

The Ministry of Education of Azerbaijan Republic

Financial control in the Republic of Azerbaijan and the directions of its improvement

Ilkin Gasimov

Supervisor: Hafis Hajiyeu

UNEC SABAH
Azerbaijan State University of Economics



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Abstract

In modern times, there is a great need for expansion and deepening of theoretical provisions of state financial control, elaboration and practical application of proposals for its improvement. The inadequate development of theoretical and methodological problems of the state financial control necessitates the selection of issues, goals and objectives, as well as the selection of a number of priority issues. Important arguments as well as the importance of the issue of the state financial control system condition the relevance of the chosen topic.

The dissertation consists of the introduction, two chapters, conclusion and a list of used literature.

The relevance of the research topic at the entrance of the graduation study substantiated.

In the first chapter "The theoretical and methodological basis of financial control," defines the essence of financial control and its role in the public management system, forms of financial control, methods and principles of implementation and the responsibilities of its implementing agencies.

In the second chapter "The current state of the financial control system in the Republic of Azerbaijan and its improvement", analysed the state of state financial control in Azerbaijan and the role of the state financial control over the use of budgetary funds, the organization of internal financial control on optimal use of financial resources the rules have been studied and proposals on improving financial control in Azerbaijan have been put forward.

The results of the research conducted by the author are summarized in the result of the study.

Keywords: finance, financial control, management, budget, resources.

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Introduction

The achievements in social and economic development in Azerbaijan, the great economic and financial potential created in the country, and the development of a new economic development strategy of scientific and technical development have become an objective necessity.

In the background of the increasing demand for the improvement of financial control and further strengthening of the legislative level, state authorities face certain methodological difficulties in the implementation of financial control. In some cases, participants in the budget process face certain contradictions in the process of managing the state's financial management and financial control while making appropriate decisions on them.

Existing problems could not be attributed to the definition of certain definitions and limited knowledge of the heads of the entities involved in the formulation and use of budget funds within the scope of public financial control capacities. At the same time, it is necessary to consider the relative deficiency of the basic elements of financial control, the lack of obvious forms and methods in its organization, and the incomplete use of organizational and financial capacities. Scientific research work and research aimed at ensuring the stability of the budget system, implementation of the budgetary policy aimed at increasing the efficiency of the use of budget funds, as well as the objective and efficient organization of the budget process and the more transparency of the state budget control are of particular relevance.

The modern budget policy is aimed at solving the decision to increase the efficiency of budget expenditures. The main focus on budget expenditure requires savings and maximum efficiency, proper selection of priorities, and accountability of current economic processes. According to many experts, the modern state financial control system provides feedback in the financial

management system and contributes to complying with legislation, increasing the efficiency of financial resources of the economy and achieving maximum socio-economic benefits.

The arguments for the study of the complex picture of state financial control can be summarized as follows: insufficient methodological assurance in the implementation of control measures, including some limited optimization of controlling standardization, difficulties in the development of approaches to quality assurance assessment, etc. Scientifically-developed approaches to the solution of existing problems in state financial control prove that there is a great need for scientific analysis and research in terms of requirements.

In modern conditions, certain limitations and deficiencies are observed in the studies on complex research and analysis of state financial control problems. At the same time, there is uncertainty in the use of theoretical concepts, which are expressed in various and sometimes contradictory explanations such as state financial control, its key elements, forms and methods, and the role and function of internal financial control in the state financial control system. Thus, the methodological basis of the practical application of financial control has not been fully worked out. This makes it clear that the financial control arrangements in certain normative acts have a positive impact on the correctness of its implementation, negatively influencing its practical application, and also the development of standards and methodological guidelines necessary for the participants of the budget process to carry out financial controls, including internal financial controls.

The crucial role of the budget system and the budgeting process in the mobilization and expedient use of financial resources is undeniable. In this regard, increasing the role of financial control over the formation of the state budget and the improvement of the budgeting process has been directed to the efficient and efficient use of the mobilized financial resources through the budget. Therefore, it is one of the tasks of the public importance to increase the role of financial

control over the purposeful and optimal arrangement of the budget system and budgetary process, which plays a special role in the formation and use of public financial resources in modern conditions, and conducting scientific researches aimed at its improvement. From this point of view, the dissertation is dedicated to the actual topic.

I. The theoretical and methodological basis of financial control

1.1 The essence of financial control and the role of its in the public administration.

Economic and social development processes exposed to various influences in modern conditions are regulated by market law, making it difficult for the government to implement the economic regulation mechanism. Therefore, there is a need for the formation of an economic control system capable of timely elimination of those problems, which may impede the economic and social development of the society.

Financial control means controlling the financial performance of all levels of legislative and executive authorities, as well as specially created offices, and all economic entities, by applying a particular method. It includes oversight of compliance with legislation in the process of forming and using cash flows, assessing the economic effectiveness of financial and economic operations and the expediency of the costs incurred. Because the state's financial system covers all types of money, financial controls are also multilevel and comprehensive. State financial control is aimed at realizing the state's financial policy and creating conditions for financial stability. This means, above all, the preparation, review, execution of budgets and extra-budgetary funds of all levels, control over the financial performance of state-owned enterprises, departments, banks and financial corporations.

Financial control is a combination of financial and related issues in the activities of economic entities, as well as the specific methods and effects of its organization. Financial control acts as a financial oversight function or a form of implementation. This realization determines the purpose, essence of financial control. Thus, financial control is the sum of the financial and related issues of business entities, as well as the specific methods and effects of its organization.

Financial control, such as the specific area or direction of control, has been selected from such resources during the period of financing itself. V.Rodionova and V.Shleynikov point out that "financial control has emerged simultaneously with the emergence of finance, that is practically division of labour, commodity exchanges and money relations" [37, p. 15].

The objective of financial control, which is one of the most important elements of the state's economic control system, is to ensure the successful implementation of the state's financial policy, the formulation and effective utilization of financial resources in all sectors of the economy.

Financial control, which is of utmost importance to effectively and at the expense of public funds, as well as budgetary funds, is one of the cores and mandatory elements of state governance funds that serves the interests of the state and is carried out on behalf of the state in different directions. Control of INTOSAI, as set forth in the "Lima Declaration of Higher Principles on Control", adopted at the International Congress of the Supreme Audit Institutions, to take measures to prevent the repetition of the shortcomings in the future, and in some cases to incriminate persons, and to ensure that the damages suffered by the guilty parties to detect violations of the rules set out in the existing legislation at the earliest possible stages of effective and cost-effective use of material resources.

State financial control is key to ensuring financial control. State financial control is the establishment of conditions for the financial and economic policy of the state, the creation of conditions for financial stability, the enforcement of the current legislation, the correct, efficiency and effectiveness use of public finances, the protection of state property, violations of the budget and financial discipline detection of state funds, as well as recovery of state property, as well as taking appropriate measures on guilty persons, etc. serve.

When speaking about control, first of all, control should be differentiated from inspection. Despite the apparent similarity between observation and surveillance for "inspection", the concept of supervision is broader than the

definition of inspection. First, if the inspection is only a matter of lawfulness, legitimacy monitoring is only one aspect of control. Here is one of the few aspects of control that is of minor importance: the purpose of audit activity. Secondly, the control line (administrative) or functional (within certain functions) is based on subordination. Unlike control, revision is not based on subordination and dependency. The most typical of these relationships is that inspection here is only to combat the breach of legislation to ensure full and strict enforcement of laws. This is not only the case of enterprises and offices but also the verification of their legal correspondence. Control is also an active form of government, which allows not only to detect violations of the law but also to prevent them directly. It is also important to note that control is also one of the elements of public administration. The state's non-governmental sector overseeing only the implementation of the monetary obligations to the state, including their tax and other mandatory arrangements, the allocation of budgetary assistance, the lawfulness of the borrowing costs, the expectation of targetedness, and the arrangement of monetary calculations and the compliance with accounting rules are made. Financial control over business activities is also governed by credit bureaus, shareholders' control and internal control.

