

Development of Scientific Understanding of the Essence of the Fiscal Control in Russia over the Past 100 Years

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ABSTRACT

The relevance of the studied problem is determined by the fact that the modern understanding of the essence of the fiscal control is based on the research of specific essential characteristics. As a rule, they are not of system nature and are not connected with studies of other characteristics. The aim of this article is a synthesis of the main theoretical achievements in the study of the fiscal control in the Russian Federation and other countries, and identifying of the most important characteristics, which allow to reveal its internal content. The leading approach to the research of this issue is the system approach that provides a means of analyzing the essence of the fiscal control as a multifaceted phenomenon of the economic life of economic entities and the state. The main results of the research consist in the substantiation of the three major theoretical outputs concerning: a) the nature of the fiscal control as an economic phenomenon; b) the main essential characteristics of the fiscal control; c) interested user in information of the fiscal control as the foundation of its organization and implementation. . The materials of this article can be used for further research of the theory and methodology of carrying out the fiscal control, as well as its organization on the macro and micro levels.

KEYWORDS

Financial relations, fiscal control, essential characteristics, interested user

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Introduction

Establishing a context

The philosophic category of the essence is a reflection of the diversity of the external forms of the existence of the subject in the unity of its internal content (Il'ichev & Fedoseyev, 1983). According to the philosophers, the practical activity is impossible without the insight of the essence of phenomena. The fiscal control is a complex, diverse phenomenon in the economic life of a man, society, state. It accompanies all the operations, connected with formation and usage of financial resources at any level, starting from household to the international relations. As

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a rule, the essence of the fiscal control is associated with the control function of finance and with the essence of the financial relations. The most spectacular example of this approach is the position of Professor E.Y. Gracheva (2013), Doctor of Juridical Science, who thinks that "the insight into the essence of finance in the limited interrelation of its functions allows to determine not only the incidence of the financial relationships, but also the objects of the fiscal control, the prospects for its further, etc., in other words the essence and significance of the fiscal control".

However, the contemporary science pays insufficient attention to the insight of the essence of the fiscal control. The main efforts of scientists are focused on studying of different forms of the external manifestation of the fiscal control, which are given the status of its essence. This is the reason for existence of a large number of complaints on the quality and the effectiveness of the fiscal control, especially of the state fiscal control and auditing. The above-noted problems of the necessity of the theoretical research on the questions of the essence of the fiscal control and their implementation determined the relevance and significance of the chosen research topic.

Reviewing the literature

The following manifestations of the fiscal control are considered more often. Firstly, the emergence of the fiscal control is associated with the birth of the financial relations, specifically with public finances, identifying it solely with the state fiscal control.

This approach became historically perpetuated in the Russian Federation. The Russian scholars point out that neither in the pre-revolutionary scientific literature nor in the legislation of that time, the term "fiscal control" was mentioned (Yalbulganov, 2000). Along with that, the terms "state control" (Ivano, 1908) and "budgetary control" (Evzlin, 1913) are frequently used. In the days of the Soviet Union, the fiscal control was considered only as a state one. It is more clearly seen in the following definition: "The fiscal control in the USSR is the activity, determined by the features of the social regime and the class nature of the socialist state and regulated by the legal norms. This is the activity of the competent authorities on the control of accuracy, validity and practicality of mobilization, distribution and usage of funds of monetary means for the purpose of orderly and efficient development of the national economy and the steady growth of the financial and cultural living standards of workers" (Kovaleva, 1975).

This approach to the determination of the essence of the fiscal control still exists. Professor A.A. Yalbulganov (2000) believes that the use of the term "fiscal control" in relation to the private-ownership relations is «invalid, because it leads to the misrepresentation of the essence of the fiscal control as a category of the public law».

The problems of the state fiscal control are often considered abroad in the context of strengthening the federalism and public financial management. For example, J. Sundquist (1981) wrote that the final design of the modern presidential power in the United States began on the 10th of June in 1921. This was the day when the President Warren Harding signed the Budget and Accounting Act (Budget and Accounting Act, 1921). The American economist R. Musgrave (1959) believes that "a political process is imperfect; it can only bring

nearer something that is the best budget choice. But the political mechanism is the best (or the only one) available technology and it should be formed and used as it is possible".

Other forms of the fiscal control, which are considered as the essence, were introduced into our science from abroad and were assimilated in the prejudice of native schools of thought. First of all, this is the concept of the fiscal control as an integral part of the management process. For example, A. Chambers & Rand (2010) claims that in general sense it is a process conducted by the board of directors of an enterprise, management, staff. It is created for securing reasonable guarantees on achieving goals in the spheres of efficiency and viability of operations, reliability of financial reporting, compliance with current legislation and regulatory enactments.

R.P. Greenwood (2002) defines the fiscal control as an instrument of enabling management to exercise an option between the alternatives of business solutions, to plan financial figures in future periods and analyze them in the retrospective.

