

SUPERVISORY POWERS OF FEDERAL TREASURE

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In article powers of Federal Treasure in the field of carrying out of the state financial control over the present stage of budgetary reform in the Russian Federation are examined. Position of Federal Treasure in system of the state financial control of the Russian Federation is shown. The analysis of the features distinguishing control functions of Federal exchequer from functions of other participants of the state financial control is given.

One of the main objectives of the budgeting policy of 2007 in average-term perspective was expansion of responsibility of the ultimate decision-makers of budget. The solution is to implement methods and procedures of estimation of the finance management quality on the departmental level, internal audit development, improvement financial discipline.

In a frame of budgeting reform what is based on the method oriented on results, it is necessary to improve a system the state financial control. (SFC)

The economic theory put the control to the financial function what defines state financial mechanism as a "tool of influence" on the society¹.

The science divides control function of finances into non-state financial control and state financial control. The last one is consist of the two parts: *departmental control* and *extra-departmental control*.

Currently the SFC a performed by complex of the controlling organs of presidential control, legislature and executive power, organizations of the extra-departmental control and subdivisions of the departmental control what are subordinate to the ultimate decision-makers of federal budget and the decision-makers.

One of the authors of the budgeting reform the first deputy of the Minister of Finance of Russian Federation T.G. Nesterenko divides it into 3 parts.

On the first stage what is connected with acceptance of Budgeting codex in 1998 the system of budget execution, making a true reports of budget execution, **provision of external control for budget execution** were strengthen.

The second stage started in 2003 from the analysis of the content and amount of the expenditure obligations of Russian Federation, of its subjects, municipal establishments and leaded to the serious changes in principles of organization of budgeting process.

The start for the third current stage of the budgeting reforms was given by The Government order of Russian Federation from 22.05.2004 № 249 "About measures of increasing effectiveness of budgeting expenses". The targets of this stage are account of the public finances, development of the procedures of audit of effectiveness, making a system of internal control.²

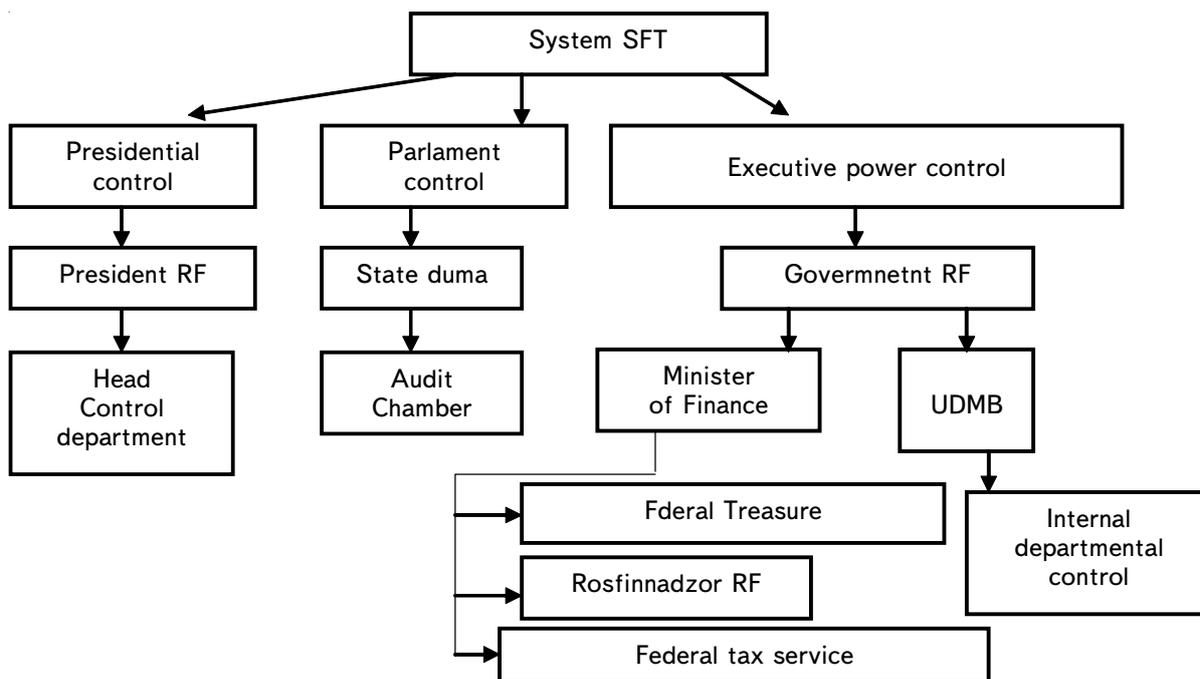
The third stage of the budgeting reform coincided with the begging of the administrative reform in Russian Federation. The Order of the President of Russian Federation from 9.03.2004 № 314 "About the structure and system of the executive organs of Russian Federation" performed main function of the executive organs according to theirs division into ministries, federal services and agencies³.