S.P.Opeinichev and V.A.Jukov consider that the concept of accounting control functions cannot be identified with the notion of financial control, as there is no equivalence between the substance of the subject and the phenomenon in practice. If the accounting did not have the properties of the object, it could not use the control function as a means of controlling the state [38, p.6].

In many countries around the world, state financial control is carried out through financial ministries and their local authorities, treasury systems, tax authorities, central banks and other organizations. The use of these funds in the process of establishing financial funds of the state and the implementation of government tasks is the result of the economic activity of state and non-governmental organizations regulated by adequate financial means. At the same

time, the development of all sectors of the economy, the successful implementation of any government program in these areas is impossible without an effective system of control.

World practice shows that, while developing economic development programs in developed countries, these programs include costs associated with supervision activities. That is always true in real life. Thus, financial control is always profitable in foreign countries. In the United States, instead of each dollar spent by the agencies involved in surveillance activities, the budget additionally costs \$ 5 and in the UK, respectively, £ 13 per pound sterling. In foreign countries, the personnel of supervisory authorities are very high. During the formation of the management apparatus of the agencies dealing with this activity, high-level specialists and researchers are used. For example, 76% of the US Department of Control employees are masters and doctors of science. Special universities, academies and research institutes are engaged in the preparation and retraining of personnel involved in monitoring activities in France, Germany, Canada, the UK and other countries. When raising the level of knowledge, those employees are promoted to higher positions on career levels and their salaries are increased [35, p. 360].

Financial control acts as a form of financial control functions. Its content and purpose are to verify the financial performance of economic entities, field (management) and territorial management entities. The object of financial control is the distribution of financial resources, the centralization and the freed money funds in the process of their formation and use. Valid values are checked for financial controls. The financial control covers the financial performance of the entity and the financial performance of the economic entities, the preparation and execution of the budget and extra-budgetary funds, the expense of the estimate of non-profit organizations, the targeted use of the budgetary funds, the correctness of completeness and completeness of tax deductions [39, p.217].

The activities of the state supervision bodies should be primarily aimed at verifying the effective and cost-effective use of state funds at all levels of government law and presidential decrees, the legitimacy, accuracy and objectivity of the allocation of budgetary funds, the effectiveness of the government's activities, and the management of financial and material resources. [40, p.12].

Financial control serves the purposes of the state financial and economic policy, creates conditions for financial stability, ensures compliance with law, ensures the protection of state property, correct, efficiency and effectiveness use of public finances, increases the efficiency of economic activity, facilitates the timely implementation of the budget and fiscal discipline, and helps to identify unlawful publicly funded resources and, if necessary, pay public funds (including subsidies, subsidies, dotations, etc.) in the form of inappropriate use and inefficient use, deficiency, wasting It also provides for the optimization of the financial and economic structure, as well as the solution of many other issues related to improving the economy and finance, as well as the implementation of measures involving various state events or state actions (implementation of state programs, state orders, etc.) while focusing on the legitimacy, expediency and cost-effectiveness of costs, and to develop mechanisms to prevent abuse and errors.

Achieving the objectives of financial control is ensured by the following key objectives:

1) verification of the direction and use of public financial resources in terms of legitimacy, completeness, purpose, timeliness and purposeful appointment, the disclosure of their formation and spending (development of proposals for inefficient costs reduction);

2) control over the maintenance, protection and maintenance of material values of the state (state property), the efficiency of use of fuel and energy resources, the legitimacy and accuracy of the quota export quota;

3) control over the lawfulness, accuracy and effectiveness of the use of state-owned non-material objects, the state of the state reserves and resources, and their utilization;

4) disclosure of sources of resources for improving the efficiency, timeliness, timeliness, integrity and reliability of the financial and economic operations of the economic entities, their expediency, effectiveness and accuracy;

5) Determination of completeness, timeliness and timeliness of accounting of economic entities with budget and extra-budgetary funds, including assessment of real and potential debt and its repayment capacity, disclosure of reserve sources of increase of state budget revenues, transfer of budget funds by the banking system control over the completeness and timeliness of execution of relevant transactions, circulation of state funds in the credit system;

6) verification of compliance with the terms of allocation, distribution, acquisition, use and repayment of public funds by chief accountants and funds owners of the budget;

The essence of state control is the following:

- a) monitoring the activities of controlled facilities;
- b) analysis of collected information, trends, clarification of causes, development of forecasts;
- c) taking measures to eliminate the breach of the law, unpleasant consequences and inappropriate activity;
- d) recording of specific violations, their causes and conditions;
- e) disclosure and bringing to justice those responsible.

1.2 Forms of financial control, implementation methods and principles.

The main condition for achieving the goals and objectives of financial control is to comply with the principles of public control. The following principles

are the basis of the basic rules covering the entire spectrum of supervisory activities:

- The principle of independence. Financial supervisory authorities (supervisors) should not be dependent on the legal or physical persons they inspect, or any other related party relationships, from organizational, functional, financial or other reasons (personal interest, personal or kinship relationships) that is, they should be able to influence the financial supervisory authorities (supervisors) in any form. For example, if the position of the financial supervision body in a public body depends on any form of the results obtained in the direction in which the controls are concerned, the results of such an audit will not be objective enough.

- The principle of openness. The transparency of financial control is an essential attribute of modern democratic society as it provides accurate control of the public about the real situation in public administration. The principle of openness envisages the transparency of the activities of financial supervision bodies and the availability of information on the results of control activities. Not only the reports on the results of the inspections, but also the official responses of the executive authorities on the findings of the supervisors should be published in the press (provided confidentiality of the state secrets, commercial secrets and other secrets protected by the law), including the measures taken to eliminate the alleged violations . Broad discussion of these events in mass media should encourage the relevant state bodies and organizations to make mistakes in their activities and identified by the financial supervisory authority. Close control should be established between financial control agencies and the media in order to publish surveillance material. However, in such circumstances, it is possible to force those who cause irregularities and their patrons not only to the law enforcement agencies, but also to respond to the public in general, to expose their malicious actions to the public and to weaken their authority.

- The principle of law. Financial control takes its start from the legislation of the Republic of Azerbaijan. The principle of law - the legitimacy of actions or activities, their compliance with the normative legal acts-legislative provisions. The concept of law is the application of socio-economic, political and legal requirements that are interconnected with one another in society and it must be taken into account that not all the existing normative-legal acts meet the real requirements of the state [41, p.43]. This means that the activities of the financial supervision bodies (including the measures taken by these bodies, their methodology and methodological assurance) should be strictly adhered to by law and other normative legal acts and should not be subject to any arbitrariness with respect to those inspected.

- Objectivity principle. Supervisors 'conclusions as well as the supervisors' attitude to the planning and execution of inspections should exclude any bias, as well as any specific motives (greed, political order, etc.). For example, planning and implementation of verification measures should exclude any biased opinion that there are certain negative aspects in the activities of the facilities being checked. Provisions of the findings of the audit should be unbiased, substantiated, and should be confirmed by appropriate information and materials of high quality information. Criteria for the quality of information are characterized by necessity, competence, truthfulness, timeliness of information, analytical and compact [42, p.148].