There is a widespread idea about the fiscal control as a set of tools needed for improvement of the efficiency of organizations, regardless of the form of incorporation. This scientific theory, which is called controlling, considers the fiscal control as a process, which is the continuation of the planning process and accompanies the process of implementation of plans. The German economist D. Han (1997) claims that this process supposes "determination and documenting of the actual data (results of implementation of solutions) and their comparison with the planned figures in determining the results of activities. The control includes comparison of the expected and actual indicators of the plan execution, validation of the entry points and control of the methodological and content coherence of the planned process."

A similar point of view is expressed by native scientists. I.V. Firulin (1997) gives the following definition of the fiscal control: "the set of forms, methods, techniques of audit function and examination of financial and economic activities of enterprises, associations, organizations, institutions. It investigates the lawfulness of operations on formation, distribution and usage of centralized and decentralized funds of monetary means, safety of assets; verification of accuracy and timeliness of compliance with financial obligations to the budget and the state non-budgetary foundation; business accounting and reliability of reporting".

Probably nowadays, the most common approach to determination of the essence of the fiscal control defines it as the activity of the specialized organizations that directly carry out control actions. A prerequisite to its emergence was the successful development of the theory of auditing. Exactly this theory regulates the activity of controllers. It specifies special requirements for them and considers their activity as a specific control activity (Hayward, 1991). These opinions spilt over to the attitude toward the whole fiscal control. According to the team of authors, headed by L.A. Drobozina, L.P. Okuneva & L.D. Androsova (1999), the fiscal control is "the control of the legislative and executive authorities of all levels, as well as specially established institutions, over the financial activity of all economic subjects (the state, enterprises, institutions, organizations) with the use of specific methods. The legislation of



the Russian Federation treats the theory and methodology of the state fiscal control in the same way (Lukin, 2013; Fokeeva, 2015).

Considering the essence of the fiscal control, many authors try to combine different approaches. For example, D. Irvin (1998) insists on the fact that the fiscal control is a part of the integrated managerial system, which includes defining of the strategic goals, planning and forecasting, budgeting process, data recording, comparison of business activities with the plan, control implementation. Also H.E. Ryan (2006) unites the fiscal control as an element of the managerial system and a set of specific tools. He writes that effective corporate management and fiscal control include the use of monitoring, incentive mechanisms for alignment of the different interests between shareholders and managers for the purpose of increasing the shareholder value.

Professor E.Y. Gracheva (2013) suggests considering the essence of the fiscal control in two aspects. Firstly, as a "strictly regulated activity of the specially established controlling bodies for compliance with the financial legislation and fiscal discipline of all economic subjects. Secondly, as an "integral part of financial and cash flow management at the macro and micro levels for ensuring practicality and efficiency of financial operations".

Establishing a research gap

Consequently, the fiscal control is presented as a multifaceted phenomenon, the essence of which cannot be described in one or two provisions in the definition. The comprehensive examination of the essence of the fiscal control through the disclosure of its most important characteristics is necessary.

Stating the purpose

The aim of the study is unification of the disconnected characteristics of the essence of the fiscal control into the unifying concept and full disclosure of its inner content.

Evaluating the study

The significance of the research lies in the following. As it can be seen from the literature review, the most important conclusions relevant to the development of the theoretical views on the fiscal control are made long time ago. Modern researches in this field have not received sufficient development, and the results of the practical activity indicate the need for further improvement of the methodology of the organization and for conducting the fiscal control. One of the reasons for this problem seems to be insufficiently revealed internal content of the fiscal control and, as a result, uncertain estimate of its research potential.

Materials and Methods

Research methods

The following methods were used in the course of the research: theoretical (historical, dialectical logic, method of scientific abstraction); diagnostic (analysis, synthesis); empirical (comparison and generalization, grouping); system method.

Research base

The base of the research were the works of foreign and Russian scientists, who studied the nature of the fiscal control, auditing, basic economic theories. The results of the theoretical researches and practical experience of the authors in the field of the fiscal control, including the state control, were of great importance.

Investigation stages

The research of the problem was conducted in three stages:

1. At the first stage the major theoretical conclusions and achievements in the field of the research of the fiscal control were studied; and the experience in the studied theme of native and foreign schools was considered.

2. At the second stage the scientific developments of the authors of the article were summarized, the comparison and generalization of the results of the first and the second stages were carried out.

3. At the third stage the fundamental conclusions were made, the main features of the essence of the fiscal control were formulated, and its content was disclosed.

Results

Based on the provided analysis, and also on the results of the researches, one might state the following.

a) In the Encyclopaedia Britannica (Encyclopedia Britannica, 1963), checking systems are defined as "any mean, natural or artificial, whereby the variable quantity or a number of variates have to obey a prescribed rule more or less precisely". Proceeding from the meaning of this definition, it is possible to assume that a necessary condition for control is existence of some rule, to which a subject of control has to conform and fulfill its requirements.

