

Recommendations for Conduct of State Audit of the Budget Policy in Modern Russia

Recomendaciones para la realización de la auditoría estatal de la política presupuestaria en la Rusia moderna

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ABSTRACT:

The purpose of the article is to develop scientific and practical recommendations for conduct of state audit of budget policy in modern Russia. The study is performed within the modern concept of state regulation of economy, the concept of budget management, and the concept of audit. The methodology of the research includes the methods of problem, system, and comparative analysis, synthesis, induction, deduction, and the method of graphical representation of information. The authors conduct comparative analysis of traditional state audit and state audit of the budget policy and develop the algorithm of state audit of budget policy in modern Russia. It is shown that a perspective measure that allows ensuring successful realization of budget policy in modern Russia is state audit. State audit of the state budget policy is an unprecedented practice. The necessity for its application in modern Russia is explained by the problem character of the budget policy, caused by complexity of balancing revenues and expenditures. According to the offered recommendations, state audit of budget policy in modern Russia reaches beyond the limits of the

RESUMEN:

El propósito del artículo es elaborar recomendaciones científicas y prácticas para la realización de la auditoría estatal de la política presupuestaria en la Rusia moderna. El estudio se lleva a cabo dentro del concepto moderno de regulación estatal de la economía, el concepto de gestión presupuestaria y el concepto de auditoría. La metodología de la investigación incluye los métodos de problema, sistema y análisis comparativo, síntesis, inducción, deducción, y el método de representación gráfica de la información. Los autores realizan un análisis comparativo de la auditoría estatal tradicional y la auditoría estatal de la política presupuestaria y desarrollan el algoritmo de auditoría estatal de la política presupuestaria en la Rusia moderna. Se demuestra que una medida de perspectiva que permite asegurar la realización exitosa de la política presupuestaria en la Rusia moderna es la auditoría estatal. La auditoría estatal de la política presupuestaria del estado es una práctica sin precedentes. La necesidad de su aplicación en la Rusia moderna se explica por el carácter problemático de la política presupuestaria, causada por la complejidad de

traditional audit and is within the involvement of interested parties into the process of development and realization of budget policy.

Keywords: state audit, state budget policy, modern Russia.

equilibrar los ingresos y los gastos. Según las recomendaciones ofrecidas, la auditoría estatal de la política presupuestaria en la Rusia moderna llega más allá de los límites de la auditoría tradicional y está dentro de la participación de las partes interesadas en el proceso de desarrollo y realización de la política presupuestaria.

Palabras clave: auditoría estatal, política presupuestaria del estado, Rusia moderna.

1. Introduction

Implementation of the budget policy in modern Russia is characterized by high complexity. This is caused by instability of external situation due to high volatility of world prices for natural and energy resources, which form the basis of export and GNP of Russia. This is also explained by tensions in the internal situation, caused by the large share of shadow economy and high level of bureaucratization of the organizational structure of state machine.

The main problem of implementation of the budget policy in modern Russia consists in the fact that the state budget resources are limited and insufficient for full-scale execution of the announced liabilities before society and business. The attempts to solve this problem increase this problem. Thus, increase of tax load on business for the purpose of increasing the revenue part of the state budget leads to development of shadow economy and reduction of the volume of tax revenues into the budgets of all levels.

The measures for reduction of expenditures of the state budget lead to increase of social tension and aggravation of business climate, reducing competitiveness of Russia's economy and slowing down the rate of its growth, which decreases the revenues part of the state budget. The depth and scale of the problem of implementation of the budget policy in modern Russia are too large, which requires application of radical measures instead of traditional measures, which have negative effectiveness.

We offer a hypothesis that a perspective measure, which would allow providing successful implementation of the budget policy in modern Russia, is state audit. This predetermined the choice of the topic of the research, which consists in development of scientific and practical recommendations for conduct of the state audit of the budget policy in modern Russia.

2. Materials and method

The study is performed within the modern concept of state regulation of economy, the concept of budget management, and the concept of audit. The methodology of the research includes the method of problem, system, and comparative analysis, synthesis, induction, deduction, and the method of graphical presentation of information.

3. Discussion

The conceptual foundations and practical experience of realization of state budget policy are shown in the works of such scholars as (Popkova et al., 2017), (Bykanova et al., 2017), (Przhedetskaya and Akopova, 2016), (Sadovnikova, 2013), (Busemeyer and Garritzmann, 2017), and (Osipov et al., 2017). The sense and peculiarities of state audit are studied by such authors as (Zdyrko, 2016), (Jiayi, 2016), and (Parsons, 2016).