- The principle of consistency means that the relevance of certain objectives is reasonably priced, thoughtful, practical and theoretically justified.

- The principle of efficiency - the optimal ratio between costs and useful benefits; lack of inefficient (non-productive) costs (cost-effectiveness); achieving a certain goal at a minimum cost, or achieving maximum results with the help of the specified amount of resources; the development of alternative decision options and the selection of more acceptable alternatives.

- Responsibility principle. This principle can be applied in at least three aspects: the responsibility of the supervisors, the responsibility of the inspected persons and the responsibility of the public authorities, including third parties, including decision-makers. Each entity of financial control shall bear responsibility (economic, administrative, and disciplinary liability) for the proper exercise of control functions and functions entrusted to it.

- Systemicity principle. This principle implies that the financial supervisory authority exists as a system. However, the number of systemic elements can be many, meaning that the system is not the coordinating basis of the unitary hierarchical subordination structure. The relative independence of the supervisory authorities formed on the authority branches is permitted here.

Initial financial control - the income and expense estimates of enterprises, institutions and organizations, budget projects, contract terms and so on. while compiling and approving documents, prevents them from using their labour, material and financial resources for extraordinary purposes in their financial activities, and discloses additional financial resources, and, ultimately, improves the financial position of the entity.

Current financial control is carried out by state treasury bodies of the Ministry of Finance during carrying out of financial operations and accounting in the process of state budget execution. Thus, the above-mentioned legislative acts on the establishment of state treasury and regulation of the state treasury of the President of the Republic of Azerbaijan established a mechanism for the efficient use of public finances in our country, thus forming the state treasury system that ensures the current control has been completed. At present, state-owned financial resources are managed from a single center, state control over the input and expenditure of these funds, flexible management of public debt, prevention of unnecessary debt restoration and use of budgetary funds only through treasury accounts, , mainly provided.

Further control - includes deep and comprehensive control over its revenue and expenditure parts throughout the budget process, disclosure of additional sources of income in order to increase budget revenues, and ensuring that the funds are spent on their own purposes.

Documentary inspections, which are the main method of financial control, are carried out by the State Financial Control Department of the Ministry of Finance, as well as by control-inspecting bodies kept in power ministries, taking into account business incidents. These inspections revealed that in separate enterprises and organizations large amounts of state funds were expropriated, expropriated for other purposes, the lack of state property and other serious financial violations were revealed, and the relevant measures were taken to restore the damage to the state and to punish the guilty persons . In particular, in recent years, the Financial Supervision Agency has been focusing on improving the quality of state financial control, strengthening control over effective and cost-effective spending of budgetary funds in budget-funded organizations, and preventing malfeasance. a number of important and important work has been done.

It is necessary to mention the basic requirements for the organization of financial control. Although these requirements are not the same as the principles themselves, they also condition the efficient functioning of the financial control system.

1.The requirement for information security - requires the availability of quality information about the actual condition or activity of the facility being checked for the preparation and delivery of quality information on the control of state authority and governing bodies of the financial supervision body. The degree of necessity of information should be determined by the financial supervision body itself. They should be given the right to use any information they need to control the information, regardless of the formatting or transmission stages. Documents drafting, and crying schemes, initial accounting documents,

accounting registries, reports, organizational-instructional documents, correspondence or correspondence, references, calculations, etc. this is the rank. Supervisors should be given access to any premises (including warehouses, industrial buildings), take necessary documents, and seal objects in the manner prescribed by legislation, conduct special investigations on violations. must have rights.

2. The requirement for conformity of control and supervised systems is that financial control and the degree of complexity of the system are consistent with each other.

3. Failure to do so is to allow timely and adequate notification by the financial supervisory authorities that they will be promptly informed of the probability of non-compliance.

4. Complexity requirement - reflects the scope of control of different types of objects.

5. The requirement for all subjects of the financial control to have the same degree of control - encompasses how each entity exercises its supervisory functions, the quality of the work, and the repetition of any other subject matter.

6. The supervisory authority cannot be effective, even when ideally arranged, unless the employees of the financial supervision body, which comprise the supervision of their service duties, require the competence, honesty and impartiality of the state supervisors.

7. According to the requirement of acceptance (benefit) of the financial supervision methodology, the goals and objectives of the financial supervision bodies should be rationalized, purposeful distribution of control functions, as well as the control programs and the methods applied.

8. According to the demand for priority, first of all, the most important facilities should be checked, the supervisory body should not try to cover the entire financial and economic life of the state, effectively expose their capabilities,

and create the most favorable conditions for government funds and taxpayers to save money should supervise [43, p.89].

9. The requirement for control of unnecessary stages and procedures is that the control should be organized effectively, as control is often associated with additional labour and financial costs.

10. Optimal centralization (or adequacy of organizational structure) is conditioned by the dynamic, stable and uninterrupted functioning of the financial control system, the unity of its organizational structure and the optimal level of centralization.

11. The requirement for a combination of liability (or clear limits on the functions of the authorities) implies that each control function (sphere of activity) taken separately is assigned to one financial supervisory body.

12. According to the regulation requirement - the effectiveness of financial control depends on the degree of compliance of the control activity with the regulations. It is highly probable that unnecessary steps will be taken to avoid unnecessary costs and, in some cases, to commit gross mistakes when there is no final decision and when it comes to inventing "pessimistic" haste.

The methodological assurance of the implementation of the control is divided into three levels: 1) general methodological assurance (or general methodological assurance of control); 2) general and specific standards (methodological assurance standards), as well as supplementary (or specific) standards relating to general methodological assurance; 3) direct methodical assurance of control (i.e. interdisciplinary activity, information flows, etc.) of methodical assurance, directly or indirectly, on control measures. can be divided.

The overall methodological assurance of control consists of a description of the whole process of control - from the stage of identification of the control object and program to the results of the control and to a general description of the implementation of the decisions in the relevant reports, acts, references, letters, etc. The overall methodological assurance of control is an example of how to

develop more specific rules of financial supervision. This methodology includes the structure or overall scheme of targeted, systematic activities that the financial supervisory authority must follow when implementing controls.

Additional (or specific) standards of financial control do not apply to these or other phases of the overall methodology of direct control over their specificity. These standards are more of a service character (ie, they either add up to other standards or regulate certain issues of financial supervision).

In our opinion, the following can be added to specific (specific) standards:

- 1) a list of terms and definitions used in financial control standards;
- 2) general structure of financial control standards;
- 3) requirements to financial control standards;
- 4) requirements to the general methodological assurance of financial control;
- 5) requirements for specific (direct) methodological assurance of financial control;
- 6) economics and efficiency standards of state programs (from their perspective);
- 7) legitimacy and efficiency of state property management;
- 8) standards of the use of public funds in accordance with their intended purpose;

Direct (specific or special) methodical assurance of control is internal normative documents or regulations in the control activities of the financial control body, which is included as part of the overall regulation or document of all internal matters of activity (division of functions, functions of structural divisions and interactions etc.) . These methodological safeguards consist of a set of targeted actions that state supervisors should follow in order to achieve their goals and objectives in specific control measures, that is, as a whole, these methodological safeguards are the basis for the preparation and implementation of direct controls.