As noted previously, the essence of the fiscal control arises from the essence of financial relations. Obedience of objective natural laws does not need control from a person as the nature has its own mechanisms of control. A person cannot overcome it, he can only abide. The financial relations are man's production, and the laws and rules created by people can be broken, changed and abolished. That is why the fiscal control is necessary. Without it, it is impossible to establish the financial relations. Therein lies the control function of finance.

b) The fiscal control is carried out on behalf of owners or hired managers, to whom holders delegated powers on property management. These people formulate rules of financial activity and are interested in these rules to be carried out. We call such subjects of the fiscal control as interested users in information of the fiscal control (Lukin, 2015).

c) The essence of this term cannot be described by one definition. It can be more fully characterized by a set of the main essential features of this or that type of the concrete objects of reality, called essential characteristics or characteristics of the essence of a subject.

From the perspective of the results of the research, it is possible to decide on the main characteristics of the essence of the fiscal control. They include:

1. Fiscal control as an area of scientific and specific knowledge.
2. Fiscal control as a component of the managerial system.



3. Fiscal control as a special type of the practical activity.

4. Fiscal control as the information system used for management.

Each of the provided characteristics has its own peculiarities in manifestation of the essence of the fiscal control, identifying features, however they are linked and exert mutual influence (Fig. 1).

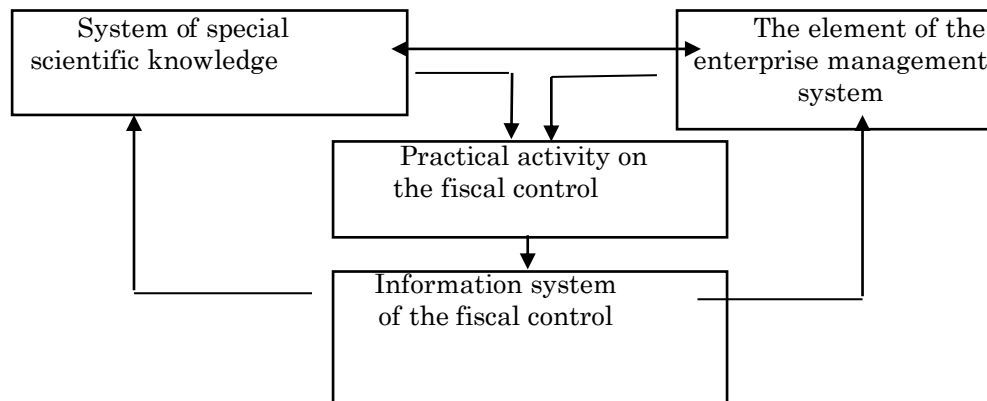


Figure 1. The essence of the fiscal control through interaction between its characteristics
Source: A.G. Lukin (2014)

The characteristic of the fiscal control, as the area of specific scientific knowledge, reveals a subject and its methods; reflects interrelation between other branches of scientific knowledge, starting from Economic Theories to Accounting and Statistics; it offers new, progressive scientific achievements, which can be implemented in the practical activity. The results of scientific inquiry provide the basis for made managerial decisions on organization of the system of the fiscal control, determination of its strategy and tactics. In the course of comprehensive study of the practical activity, there are developed recommendations on implementation of these or those methodological procedures or organization of the control activity.

The fiscal control as an element of an enterprise management system defines purposes, objectives, basic principles of its organization, and also the methodology of implementation of the practical activity. The attitude of an interested user towards the system of the fiscal control is revealed through this characteristic. It exerts noticeable impact on the scientific component of the essence of the fiscal control, demanding development of new scientific vision of problem solutions and contradictions in the managerial system.

In the course of the practical activity, participants of processes and procedures of the fiscal control are determined, the choice of methodology and methods of carrying out the fiscal control is made on the basis of options offered by science and practice. The result of the activity of the enterprise or even state depends on the results of the practical activity of the fiscal control. This characteristic allows to implement the chosen procedures and methods, to estimate efficiency of the made managerial decisions on organization of the fiscal control system. In case of need it allows to make corresponding changes, to supplement scientific recommendations and to broaden the sphere of scientific interests of the fiscal control. Impact on other characteristics of the essence of

the fiscal control is carried out through information, which is processed during the practical activity.

The information characteristics of the essence of the fiscal control consist in transformation of the huge array of information. Its sources are the documents, which are the results of activity of a subject of control and research, measurements and calculations, carried out during control. This information transforms into the form, necessary for an interested user and also for other users, for example, for public financial or tax oversight authorities, for general population (in case of obligatory disclosure of information on activity). It is actually the only legal basis for managerial decisions, especially regarding implementation of measures of coercion. This information is actively used by scientists for studying the results of approbation of scientific achievements, for receiving new facts and arising contradictions, which demand solutions.

The fiscal control as an area of scientific and specific knowledge is expressed by the system of ideas, which explains the studied area and forms its theoretical base. As mentioned above, the fiscal control is considered through a prism of various financial relations as a function of finance. At the same time it means that a person (legal personality, the state), who entered into the financial relations with other people (legal personalities, the state), is forced to keep a close watch on integrity of monetary means, which were given for temporary use, to management, to storage, and its target use.