At the same time, despite the detailed elaboration of these issues separately, complex studies of state audit of the budget policy are very rare, which is a basis for further scientific studies in this direction.

4. Results

Budget policy of the state is unique object of state audit. This determines its specific

peculiarities, as compared to the traditional state audit, aimed at standard objects. The results of comparative analysis of the traditional state audit and state audit of the budget policy are shown in Table 1.

Table 1

Results of comparative analysis of traditional state audit and state audit of the budget policy

Comparison criterion	Traditional state audit	State audit of the budget policy
evaluation subject	existing bodies of public authorities	specially created new independent body of public authorities
evaluation object	final accounting	final accounting and intermediary accounting
audit purpose	assessment of results	monitoring and control of the budget process
auditor's functions	preparation of the report	correction of policy, personnel decision on the basis of the report
confidentiality of audit's results	strictly observed	not required, as the results of the audit are to be officially announced

Source: compiled by the authors

As is seen from Table 1, as compared to the traditional state audit, which is conducted by existing bodies of public authorities (as a rule, the Audit Chamber, the Central Bank, etc.), the state audit of the budget policy cannot be performed by these bodies of public authorities, as they are involved in development, establishment, and implementation of the state budget – so their participation in conduct of state audit of the budget policy violates the condition of audit's independence.

That's why for conduct of state audit of the budget policy we recommend to create a special independent body of public authorities. It is preferable that this body include not only state officials but also representatives of the public and business. This will allow covering all groups of interested parties and providing effectiveness of the state's budget policy, thus guaranteeing a responsible approach to conduct of the state audit.

Contrary to the traditional state audit, the object of assessment of which is final accounting, during the state audit of the budget policy not only the final but also intermediary accounting is assessed. In other words, during the state audit of the budget policy not only the final but intermediary results are evaluated, which allows correcting the budget policy.

Accordingly, during conduct of state audit of the budget policy, the audit tasks include not only assessment of the results but also monitoring and control of the budget process. A special body of public authorities, with the power to conduct state audit of state budget policy, should have not only the function of preparation of audit report (expression of independent objective opinion regarding the realized budget policy).

We recommend providing this body with a possibility to correct the state budget policy. That is, each stage of its existence should be approved, confirmed, and controlled, and, if necessary, corrected by a special body of public authorities, with authority to conduct state audit of state budget policy. Moreover, we recommend providing this body with a function of making personnel decisions on the basis of the conclusion on the performed state budget policy.

This will allow forming highly-effective system of motivation and stimulation of public officials for efficient execution of their responsibilities within the state budget policy. It should be noted that depending on the force and depth of consequences of mistakes of these public officials, they might be imposed with fines, downgrading, or firing. The public authorities' body's, which has the authority to conduct state audit of state budget policy, receiving the function of personnel decisions makes it the highest controlling body for budget policy.