1.3 Duties of financial control bodies.

State financial control activities in the Republic of Azerbaijan are regulated by the legislation of the Republic of Azerbaijan - the State Committee for Accounts of the Republic of Azerbaijan, the Ministry of Finance and Taxes, the State Customs Committee, the Central Bank, the State Securities Committee, and also other state bodies exercising internal control within their competence are.

The principle of distribution of power in the Constitution of Azerbaijan requires the supervision of the President of the Republic of Azerbaijan and the competent authorities on the financial performance of executive power bodies. Such control is, first and foremost, made in the republican budget and local budgets, when reviewing, approving and reporting on off-budget funds.

Financial control in Azerbaijan is provided by the State Supervision Department of the Executive Office of the President of the Republic of Azerbaijan, relevant structures of the Ministry of Finance, Ministry of Taxes, State Customs Committee, Central Bank, State Social Protection Fund, State Oil Fund, commercial banks, insurance companies. busy.

It is important to touch upon the issue of the executive authority of the country in the management of the state of the financial control, in terms of taking measures against those who violate the financial legislation. At present, various controlling bodies in our republic have been subjected to various sanctions such as fines, dismissals, and so on. as well as other effective measures. However, the removal of deficiencies and punishment of perpetrators are already the result of a management decision.

The President is responsible for financial control in accordance with the Constitution of the Republic of Azerbaijan, to sign the laws of the Republic, to appoint and dismiss the Minister of Finance and to nominate him to the Milli Majlis to nominate the Chairman of the National Bank. The Financial Supervision Unit, as a structural subdivision of the Executive Office of the President of Azerbaijan, is directly subordinate to the President and is in interaction with all

executive authorities. Among his duties are the supervision of the executive and supervisory bodies under the republican authorities, supervision over the activities of the Executive Office of the President, the executive power of the republic, review of complaints and appeals of citizens and legal entities.

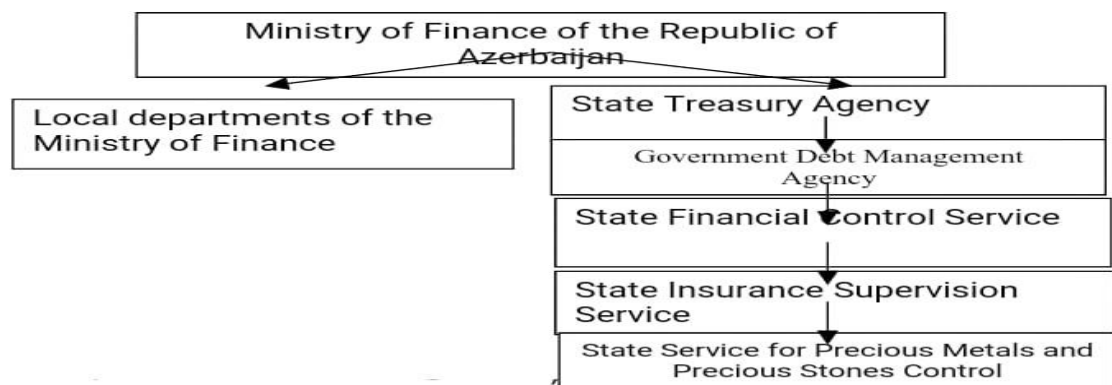
Under the Constitution of the Republic of Azerbaijan and the Law on Cabinet of Ministers, the Government of the Republic of Azerbaijan shall oversee the preparation and execution of the State Budget. It implements a single policy in the field of finance, money and credit. It oversees and regulates the financial activities of the ministries and committees and departments, and directs the activities of the financial control subordinate to them.

Financial control also plays an important role in the activity of the Milli Majlis. Commissions and working groups of the Milli Mejlis of the Republic of Azerbaijan were established to carry out financial control by the competent authorities. The Standing Committee on Budget Issues of the Milli Majlis (Parliament) has issued a statement on the draft state budget. Other commissions (the Standing Committee on Economic Policy) are engaged in the assessment of legislative proposals on taxation, banking financial activity. This is primarily the basis of the financial system - the approval and execution of the state budget. The Chamber of Accounts is formed by the Milli Majlis. He reports twice a year to the Milli Majlis. The Chamber is the supreme auditor of financial control in the country.

The financial control system, established in Azerbaijan, includes the relevant executive authorities (Ministry of Taxes, Customs Committee), which oversees the timely access and use of financial resources to the state budget and extra-budgetary state budgetary funds, from the supreme supervisory body (the Chamber of Accounts) , The SSPF, the Ministry of Finance, etc.), non-governmental supervisory services (non-governmental audit service providers) that carry out audits and inspections in the subordinate divisions, supervise the composition of the management body, the accuracy of the reporting documents

and the legality of financial transactions), the internal control service of economic entities (Chamber of Auditors).

In many countries around the world, state financial control is carried out through financial ministries and their local authorities, treasury systems, tax authorities, central banks and other organizations. The use of these funds in the process of establishing financial funds of the state and the implementation of government tasks is the result of economic activity of state and non-governmental organizations regulated by adequate financial means. At the same time, the development of all sectors of the economy, the successful implementation of any government program in these areas is impossible without an effective system of control.



Scheme 1.1. Structure of the Ministry of Finance of the Republic of Azerbaijan

The Ministry of Finance implements the following tasks defined by law and relevant statute in the field of state financial control:

- in order to ensure the implementation of state procurement on the basis of effective and efficient use of public funds, the state regulation of the same area, the preparation and examination of state policy, normative legal acts, as well as in cases stipulated by the legislation on public procurement, participate in the work of tender commissions created for procurement of goods (works and services);

- undertakes obligations to the budgetary organizations on behalf of the state on the budgetary expenses, provided that the Ministry does not exceed the

budgetary projections, but not exceed the approved budget indicators, the Treasury Department of the Ministry undertakes obligations to the budgetary organizations, receives goods, works and services acquired within the framework of these commitments and accounts receivable carry out financing under the funds provided by the expenditure estimates and organizes the recording of these financial transactions based on the order and expenditure schedules of publicly funded organizations;

- when necessary, prepare proposals on the state budget specification in accordance with legislation during the relevant budget year;

- Takes measures in accordance with the legislation on organizations that make overdue debts over budgetary expenses;

- exercises control over the execution of the state budget, the use of the funds allocated from the state budget, including the funds allocated from the targeted budget, as well as the use of budgetary funds for off-budget operations and the use of the approved estimate in the manner prescribed by the financial authorities;

- Carries out necessary measures for forecasting budget revenues and its methodological management, as well as disclosing and mobilizing financial resources;

- Ensures centralized order, submission and accounting of tax invoices and other severable reporting forms as well as forms of salient reports as specified in the legislation;

- Ensures that the forms and requisites of the Serious Reporting Forms, which are the original registration document with special series and number reflecting commodity-money circulation in the financial and economic activity of organizations and individual entrepreneurs irrespective of the organizational and legal form in the Republic of Azerbaijan, are established and approved;

- carries out repayment of overpaid taxes and non-tax payments to the state budget from the state budget in accordance with the legislation;

- Carries out inspections and inspections in management, enterprises and organizations, targeted budget and extra-budgetary state funds on the basis of court decisions and appeals of law enforcement agencies through the Ministry's State Financial Control Service;

- in case of detection of financial irregularities with signs of corruption as a result of state financial control measures, sends the materials of the inspection to the law enforcement agencies in accordance with the requirements of the existing legislation;

- carries out control over insurance activity, carries out measures within the competence of the insurance business development and improvement;

- exercises control over the proper use of the duty (tariff) salaries in the state budget-financed organizations and organizations within their competence, makes suggestions on improvement of the structure of state bodies and definition of staff units;

- analyzes the financial and economic activity of public administration, enterprises and organizations, including targeted budget and off-budget state funds;

- Provides methodological assistance to economic entities related to the application of International Financial Reporting Standards and National Accounting Standards and implements other necessary measures provided for by the legislation;

- organizes operative accounting of the property transferred to the state property and transferred to financial institutions of the state, which is confiscated by transferring to the state property on the basis of the court decision;

- concludes loan agreements on behalf of the Republic of Azerbaijan with the Central Bank of the Republic of Azerbaijan and other lending institutions, ensures timely repayment of received loans, monitors their intended use;

The State Financial Control Service of the Ministry of Finance of the Republic of Azerbaijan is the executive body exercising state financial control

over the purposeful and efficient expenditure of the state budget, including the off-budget funds of targeted budget funds and budgetary organizations, as well as loans received under state guarantee.