However, the theoretical basis of the fiscal control is developed not only in the framework of the Financial Theory, but also in many other branches of the scientific research. Under the influence of the market theory and promotion of interests of the owners of incorporated companies, arose the auditing as the commercial direction of the fiscal control. The emergence of new theories, which examined different sides of the market economy, gave rise to the changes in views on the role and place of the fiscal control in the economy of the country or in the activities of economic entities. Such theories include the theory of agents, which gave rise to the consulting theory in the auditing. The behavior theories suggested looking not at the "dead" documents, but at the "alive" organization of internal control at an enterprise that led to the emergence of controlling. It should be noted that the concept of an interested user of the fiscal control is based on the postulates of this theory. The risk theory generated the direction of the risk management in the financial oversight.

The development of the theory and practice of the fiscal and business accounting exerts huge impact upon the theory of the fiscal control. In the generally accepted standards of accounting and reporting, people find generalizations of the theory and practice of economic sciences, which are related to each other by the objects of control. For example, the development of electronic methods of accounting and introduction of telecommunications allowed to use the cameral forms of control wider, which helped to enhance the current control in the course of carrying out financial operations.

The fiscal control uses the information, formed in the business accounting, implements similar techniques and methods of collecting and processing information.

It is closely related to the Economic Analysis, as approaches and methods of economic and financial analysis provide the basis for analytical procedures, implemented by verifiers.



Besides, the fiscal control actively uses the achievements of the Economic Statistics, especially concerning the questions of setting the range of documents, evaluation of risks and results of control activity (Fig. 2).

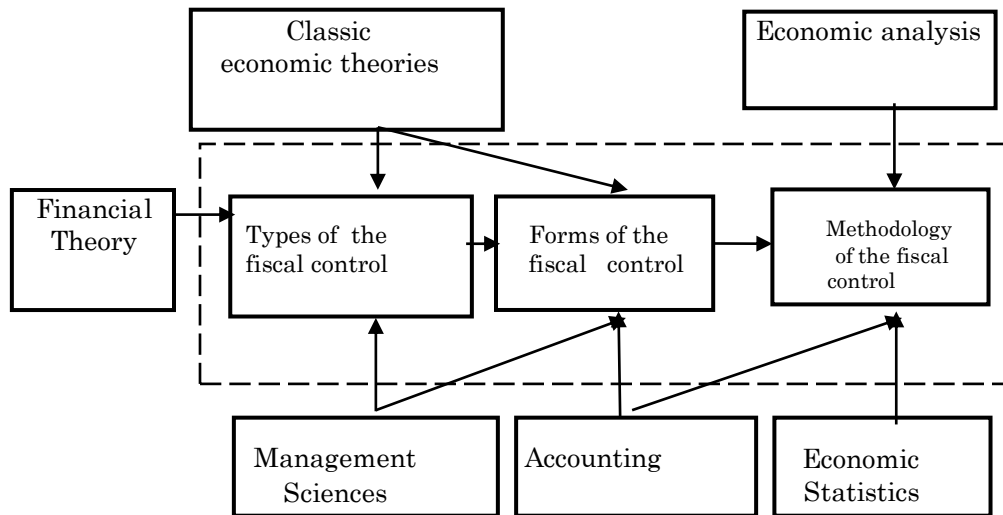


Figure 2. Influence of the separate lines of scientific researches on the theory of the fiscal control

Source: A.G. Lukin (2014)

The rapid development of the management theories forces the fiscal control to invent more working and effective types and forms of fulfilment tasks, standing before him. Management and control exert mutual influence on each other's development. Developing certain structures and forms of management, scientists consider resolution of a problem of efficiency of control as one of the most important tasks. They wanted to achieve the greatest result at the lowest cost. Further development of types and forms of the fiscal control helps them in resolving these problems.

The object under study of the fiscal control are relations arising in the course of regulation of compliance with the financial rules and standards by legal and physical persons – participants of socioeconomic development of the country. And also relations, originating during achieving financial goals and planned results. These relations are established by:

1. On the micro level:

- owners of enterprises, agencies and institutions of various forms of ownership in the course of organization and implementation of finance and economic activity;

- hired directors during exercising of powers (given them by owners (including the state)) on administration of property and implementation of finance and economic activity of economic entities.

2. On the macro level:

- the state in the course of formation of the financial policy as one of the main instruments of management of the economy;
- the state as the owner in the process of management of the property belonging to him.
- owners of transnational enterprises in the process of management of the property belonging to them.

As a science, the fiscal control has its own subject and method. The subject under study is the activity of the state, owners (hired managers, which were devolved power on the property management by owners) of business entities. The activity of specialized units and audit companies, focused on compliance with the adopted requirements by owners for organization and implementation of financial activities, statutory compliance, implementation of targets and mission of the entity, is also under study.

The method of the fiscal control is a set of techniques and procedures – elements of the method, whereby we study the subject of the science.

As any other science, the fiscal control uses general scientific methods such as analysis, induction, analogy, comparison, simulation.

However, it also applies special methods of obtaining knowledge. One of the most important is the dialectical method (Openyshev, 2000). The fundamental thesis of this method is its inclusion into the theory of practice cognition. Studying the fiscal control is impossible without observation of the practice of implementation of control actions on real objects and without the analysis of its results. The information system, which processed a large amount of material required to obtain the results of control, actively helps to study the fiscal control.