As it follows from the Order, ministries are on the top of the hierarchy what is responsible for functions of the state policy development and legal regulation of activities mentioned in The Orders of the President and Government.

The main target of the *federal services* is a function of the control in financial and budgeting spheres. *The federal agencies* offer state services defined by the Legislation of Russian Federation.

Hence the result of budgeting and administrative reforms for State Financial Control became an implementation of the system of the

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Pic. 1. The system of the state financial control of Russian federation

organs of the executive power with functions of the extra-departmental financial control.

The Federal Treasure has a special place in state organs.

According to the Order of the President of Russian Federation № 314 the Federal Treasure was referred to the federal organs of the executive power and was given a status of the *Federal agency* with functions of the Ministry of Finance of Russian Federation in a field of the provision of federal budget execution.⁴

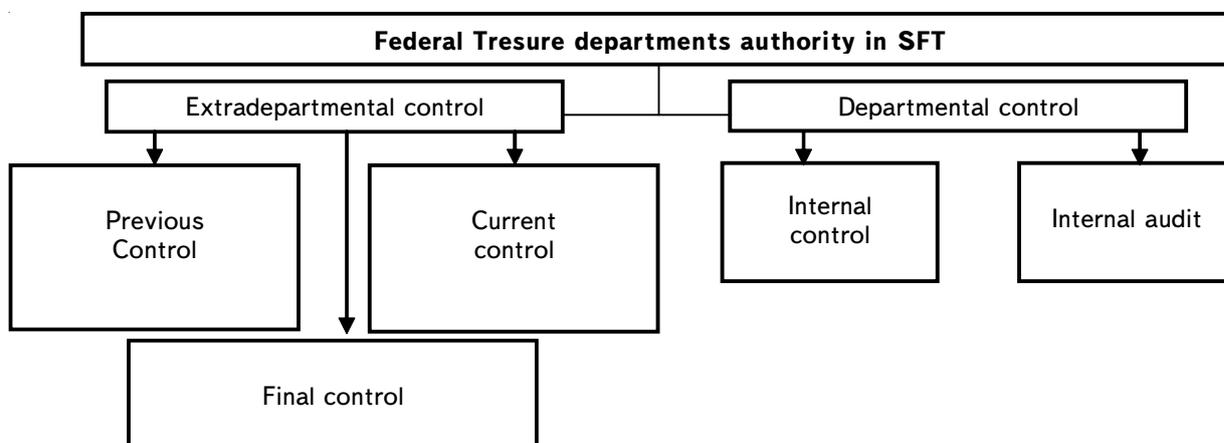
As we mentioned above, federal services realize functions of control for state organs execution, local government administration, federal constitutional laws, federal laws and the others regulatory legal acts.⁵

To understand the responsibilities of the state financial control we consider of the activity of the Federal Treasure (pic. 2).

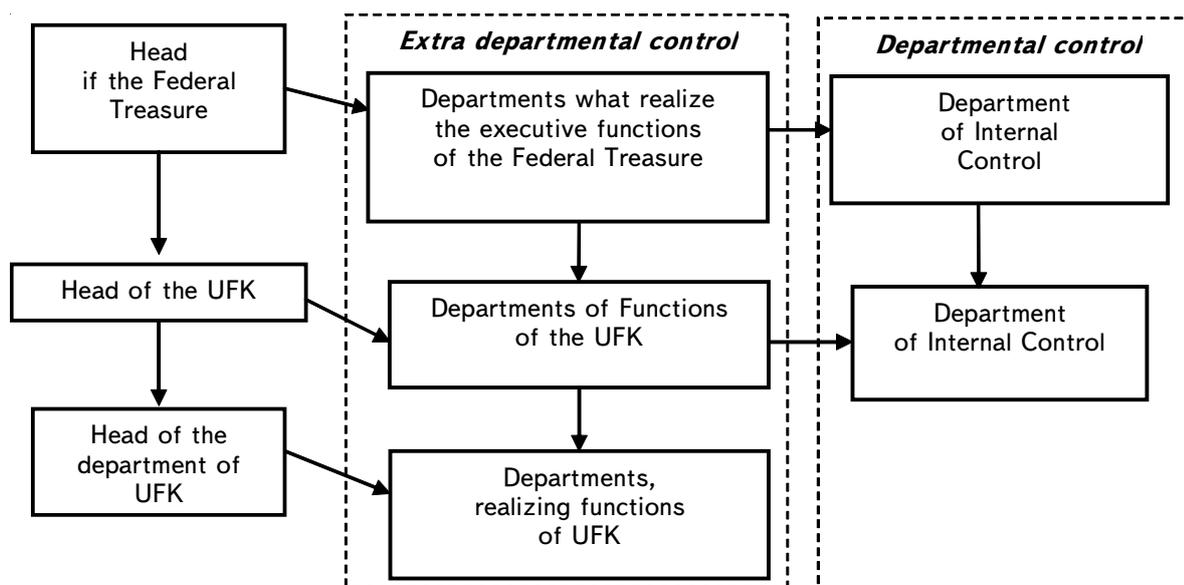
According to this position Federal Treasure realizes departmental and extra-departmental controls.