Final control over the execution of the budget shall be carried out after the formation of the budget revenue and expenditures. Its main function is to determine whether budget revenues are conformed to approved indicators, expenditure budget classifications, causes of disaggregations in income and expense, compliance with law in the formulation and use of financial resources. There is a need to ensure that financial and disciplinary violations, falsification of reports, exploitation of budget funds, exploitation of theft, robbery, and taking measures defined by the legislation for the use of material and money. This level of financial control also involves the review of reports, balances and expenditure documents, and, if necessary, the financial and economic activity of the Ministry, the Committee, the Company, the Administration, forming budget revenues and using the budgetary funds. The complexity of inspections, selection, general, thematic and other forms is determined by the specific conditions.

Control over the budget is not simply a centralized cash income and expenditure report that has been formed over a year, but a means of implementing the state's economic policy. Different reasons may be different between actual revenues between the revenues confirmed in the budget execution process and actual income. When the actual budget revenues in the quarterly budget reports are less than 20% less than those approved for that period, it is discussed in the relevant commission of the Milli Majlis and the reasons for the situation are investigated and recommendations are made.

Control over the execution of the state budget is based on the joint activities of the executive and the legislature. There, the budgeting, execution, and macroeconomic control of the current supervisory authorities, the budget approval and enforcement are the activities of the legislature. In order to ensure the budget execution, the authorities implementing the budget must first submit reports to the

legislature within the period and in the manner prescribed by the Law on the Budget System. Control over execution of the budget is, in a sense, a report to the legislative body about the work of the executive body. This aspect of financial control shows itself more clearly during the annual budget yearly budget report and the discussion and approval of the relevant bill in the Milli Majlis.

The budget expenditure implementation system should ensure that the resources are used efficiently and correctly in line with the budget priorities, along with strict control over the aggregate costs. All of its procedures should be properly balanced in order to avoid contradictions or resolve disputes.

The operational financial control within the Ministry of Finance of the Republic of Azerbaijan is exercised by the Financial Supervision Agency and the Treasury of the Republic. The Financial Control Department of the Ministry of Finance carries out oversight of budget funds in state-owned enterprises, funds received from the budget at all levels of commercial structures and extra-budgetary funds; checks the financial activities of municipal enterprises, as well as execution of local budgets, compliance with financial discipline.

Tax control covers a wide range of issues throughout the world, including timely and proper tax payments, prevention of tax evasion. Taxation is also a legitimate way of ensuring the legality of tax relations by special means.

In all countries, there is a special apparatus - tax service dealing with taxes on taxes and collection of taxes, which differs substantially from the organizational structure and administrative responsibility of the country, depending on the economic development and political orientation of the country. In the United States, this apparatus includes the Internal Taxes Office, the Chief Tax Office in France, the Swiss Federal Bureau of Tax Administration, is called.

Tax audits and inspections in enterprises and organizations are the main way of controlling taxpayers' activities by the state. Tax control manifests itself as analysis and review of initial accounting and other documentation on timely and accurate calculation and payment of tax payments to the budget. The main

objective of tax control is to verify the taxpayer's performance indicators and inspections and to make appropriate decisions. When carrying out tax audits, the tax authorities and their officials should clarify all the circumstances that are important to make the right decision, including those which are favourable to the taxpayer. The list of tax control forms is determined directly by the Tax Code.

Tax control methods are involved in the legislation without discrimination. Additionally, within the same legal form of supervisory activities, various control methods may be applied, and in some cases overlapping methods with the form of control established by tax legislation. For example, in the course of tax audit, tax authorities may examine taxpayers' financial-economic activity documents from the point of view of their authenticity and truthfulness, to examine documents, to conduct legal and logical verification, and to use other methods of documentation analysis to study the real situation of the entity's budget accounts. Thus, the checking of accounting and reporting data is a complex method used by tax authorities when carrying out tax audits in the form of tax inspections [36, p.173].

The Central Bank implements banking supervision in the country through a number of means. The following are some of the recent bank audits based on the analysis of the bank's reports and papers, statements and other documents:

- All main lines of banking supervision have been arranged so that their work is ensured by the existence of a comprehensive legislative basis that gives the Central Bank broad powers as a supervisory body. Distance monitoring and inspection are used in the control process;
- The Central Bank takes measures to arrange a methodological framework for bank supervision and bring it into line with the Basel Committee's principles in order to improve the efficiency and function of banking supervision;

II. The current state of the financial control system in the Republic of Azerbaijan and its improvement

2.1 Financial control in Azerbaijan and analysis of the current state of financial control in its implementation

The formation and development of public finances, the state's establishment, was related to the performance of its functions and duties. Thus, the state realizes certain functions, ie it develops the economy, pays the socio-cultural needs of the society, manages the country, increases its defensive capacity and carries out other public functions. To fulfil these functions and responsibilities, the state must have a sufficient amount of centralized cash funds.

The main material security of the State's social, economic, defence, governance and other functions is the state budget.

The state is directly responsible for the establishment and use of the centralized fund of the state in the form of a budget. Because the state must directly organize its financial support so that it can fulfil its functions and responsibilities. Thus, the existence and development of the budget as a centralized monetary fund of the state is an objective necessity in view of the existence of the state and the realization of its functions and functions.

The following functions of the state budget are reflected in their extensive content:

- Redistribution of the gross domestic product;
- state regulation and stimulation of economic development;
- Publicizing the state's social policy;
- Plays the role of funds for investment;
- control over the use and use of the centralized cash fund of the state.

The role of the state budget in the division and redistribution of GDP takes place in the form of continuous and interconnected communication, both in the budget revenues and in the use of budget funds (spending).

In developed countries, 30 to 50% of GDP is redistributed through different levels of budgets. Studies show that in Azerbaijan, between 27 and 33 per cent of the gross domestic product (GDP) in 2010-2015, reallocated through the state budget, it was expedient to implement the functions and functions of the state.

In Azerbaijan, the state budget is currently dominated by the following factors:

- Carry out fundamental reforms and structural changes in the economy;
- long-term implementation and implementation;
- Strengthening of scientific-technical progress and cardiac pneumonia;
- development of the social sphere;
- Strengthening the country's defence capacity and so on.