The psychological method for studying behavior of subjects and objects of control in different economic conditions is of great significance. For example, shift of interest to the results of control depending on how a manager or an owner carries it out, or on the measuring rod or legal corporate forms of enterprises (joint-stock company – many owners, private trader- a sole owner).

Besides, the attempts of legal bodies and natural persons under consideration to reduce the influence of control, to make its carrying out ineffective for achievement of their own, deceptive purposes are very important for control. That is why the fiscal control also develops due to the desire of owners (hired managers) to neutralize such attempts of controlled entities.

Another special method of the fiscal control is a normative method. In the framework of this method, implementation of various kinds of performance standards is considered. For example, international or national auditing standards, or purity standards, etc. (Milova, 2014)

A special role belongs to the system method of studying, which determines the forming component parts and associated objects of the external environment. It establishes the structure of the system, i.e. set of internal connections and relations, and also correlations between the system of the fiscal control and the enterprise management system or the accounting system and reporting.

The fiscal control as an area of special scientific knowledge uses specific categories and procedures, which help to explain its nature as a practical activity and to create scientific approaches to the methods of its carrying out.



These specific categories and procedures include verification, audit function, inventory making, sampling frame, evidence, essentiality, conclusion or act.

The methods of the fiscal control are based on the general principles in accordance to which the approaches to its organization and implementation, and recognition of its results are developed.

The fiscal control, as an element of the managerial system, is characterized by the economic and legal relations between subjects of management and organizations, which were established (by owners, the state) or were headed (heads). They are of directive character. The first are stipulated by the right to affect the second and to apply the measures of coercion towards them. These measures should not contradict the current legislation, but should oblige the second to fulfill the requirements of owners and heads, which do not go beyond the powers vested in them (Lukin 2014). The nature of these relations directly depends on the interested user.

The fiscal control is in dialectical unity with other elements of the managerial system. That is why it is impossible to organize the effective fiscal control without the approval of the uniform and obligatory rules for all activities. It is also difficult to control the results of the activity without strategic and tactical planning, which determines the basic purposes of the activity of the organization.

The results of the fiscal control are the basis of management decisions, related both with implementation of measure of coercion, and with the change of the system of financial management. The management structure, adopted by an enterprise, influences the choice of types and forms of the fiscal control.

It is the expression of the interest of an owner (or a hired manager). Through the attitude of an owner to the fiscal control, we can see, if he is interested in the results of the activity of the company, or if he grinds his own axe, not related to the stated mission of an enterprise.

Consequently, the attitude towards the fiscal control, as an element of the managerial system, shows the real interest of an owner (a head) in the activity of an enterprise.

As the fiscal control should be subordinated to the interest of an owner, it should be managed. Standardization (it means creation of common rules for its implementation) was considered the most appropriate form of management.

This characteristic highlights the basic contradictions of the fiscal control. The main one is that the result of the control is expressed by the result of the activity of other structural divisions of the organization or individual employees. For example, the result of proper organization of control of compliance with the advance discipline acts as the intended use of funds by the accountable for assets persons, not controllers.

The second contradiction is the following: the efficiency of the fiscal control depends on the results of the activities of other units. That is why the activity of subjects of the fiscal control is not noticeable, as it is expressed by the correct action of the control objects.

These contradictions formed the basis of discussions about accurate evaluation of the effectiveness of the fiscal control.

The fiscal control, as the type of the practical activity, is characterized by the practical actions for the purpose of achievement of goals and objectives of the fiscal control. This characteristic reflects the practical activity of an owner (or a hired manager), or specially designated officials (controllers) or specially arranged governmental authorities or structural divisions of the organization (we will call them watchdog agency), which are intended to carry out practical measures on monitoring control in order to fulfill the interest of an owner (a hired manager).

This is the most studied characteristics of the essence of the fiscal control. The bulk of scientific researches is aimed at studying and developing this characteristic. In the framework of revealing the essence of the fiscal control, it is appropriate to come up with the concept of the control activity.

It is the activity of owners (hired managers), public authorities, office holders, specialized organizational units, invested with authority. It is also the entrepreneurship of public accountants and auditing firms on implementation of special procedures in respect of objects of control. This activity is aimed at ensuring compliance with the legislation requirements by employees due to achievement of goals and objectives of owners (hired managers). The control activity is designed to provide complete, timely and accurate information on compliance with legislation requirements and achievement of purposes and objectives, set by owners to their organizations.

The main structural elements of the control activity are:

- the participants of the control activity;
- the methodology of the control activity;
- the evaluation of the results of the control activity.

The participants of the control activity are: owners (hired managers), who independently carry out acquisition and processing of information of the fiscal control; management of the organization, whose functional responsibilities include the control functions; special bodies (departments) created by owners (managers); the attracted auditing firms; business entities (structural units) and employees, whose activity is under control.

Among these are the governmental authorities, vested with powers to carry out the state fiscal control, and also specialized units of the state authorities, who exercise the internal (departmental) fiscal control.

In the framework of the characteristics of the fiscal control as a type of the practical activity, the roles of participants of the control activity and the requirements for their professional qualities are determined.

