management. Earlier, we pointed out that domestic science initially resorted to the term "state and municipal governance", and later, with the development of civil society institutions and use of foreign theories of governance, they began to use the concept of "public administration". A similar situation occurred in the framework of financial control, which initially was reduced only to state and municipal, and then with the strengthening of the role of public institutions and social consciousness, it becomes public, including both civil and audit control.

5 Conclusion

Public administration, integrating the activities of the state, municipal, non-profit organizations are essentially a state and public system of implementing public interests and producing public goods.

When providing for public needs through procurement, the state acts not for its interest (interest of the landowning state), but for the public interest (interest of the sovereign state) - satisfying the interests of

the whole society. Society, in turn, is a controller preventing the expansion of the state's legal capacity in the implementation of the public interest.

We substantiated that the following types of public financial control are used for public procurement: state financial control with budget monitoring as the mandatory, primary method of control (digital financial controlling of public procurement), departmental financial control, internal financial control (internal financial audit) based on the risk-based approach, as well as public financial control.

During financial control of public procurement, "feedback" system is transformed to the state operational online management system, forming a new eco-system of financial controlling of public procurement. In this variant, financial control does not disappear as such - it is carried out automatically in the form of monitoring legally significant actions of officials responsible for the financial support of public procurement, which confirms the hypothesis about increasing the efficiency of public administration with the use of digital technologies.

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