It necessary to notify that according to the requests of the Budgeting Codex (article 267) and the order about Federal Treasure, the Federal Treasure is a the one organ of the federal executive power what has a main target to realize preliminary and current financial control in execution of federal budget⁶

One of the social results of the Federal Treasure activity is a sum of the budget what was kept by the Federal Treasure in a budgeting



Pic. 2. Control component of Federal treasure activity



Pic. 3. Organization of the execution of State Financial Control in a Federal Treasure

system during the preliminary and current financial control from the unreasonable and untargeted usage.

What about making the following extra-departmental control – it is not foresaw in the responsibilities of the Federal Treasure neither by Budget Codex nor by the Order about the Federal Treasure.

So we can define the second peculiarity of the Federal Treasure as a the only one organ what realizes all types of the extra-departmental financial control foreseen by the Budgeting Codex of Russian Federation⁷

According to the authorities mentioned in the Order about Federal Treasure, the last provides functions of the ultimate decision-maker of budget and its divisions – the functions of the decision-maker of budget.

Furthermore all treasures from the head to district branches become a recipient of the federal budget means, so in this sense the Federal Treasure not only provides but also directly execute the federal budget.⁸

In Russian Federation the federal budget is execute only by the organs of the Federal Treasure, and it means that organs of the Federal Treasure as other participants of the budgeting process open accounts for execution of functions of ultimate decision-maker of budget and decision-maker of budget in organs of the Federal Treasure itself. That is why the Federal Treasure is a subject of extra-departmental control

it makes. From this is follows one more distinguishing feature of the Federal Treasure as organ of the state financial control – during making the departmental control the Federal Treasure performs itself as a subject (as organ of the state financial control) and also as an object (as ultimate decision-maker of budget or decision-maker of budget).

Being the ultimate decision-maker of budget the Federal Treasure also has authorities of making the departmental financial control.

Nowadays the system of organs of the Federal Treasure consists of the administration of internal control and of the audit of the central body and departments of the internal control of the federal Treasure divisions on subjects of Russian Federation⁹.

The forth peculiarity of the Federal Treasure as a participant of the state financial control is that extra-departmental control what is realized by the Treasure (as a participant of the state financial control) is an object of the departmental control where the subject is itself.

¹ Budget message of the President of Russian Federation to the Federal assembly from May, 30 of 2006 “About budgeting policy in 2007 “.

² Nesterenko T.G. The presentation on the All-Russian scientific and practical conference “The Practice of execution of the departmental financial control and audit” // “The Practice of execution of the departmental financial control and audit “: Materials

of All-Russian scientific and practical conference., May, 16-17 2006 , Ufa. Ufa, 2006.

³ See.: Resolution of government of Russian Federation from May, 22 of 2004 № 249 “ About measures for increasing the effectiveness of budget expenses”.

⁴ See.: Order of President of Russian Federation from March, 9 of 2004 № 314 “About structure and systems of executive power of Russian Federation “. P. 3, 4, 5.

⁵ *Demidov A.Y. Main results of the activity of the Federal Treasure // Finances, 2007. № 11. P. 24-25*

⁶ *Demidov A.Y. Practice of usage of the internal audit and activity of the Federal Treasure of Samara*

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⁷ *Demidov A.Y. main results of the activity of the Federal Treasure // Finances, 2007. № 11. P. 24-25*

⁸ Order of Ministry of the finance of Russian Federation from March,4 of 2005. № 33 “ About departments of the Federal Treasures about subjects of the Russian Federation.

⁹ See.: Order of President of Russian Federation from March, 9 of 2004 № 314 “About structure and systems of executive power of Russian Federation“. P. 7, 8 9.