In the business sector, the participants of control activities are the specialized organizational units of the internal control. They operate in accordance with the international or intracompany standards. They fulfill the requirements of a proprietor or a hired manager in charge of organization of the fiscal control for the successful accomplishment of the mission of an enterprise.

The system of business audit provides an owner (hired manager) with the required information. If an owner does not control an enterprise by himself (such as a joint-stock company) or the enterprise-wide makes maintenance of its own internal control inappropriate, then the business audit will be able to carry out the control activity with the required quality.



We should not forget about the most important participants of the control activities – the middle and first-line managers. They implement motivation of an owner, aimed at prevention from violations of requirements of the law and demands of an owner in the process of carrying out business activity through the properly organized and effective fiscal control.

The employees of a company or an organization are also the participants of the control activity. Firstly, as subjects of self-control, and secondly, as persons, whose actions, operations and procedures are under control.

The methodology of carrying out the control activity is a set of techniques and ways of solving set objectives. These are types, forms and methods of implementation of the control activity. In the course of studying the characteristics of the essence of the fiscal control, all processes and procedures are revealed. They are performed by subjects in the course of preventing execution of the financial irregularities or receiving information, needed for the interested user.

The most important and complicated element of the control activity are the approaches to determination of its result. The outcome of the control activity is complete, reliable and timely information, needed for the interested user for the successful management of an organization and, ultimately, fulfillment of its mission.

However, if the methods of obtaining information are studied in the framework of the characteristics of the fiscal control as a specific form of the practical activity, the processes of information processing and bringing the received information in the necessary form, is studied in the framework of the characteristics of the fiscal control as the information system.

The main elements of the information system of the fiscal control are:

- the sources of information;
- the requirements for the structure of the modified information;
- the ways of processing the received information into the information that meets the requirements of the interested user.

The main source of information is the control activity, implemented in the organization. But this is not the only source. The materials of the audit work and examinations, carried out in the organization by the bodies of the state fiscal control can be also considered as a source of information. The materials of examination, available for the information system and information, provided by the state authorities in the framework of state regulation of the financial activity, local acts within the framework of the establishment of the corporate rules are also suitable.

The requirements for the structure of the modified information are determined by an owner (hired manager), who carries out the fiscal control and is the main consumer of its information. As a rule, requirements for the structure, content and form of providing information are formulated in standards or rules of the fiscal control.

Methods of processing the received external information is a study of the obtained information with the use of the general scientific methods (comparison, analysis, synthesis) and specific (evaluation of reliability of evidence, dialectics)

procedures, conclusions made on the basis of this study and their execution in accordance with the requirements of an owner (hired manager).

In the process of the fiscal control, a huge array of information can be used and processed. This array can be divided into the external information environment and the internal one (Figure 3).

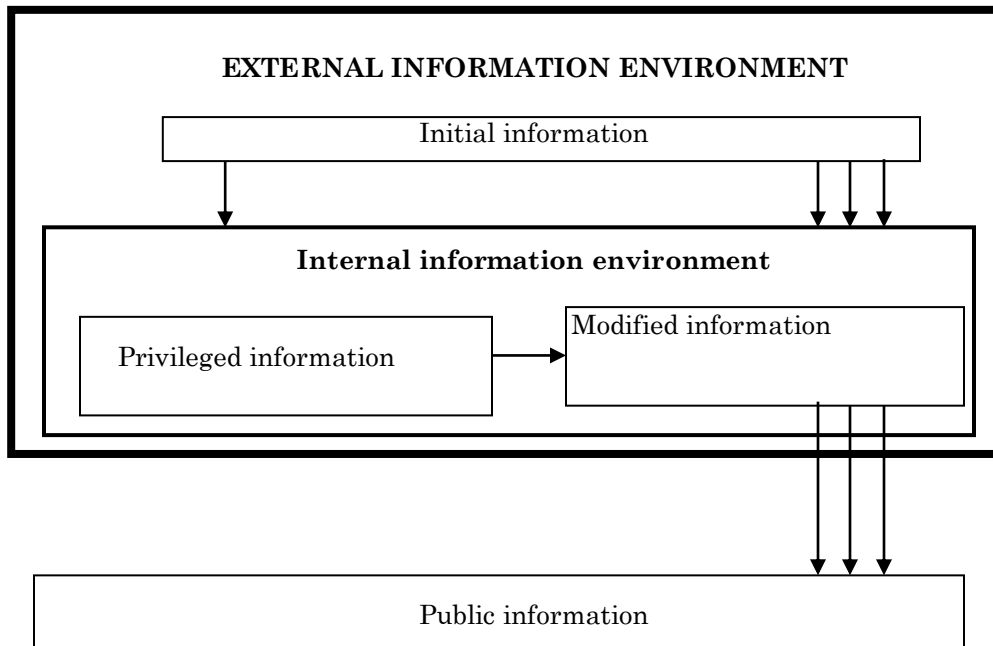


Figure 3. Information system of the fiscal control
Source: A.G. Lukin (2014)

Both components of the array of information are interrelated. The main purpose of the information system of the fiscal control is the processing of incoming information from the external environment in the outgoing into the external environment. This information meets the requirements of an owner (hired manager). This transformation is carried out by means of the internal information environment of the fiscal control.