As a component of the financial category, expenditures of the state budget are regulated by the state by specifying the distributive function of finance, in other words, monetary movements associated with the use of funds. At the same time, budget expenditures constitute a part of the divisional relationship, which is a part of the overall funding, which is related to the use of the centralized monetary funds of the state, and the formation of appropriate cash funds in the financial and non-material industries. The material embodiment of these division shares is the movement of funds directed to the satisfaction of the material and social-cultural needs of the various sectors of the economy, as well as other such public needs. Socio-economic content of expenditures of the state budget is defined by the level of participation of each state in the economic life of the society, the participation of citizens in the satisfaction of socio-cultural needs. This is due to the following specific factors:

- features of the state's functions performed over a certain period of time;
- socio-economic development of the country;

- the scale of the foreign economic and political relations of the state;
- Interconnection of the state budget with ownership forms;
- Methods of budget allocation for the development of economic fields.

Depending on the level of economic development of the country, the social and economic development needs of the society, the defensive system of the state budget and other purposes will be created. In accordance with this system, the proportion of funds allocated from the budget for determining the different types of expenditure in the context of the coefficient of influence and relationship of various factors arising during the development of the state is determined. As a result, the related organizations conduct certain groups to cover the types of expenditures that they face before the government. The expenses of the state budget of the Republic of Azerbaijan are also classified in the following groups depending on the reason:

- Strengthening the country's defence capacity;
- the satisfaction of socio-cultural needs of citizens;
- achievement of economic development;
- maintenance of higher and local state executive power and state management bodies;
- formation of necessary material and financial resources of the state and other expenses stipulated by the state legislation.

In general, it is necessary to emphasize the impact that it has on the country's economy in order to better understand the essence of state budget expenditures. Thus, the impact of budget expenditure on production is largely based on the volume of investments, production costs, employment levels, technical levels of management and business, as well as a set of financial impacts. The main impacts of budget expenditure on production are related to the growth of investments. State investment spending positively affects the economic stimulus of the country. The state's stimulus activities provide protection for business interests. Thus, if the interests of business circles are protected and their

activities are freely operated, then the amount of funds allocated by these circles to their investments is increased. This, in turn, leads to increased production. The essence of current and investment expenditures within the public spending is quite high. Investment expenditures incurred by the state increase the employment rate in the economy and help to eliminate unemployment. The current expenditures incurred by the State include salaries, social allowances and transfers. Increasing such costs increases the consumption norms in the economy. If the state intends to develop a certain area of the economy, it allocates subsidies to these sectors and creates necessary conditions for their development. Public spending also has a significant impact on consumption, and this is manifested in different ways. All of these are reflected in special items in the revenues and expenditures of the state budget (Table 2.1).

Table 2.1.

Revenues and expenditures of the state budget, million manats

	1991	1995	2000	2005	2010	2011	2012	2013	2014	2015	2016
Revenues-total	208,8	316,9	714,6	2055,2	11403,0	15700,7	17281,5	19496,3	18400,6	17498,0	17505,7
<i>Including:</i>											
Individuals' income tax	12,0	22,8	94,0	317,4	590,2	715,7	813,0	859,7	980,3	982,5	1145,7
Profit (income) tax for legal entities	26,1	86,3	125,9	355,4	1429,9	2134,0	2252,0	2374,8	2302,7	2211,1	1983,2
Land tax	0,1	0,8	6,7	15,3	35,3	35,3	30,6	33,1	35,4	48,7	50,3
Property tax	-	0,9	11,8	40,4	101,8	103,9	105,1	125,1	141,3	148,2	174,7
Value-added tax	56,3	30,6	190,8	599,9	2082,5	2222,7	2366,9	2710,0	3119,6	3454,7	3623,5
Excise tax		17,7	22,4	141,0	514,9	480,2	531,5	593,3	797,3	647,8	625,1
Mining tax	1,9	0,0	50,4	53,5	130,1	129,8	125,8	121,5	116,2	116,1	110,3
Foreign economic activity taxes	0,8	8,9	63,4	205,2	291,8	433,1	592,5	675,2	684,7	934,5	861,2
Other taxes	98,2	62,9	9,0	28,1	90,3	140,6	157,6	161,5	192,7	247,7	457,0
Other receipts	13,4	86,0	140,2	299,0	6136,2	9305,4	10306,5	11842,1	10030,4	8706,7	8474,7
Expenses-total	192,8	428,4	764,0	2140,7	11765,9	15397,5	17416,5	19143,5	18709,0	17784,5	17751,3
<i>including:</i>											
To the economy	52,7	52,6	89,4	444,7	4889,9	6803,2	6960,7	8207,5	7598,7	6408,8	4124,0
Social and cultural events	92,8	151,2	382,6	843,3	2901,4	3447,2	4072,9	4081,8	4484,4	4442,9	5789,5
<i>From them:</i>											

Education	37,1	75,2	181,8	372,5	1180,8	1268,5	1453,2	1437,7	1553,9	1605,1	1754,4
Health	15,5	29,7	40,9	115,3	429,2	493,4	609,4	618,9	665,3	708,2	702,5
Social protection and social security	35,1	36,5	139,3	304,9	1123,0	1495,4	1769,5	1750,3	1971,2	1857,2	2645,2
Activity in the field of culture, art, information, physical education and other categories	5,1	9,8	20,6	50,6	168,4	189,9	240,8	274,9	294,0	272,4	687,4
science	1,1	3,9	9,3	28,8	92,8	106,1	116,7	117,0	124,2	113,2	110,2
Judicial power, law enforcement and prosecution	2,0	40,6	74,4	206,4	668,5	710,3	929,2	1049,3	1103,6	1105,7	1117,1
legislative and executive jurisdiction, maintenance of local self-governance bodies	2,6	17,6	37,0	123,9	303,0	281,9	342,3	349,3	449,7	430,9	470,1
Other costs	41,6	162,5	171,3	493,6	2910,3	4048,8	4994,7	5338,6	4948,4	5283,0	6140,4

Source: www.stat.gov.az

As seen in Table 2.1, public revenues increased 83.8 times in 1991-2016, 55.2 times in 1995-2016, 24.5 times in 2000-2016, 2005-2016 8.5 times during the years, 1.53 times in 2010-2016, and by 0.005% in 2015-2016. Expenditures, respectively, revenues for 1991-2016 were 92.1 times, 41.4 times in 1995-2016, 23.2 times in 2000-2016, 23 per cent for 2005-2016, 2 times, 1,51 times in 2010-2016 and by 0,002% in 2015-2016.

In particular, it should be noted that other revenues (where the allocations from the oil fund are the main one) revenues from 1991 to 2016 were 632.4 times, 98.5 times in 1995-2016, and 2000-2016 60.4 times, 60.4 times in 2005-2016, 1.38 times in 2010-2016 and 0.077% in 2015-2016.

Table 2.2.

Information on state budget execution (operative)

	2006	2007	2008	2009	2010	2011	Nine months of 2012	2013	2014	2015	2016	Nine months of 2017
Revenue s total:	3868,8	6007,4	10762,7	10325,9	11402,5	15700,6	12521,0	19494,4	18400,5	17153,2	16822,0	12045,1

Expenses total:	3790,1	6 058,5	10774,2	10567,0	11766,0	15394,7	11074,3	19112,6	18699,3	17786,8	17501,2	12783,7
Deficit		51,1	11,5	241,1	363,5				298,8	633,6	242,1	738,6
Profitsite	78,7					305,9	1446,7	381,8				

Source: The author has been prepared according to the data of the State Financial Control Service of the Ministry of Finance of the Republic of Azerbaijan.