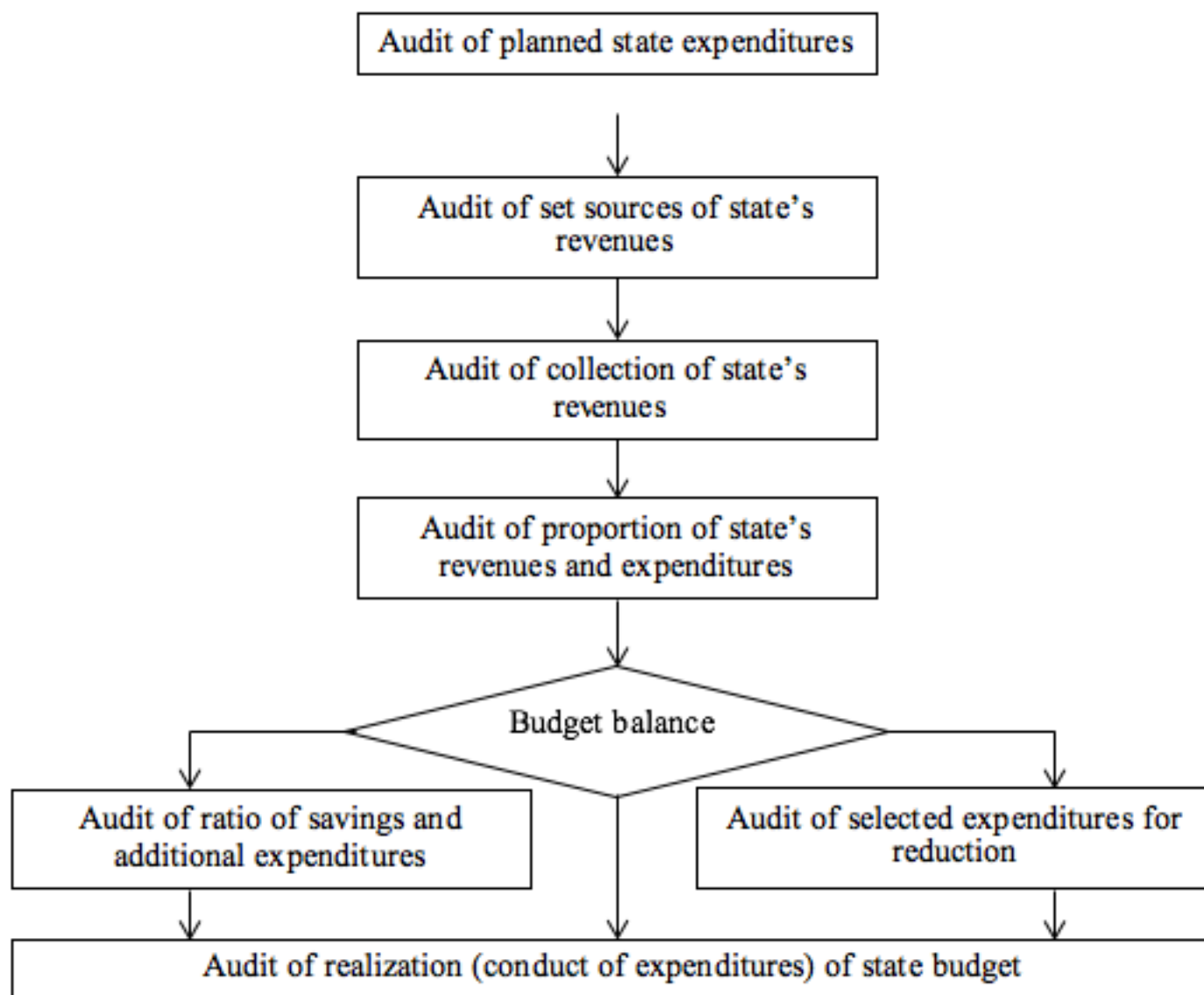
As compared to traditional state audit, the state audit of state budget policy does not suppose the condition on observing confidentiality of the audit results, as they are to be announced officially. This is also one of recommendations, fir in case of secrecy of the results of state audit of state budget policy it main goal, formulated as public regulation of budget policy, is not performed.

As the budget policy in modern Russia cannot conform to the interests of all interested parties, it is conducted through a compromise. Without public regulation, such compromise is set in favor of the interested parties who lobby their interests before public authorities that take part in development and implementation of the budget policy. For increasing social justice in Russia, we recommend providing all groups of interested parties with a possibility to regulate the budget policy.

That's why the process of audit of state budget policy is more difficult and time-consuming that the traditional state audit. The offered algorithm of state audit of the budget policy in modern Russia is shown in Figure 1.

Figure 1

Algorithm of conduct of state audit of the budget policy in modern Russia



Source: compiled by the authors.

As is seen from Figure 1, the recommended algorithm differs from the algorithm of conduct of the traditional state audit, as audit is conducted at each stage of development and realization of

state budget policy. This ensures interactive nature of state audit of state budget policy.

Due to this, the public authorities' body, which has the authority to conduct state audit of state budget policy, becomes a participant of the process of development and implementation of state budget policy. This is the essential difference from the traditional state audit, at which the auditor is attracted expert, who expresses his opinion, which is not necessarily taken into account by the organization.

5. Conclusion

State audit of state budget policy is an unprecedented practice. The necessity for its application in modern Russia could be explained by the problem character of the budget policy, caused by complexity of balancing the revenues and expenditures. According to the offered recommendations, state audit of the budget policy in modern Russia reaches beyond the boundaries of traditional audit and is related to involvement of interested parties into the process of development and implementation of the budget policy.

Another essential difference of state audit from state budget policy is the necessity for creating a special new body of public authorities, as no existing body can conduct such audit as of now. This new body should be formed from representatives of various groups of interested parties, including civil society and entrepreneurship.

The developed recommendations allow determining common basis for conducting state audit of the budget policy in modern Russia. However, their practical implementation requires additional elaboration. In particular, it is necessary to set the criteria of evaluation of effectiveness of separate state officials and public authorities' bodies, involved into the process of development and implementation of state budget policy, as well as the policy as such. Development of such criteria would be a perspective direction of further development of this research.

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