Thus, the external information environment is divided into incoming and outgoing information. Under incoming information we understand the array of information:

- according to the rules and standards of the activity of an enterprise in general and separately for each employee, which includes legislative and normative acts, local acts, activity standards, technological and other regulations;
- documented actions of management and employees;
- documents on the results of their activity and the outcome of the company activity as a whole;
- documents on the organization and the results of implementation of the fiscal control in the structural units or on a controlling enterprise, in the presence of the relevant powers devolved to the interested user.



The documentation can be carried out by managers, workers, and controllers in the course of implementation of the control activity. Documentation is a necessary condition for the formation of the information environment of the fiscal control, both internal and external.

The outgoing information is the information, which structure and shape are determined by an owner (hired manager). It is formed on the basis of the incoming information and reflects the results of the transformation by the internal information environment of the fiscal control. The most vivid example of the rules of composition of the outgoing information are the auditing standards, particularly the rules of composition of the audit opinion.

To assist the interested users in determination of the requirements for the structure of the outgoing information, the science recommends the standards, prepared on the basis of previous experience of the fiscal control. Such standards, including the international ones, are designed to perform the following functions:

1. Provision of assistance to an owner (hired manager) in the formulation of his interest to the results of the control.
2. Unification of execution of the outgoing information in order to assure uniform understanding of its composition by all users.
3. Serving as a model for an owner (hired manager), which illustrates possible approaches to composition and execution of the outgoing information.

The internal information environment of the fiscal control is a set of tools, forms, methods of transformation of the incoming information to the outgoing. In other words, the internal information environment is an informative reflection of the characteristics of the fiscal control, because the conversion of information is carried out as a result of the control activity.

To receive the modified of the outgoing information we carry out:

- analysis or decomposition of incoming information into the components, for example the interpretation of control accounts of the business accounting;
- synthesis, or gathering of the related incoming information, such as the compilation of the cumulative information on the results of the financial activity of the various units of an enterprise;
- comparison of different incoming information, for example, the requirements of the legislation and practical actions of employees, or the targets and the achieved results of the activity, or the data included in reports and primary documents;
- documenting of the activity for further transformation, such as photos of the working day or stocktaking etc.

The results of the fiscal control, rectitude and effectiveness of managerial decisions directly depend on the completeness, reliability and timeliness of the received and modified information. A large number of different factors influence these indicators. Many of these factors were generated by an owner himself (hired manager), depending on his views on the fiscal control. We will name some of them, which negatively affect the information structure:

1. Emergence of interagents on the way of information from the body (unit), directly involved in the fiscal control, to an owner (hired manager) increases the duration of passing the information and decreases its timeliness.

2. Granting of the right to the internal users to influence on the content of information. Each interagent will use the ability to influence on information; that can reduce the completeness and reliability.

3. Limitations, connected with the access to the incoming information.

4. Limitations, connected with the volume of the incoming information.

5. Limitations, connected with privacy or confidentiality of the incoming or outgoing information.

Discussions

The researches in the field of the fiscal control, including the state control, are currently divided into several isolated from each other directions. The main ones are fiscal, financial and legal.

The study of issues of organization and implementation of the audit activity forms the basis of researches in the field of the fiscal control abroad. Foreign scientists R. Adams (1995), E. Ahrens (2001), R. Dodge (1992), D. Irvin (1998), J. Robertson (1993) studied the problems of methodology of implementation of the fiscal control and auditing.

The theoretical principles of the fiscal control in the Russian Federation are considered mainly in the framework of the financial theory, or financial management in the works of N.M. Sabitova (2012), G.B. Polyak (2012), N.I. Yashina (2013), etc.

The works of V.V. Burtsev (2002), E.Y. Gracheva (2000), O.A. Mironova (2006), V.M. Rodionova (2002) are devoted to the methodology of fiscal control and auditing.

The issues concerning the legal support of organization and implementation of the fiscal control were covered in the works of V.M. Mandritsa (1999), L.N. Ovsyannikov (2012), A.A. Yalbulganov (2012), etc.

Unfortunately, the conclusions and scientific results in each direction is in small demand and practically exert no impact on the development of the scientific thought in other lines of researches. However, if we take the materials of each line separately, we can see that lot of work was done on a high professional level. For example, we want to emphasize the materials prepared by the research team under the aegis of the Audit Chamber of the Russian Federation in the part of the study and generalization of international experience and historical researches.

Continuous attempts were made to analyze and find out the reason of differences in definitions of the fiscal control, formulated by various authors. For example, the scientists T.E. Gvarliani & S.V. Cheremshanov (2003) draw the inference from the analysis of more than 30 formulations of the definition of the fiscal control, that in different scientific works, this definition is considered in the following aspects:

- as an activity or function of various regulatory bodies;
- as a system for observation over the financial and economic activity of the object of management;
- as a set of actions, undertaken by regulatory authorities, to verify business transactions;
- as one of the types of the state control;



- as a function of the managerial system of financial relations;
- as the financial control in the process of objectively existing monetary relations.