According to Table 2.2, it is possible to say that over 10 years, in other words, total revenues in 2016 compared to 2006 were 4.3 times higher than in 2010 increased by 13.8% compared with 2013, 8.9% in 2014, and by 1.5% compared to 2015. Over the years, a similar process has taken place in total costs. as total expenditures in 2016 total revenues increased by 4.6 times in 2006 compared to 2010 by 1.5 times, compared with 2013 by 8.5%, compared with the year 2014 to 6.5 %, As compared to 2015, decreased by 1.5%.

The Chamber of Accounts of the Republic of Azerbaijan, in the recent years, continues to carry out the work on clearing the state budget expenditures, as well as proposing the forecasting of different costs in more detail, which ultimately affects the share of state consumption in the state budget expenditures.

The Chamber of Accounts of the Republic of Azerbaijan used comparative methodologies from the two methodological approaches to the analysis of expenditures by GDP (Table 2.3).

Table 2.3.

Structure of GDP by Expenditure Method in 2012-2016, mln. manat

Indicators	2012	2013	2014	2015	2016
Gross Domestic Product	54743,7	58182,0	59014,1	54380,0	60393,6
Consumption of households	21607,9	24380,0	26814,6	30828	34919,0
Consumption of public administrations	5762,3	5983,0	6424,2	6747,6	7934,0
personal consumption	2289,5	2339,4	2520,6	2573,4	2973,8
collective consumption	3472,8	3643,6	3903,6	4174,2	4960,2
Total collection of fixed assets	12292,8	15007,4	16187,8	15131	14992,0
Change of basic circulating assets	-75,8	-79,1	47,0	48,0	64,0

Net export	15156,5	12891	10070,1	1624,9	1678,6
Exports of goods and services	29000,3	28169,3	25537,5	20553	28054,0
Goods and services import	13843,8	15278,6	15467,4	18928	26375
Statistical difference	0,0	0,0	-529,6	0,0	806,0

Source: Review of the draft law of the Republic of Azerbaijan "On execution of the state budget of the Republic of Azerbaijan" and the annual state budget execution reports of the Chamber of Accounts of the Republic of Azerbaijan

According to the SSC, the methodology of the IMF adopted in drawing up the GDP expenditure method.

As it is known from the analysis of GDP expenditure method, the share of public consumption in GDP over the past 5 years has increased from 10.5% to 13.1%. The average rate of consumption of the state sector over the past five years was 8.6%, and in 2016 it was 17.6% compared to 2015. As a result, this figure increased from 5762.3 million AZN in 2012 to 7934.0 million AZN in 2016 (Table 2.3).

2.2 Analysis of the state budget revenues and expenditures execution and evaluation of the role of the state financial control in the use of budget funds

In the context of the global financial crisis, serious requirements are placed on the use of existing financial resources. Thus, the efficient and efficient use of state budget funds is of great importance. The President pointed to the issue of economically sound, rational and efficient use of budget funds at the conference on economic issues and the discussion of the state budget of 2016: "We should not be wasteful, financial discipline should be further strengthened." The economic decisions of the Head of State on the economic activity of the economic entities, which are important and significant economic importance, are one of the most important and strategic ways of increasing the revenue part of the state budget. However, the costs of the state budget should also be used effectively and

properly planned, accurately planned. At the same time, it is necessary to say that financial planning, implementation of control and increase of financial discipline will also increase the effectiveness of state financial control. As is known, a number of state agencies are involved in the state financial control in Azerbaijan and the priorities identified by the adaptation to the global financial crisis place the demand for each state body to strengthen its activities.

The new state audit for Azerbaijan is a form of activity aimed at increasing the effectiveness of the use of state funds in any form. The objective of the public audit is not limited to auditing financial statements. The state audit serves to provide public oversight on behalf of the state and public in relation to the management of financial resources at the disposal of public authorities. This concept, first, covers the following complex and time-consuming processes:

- improving the budget process
- Provision of terminological and methodological unification of state audit
- Classification of state audit facilities
- Formation of the system of indicators reflecting the results of the activity of users of budgetary funds
- Classification of financial discipline violations, etc.

As you know, the economic and efficient use of budget funds is one of the fundamental fiscal requirements of the modern era. Proper planning and efficient execution of state budget expenditures require improvement of the normative-legal base in this area. Improving the existing regulatory and legal acts governing the state financial control and financial and budgetary system into a single code will lead to problems and improvement of performance in both areas. Let us note that in world practice, there are several approaches that regulate the financial control system. In the broader aspect, the legislative framework regulating the functioning of state-owned financial control has become widespread and is characterized by a high level of development. It is worth mentioning that there are about 20 codes in Azerbaijan, and these codes have a significant impact on the

coordination of multi-stakeholder activities in the relevant fields. Therefore, the adoption of the "Budget Code" along with the budgetary processes that take leading positions in the financial system of the country can also be solved successfully through the issue of controlling this transaction.

It is known that the budget is the most important component of public finances, and it is important to constantly improve external control over its use and management. The budget's public finances are completely different from its control and control. The budget differs from the private capital and its public funds require it to be controlled by an entirely different body, not directly involved in the management, but rather by its control

The report states that control over the budget and its use should be carried out by a relevant body with a special infrastructure and sufficient professionalism. As you know, control over the use of the state budget in the Republic is carried out by the Milli Majlis and its Chamber of Accounts. The Ministry of Finance is also responsible for controlling the state budget. Budget-funded management and enterprise managers are responsible for the revenue and expenditure of these organizations in the manner prescribed by the budget legislation, in accordance with the use of accounting and budgetary funds. Measures will be taken by the Ministry of Finance when the financial discipline is disrupted in the financial and economic activity of the enterprises receiving direct financial resources from the budget.

On July 2, 1999, the law "On the Chamber of Accounts" adopted. Under the law, the Chamber acts as a state budgetary and financial control body, has organizational and functional independence and reports to the Milli Majlis. On March 5, 2002, the Internal Statute of the Chamber of Accounts adopted, and accordingly, the Chamber's annual action plan drew up taking into account requests and suggestions of the President, the Parliament and its standing committees. The Chamber separates the measures envisaged in its action plan by quarters and identifies it in its current action plan. In addition, the Chamber may,

in addition to its plan of action, conduct financial and budgetary expertise only on the instructions of the President or the Parliament, and the other cases are forbidden.

It should be noted that control over the use of funds allocated by the state budget is carried out by the Chamber in accordance with the current legislation and the Parliament regularly reports on it. The Chamber authorized to submit reports on the use of the funds allocated to the state budget and the relevant draft laws based on the adopted statute. The documents submitted to the parliament are discussed and approved by the draft law on the use or execution of the budget allocated for the corresponding reporting year. Quarterly and annual reports on the use of consolidated budget funds also published in the press. The Audit Chamber performs an audit of the state budget and consolidated budget revenues and expenditures, as well as extra-budgetary state funds.

According to the budget legislation in Azerbaijan, the Chamber has the authority to conduct financial and budget expertise, make comments and make proposals based on the following requests. The Chamber of Accounts of the President, the Parliament and its permanent committees may carry out the audit of the management, enterprises and organizations, where necessary, by analyzing the revenues and expenditures of the State Budget and the consolidated budget and extra-budgetary state funds. Moreover, he fulfils the financial and budgetary expertise of the local budget, draws up suggestions, makes recommendations and, if necessary, conducts audits on the basis of inquiries of the bodies having administrative control over municipalities. The Charter of the Chamber regulates the implementation of audit measures related to the financial and budgetary examination and preparation and submission of reports on this basis. The opinion and report prepared by the Chamber should reflect the results of the financial and budgetary examination.