At the same time, they believe that the fiscal control is a function of management of the financial system, with the help of which the subject that manages one of the elements in this system, obtains complete and reliable information on correct and effective functioning. That means that, adding to your list one more aspect, they consider the fiscal control solely as the information system. They believe that the essence of the fiscal control consists in observation over the financial and economic activity of enterprises, institutions, organizations, states. It is also the most important function of the management of the financial system, which has a special focus, certain content and specific methods of implementation.

Thus, we can say that traditionally, the fiscal control is considered as a special type of the practical activity of specialized structural divisions of an enterprise (if we are talking about the internal control and auditing), state controlling bodies (if we mean the state fiscal control) or commercial auditing firms. Indeed, this side of the fiscal control is the most notable and is quite evident in the daily activities of the economic subjects. In addition, there is one more characteristics, that is a function of the managerial system, which is also undeniable.

As can be seen from the above-mentioned definitions, the fiscal control and its essence are considered one-sidedly, trying to show manifestation of this phenomenon in general, through consideration of one of the selected functions or characteristics of his essence.

In fact, the fiscal control is a complex system that involves the issues of organization of the financial activities of the economic entity, preventative measures and avoidance of violations of these rules, creation and functioning of the feed-back channel, which provides information needed for the interested user.

That is why the multifaceted economic relations in the system of the fiscal control should not be limited only by the scope of the practical activities, reducing them to the activity of controllers (public or internal) or the auditing firms providing certain services to the entities.

Conclusion

The research, conducted in the article, allowed to draw a set conclusions, which are the following:

1. Studying of different approaches of native and foreign scientists to the insight into the essence of the fiscal control showed that it serves as a complex, multifaceted phenomenon, the essence of which cannot be described in one or two provisions in the definition. There is a need for the comprehensive examination of the essence of the fiscal control through the disclosure of its most important characteristics. The main characteristics that define the essence of the fiscal control are: the fiscal control as an area of the specific scientific knowledge; the fiscal control as an element of the managerial system; the fiscal control as a specific type of the practical activity; the fiscal control as the information system used for management purposes.

2. In the course of study of the fiscal control as an area of the specific scientific knowledge, the subject matter, specific methods were highlighted in the study. The influence of the separate lines of scientific researches on the development of the theory of the fiscal control was determined. The development of such scientific areas as auditing, consulting, controlling, and risk management significantly influenced on the evolution of the theory and practice of control. It should be noted that introduction of the electronic ways of maintaining financial and business accounting changed the methods of the fiscal control. The control analytical procedures, used by controllers, were borrowed from the financial analysis. The conducted research showed the necessity and conditionality of the development of the fiscal control together with other special knowledge areas. This allows to use the advanced scientific achievements and technologies in the controlling and economic activities.

3. When investigating the fiscal control, as an element of the managerial system, it was identified that using this characteristics reveals the attitude of an interested user towards the fiscal control. Obviously, it is carried out in the interests of owners or hired managers, to whom owners delegated the authority to manage their property. These are people, who create rules of the financial activities and are interested in the fact that these rules were carried out. Such subjects of the fiscal control were called users interested in the information of the fiscal control. The results of the fiscal control should be the basis of managerial decisions of owners, who can implement measures of coercion, and make decision on changes in the the financial management system. This characteristic of the fiscal control, as an element of the managerial system, is an important guide to managerial decision making.

4. The characteristic of the fiscal control as the practical activity, allowed to identify its structural elements: the participants of the control activity, the methodology of its implementation, the evaluation of the results of the fiscal control. The range of the participants of the control activity, their powers and their abilities, the choice of methods of implementation of the fiscal control and evaluation of the results significantly influence on the performance results of organizations and the state in general.

5. The information system of the fiscal control implies certain ways of obtaining and processing information for an interested user. The main elements of the information system of the fiscal control are: the sources of information; the requirements for the structure of the modified information; the ways of processing the received information into the information that meets the requirements of the interested user. The requirements for the incoming and outgoing modified information, its quality and relevance were defined .

6. According to the results of consideration of the characteristics of the essence of the fiscal control, its general definition was formulated. We think that the fiscal control is a science-based purposeful activity of the state, an owner, a hired manager of any level, who is vested with authority. This activity is carried out through management, watchdog agencies or third-party specialized organizations. It is aimed to ensure implementation of the rules of the financial activities by the state, owners (hired managers, if they are vested with appropriate authorities). The fiscal control provides receiving complete, timely and reliable information about the extent of observance of the rules in the process of the economic activity, achievement of the planned results, as well as



the development of practical recommendations for the adjustment of existing rules aimed at improvement of the efficiency of financial activities of a business entity.

The main conclusion, which follows from the research of the essence of the fiscal control, is that it is possible to solve the arising problems in this field, only seeing comprehensively the internal content of this important economic phenomenon, to make important decisions in the area of the financial activities on the scientific basis.

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No potential conflict of interest was reported by the authors.

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