The results of the financial and budgetary examination of the Chamber reflected in the reports submitted to the Parliament and forwarded to the

management of the audited entities. During the financial and budget expertise, officials of the Chamber shall be prohibited from interfering in the operational activities of the facilities and their results until the verification is completed and the results are prepared in the report form. In addition, information obtained during the financial and budgetary expertise by officials of the Office of the Chamber of Accounts and qualified specialists involved in the activities may be used at the end of the case upon the instruction of the body. At the same time, during the inter-party period, the Chairperson of the Parliament may instruct the Commission to carry out additional checks not envisaged by the Plan of Action.

The following sources of information used to prepare opinions on the state budget and extra-budgetary funds:

- The budget year and the concept of socio-economic development for the next three years;
- "budget envelope" for the budget year;
- Relevant draft laws on the state budget and off-budget funds;
- Proposals and other information on the economic and functional classifications of revenues and expenditures of the state budget and extra-budgetary state funds submitted by the Ministry of Finance;
- Proposals, justifications and reports on extra-budgetary funds for the next year;
- Other legislative acts, which act as the basis for the budget formation and regulate budget expenditures;
- Results of the financial and budgetary control activities performed by the Chamber.

Control over the budget of extra-budgetary state funds

While the extra-budgetary state funds are an integral part of the consolidated budget under the Law on Budget System, there is a need to improve the normative-legal acts related to these funds. There are two extra-budgetary funds in the Republic: the State Oil Fund and the State Social Protection Fund. In

accordance with DNF's Annual Revenues and Expenditure Guidelines (12.09.2001), quarterly information and annual reports on the use of the State Oil Fund budget are prepared and submitted to the State Oil Fund's Supervisory Board and the President. The annual report on the use of the State Oil Fund's budget is drawn up with the Ministry of Finance and submitted to the President for approval to the President of the State Oil Fund's Supervisory Board no later than April 30 of each year. The State Oil Fund's Supervisory Board considers the annual report on the use of the State Oil Fund's budget and the results of the audit carried out by the influential international auditing body of the State Oil Fund's annual financial activity. As it is known, the State Oil Fund's budgetary rules do not envisage that the Fund's revenues and expenditures will be subject to state external audit.

However, the opinions of the Chamber on the regular budget for the year of SSPF and the next year regularly disclose. The Chamber gave these findings in the SSPF's budget opinion:

1. Positive:

- Increase of the share of mandatory state social insurance in the Fund's gross income;
- The growth rate of compulsory state social insurance revenues exceeds the average monthly wage.

2. Problems:

- Submission of SSPF's other income in less detail;
- Insufficient calculation of benefits from insurers;
- Failure to pay attention to interruptions in the period of temporary disability of the patient's leaflets;

Based on the existing rules, the following analyze in preparing the reviews of the Chamber's extra-budgetary funds:

- Analysis of the ratio of minimum living and minimum pension indicators across the country;

- analysis of the ratio of revenues and expenditures of state extra-budgetary state funds to budget revenues and expenditures to GDP and consolidated budget for previous years;

- Analysis of dynamics and characteristics of state social insurance payments and other income;

The work of the Republican Chamber of Accounts divides into two major categories and several subcategories that are appropriate:

1. Expert-analytical activity

- Submitting to the draft law and report on the use of state budget funds for the previous year;

- giving an opinion to the draft law on the next year's state budget;

- giving an opinion to extra-budgetary state funds;

2. Control activities:

- Performing audit checks;

- Work related to the improvement of the budget process;

The following results of the activity of the body used to evaluate the results of the Chamber's annual activity:

- Restoration of state budget funds to the budget;

- Ineffective expenditures;

- Calculation of additional taxes and other compulsory fees;

As a result of the expert-analytical work of the Chamber, it is possible to list the following findings, which are reflected in the opinions of the budgetary laws and can be used in the budget discussions:

- Detailed summary and detailed classification of performance in separate paragraphs of expenditure;

- Changes observed between the division and auxiliary sections, as well as the expense estimates (unnecessary additional order of credit orders is marked);

- Lack of necessary controls for some expenditure directions (e.g. communication costs);

Here are some examples of findings that can be used by the Chamber in its audit reports as a result of financial and budgetary surveillance and can be used in budget discussions:

- Failure to fully pay the tax amount to be paid to the budget on several taxes;
- Inconsistencies in acts and other financial documents;
- Failure to make predictions on several expenses and to make payments that are not envisaged by the law;
- The acquisition of other jobs and services instead of those envisaged in the procurement contracts;

The Chamber's Board of Auditors discusses audit findings, makes decisions on the implementation of measures to eliminate identified deficiencies and inform the body of the case. The decision then goes to the parliament for the audit of the audit body (local and central executive authorities or budget funds) and information.

During the budget analysis of the Chamber, the dynamics of indicators are necessarily (mainly in thousand AZN) and then relative (in percentage). Different tables, schemes, graphs, histograms, diagrams should be used during the preparation of the report.

2.3 Organization of internal financial control for optimal use of financial resources

An analysis of the internal financial control situation in the optimal use of financial resources will enable them to identify major problems in the given direction.

Failure to define internal financial control in the financial sector as a whole does not lead to a different understanding of it in science or in practical activities.

The main concepts of internal financial control include: subjects and objects, objectives and tasks, principles of organization.

The classification of internal financial control problems in the budget sector can be summarized as follows:

- The place and role of internal financial control in the budget sector in the state financial control system is not fully defined;
- organization of internal financial control over the budget sector has been restricted by the legislative and administrative framework;
- the possibility of applying various methods of organizing internal audit in the budget sector at the legislative level is limited;
- insufficient methodological assurance of internal financial control in the budget sector.

Taking into account the role of internal financial control in the Public Financial Control System, the expected positive effects include the following:

- Improving the quality of financial management in the budget sector;
- Reducing service costs to the State Financial Control System;
- Increase the efficiency of budget funds use.

It should be noted that besides the features and main features of the internal financial control in the budget sector, it should also be emphasized that its connection with the outside world is important. Thus, the main objective of improving the internal financial control model in the budget sector is to increase the effectiveness of the budget sector. In the course of the research, the World Bank has determined that the efficiency of the enterprise depends on the level of management, not on the form of ownership. For this reason, the main task of improving the existing model can be to increase the efficiency of budget management. The solution of this issue can lead to some theoretical, metrological, economic, social and organizational issues. At the same time, avoidance of overloading of the budgetary funds' management process with excessive control.

Let us note that, in a sense, there is some limit in the formulation of internal financial controls, its subject matter and methods. Importance of integration of types of internal financial controls such as internal control in the budget sphere,

control over purchasing spheres, control over fulfillment of government tasks, and role of internal financial control as a fundamental basis, as a basis of the State Financial Control System should be given at the level of ministries and departments.

When defining internal financial controls, the following should be considered:

- financial control should be considered as the activity of financial management entities;
- should always be regarded as an existing element;
- The essence of the internal financial control in the budget sector is the performance of the feedback function in the budget management process;
- Internal financial control has been established in the activities of authorized persons by means of control procedures.

Unlike the State Financial Control, internal financial control is exercised by authorized persons of public administration sector organizations, not by officials of the state financial disciplinary bodies. Domestic financial control is not restricted to the domestic level of the internal financial control, with an expansion to the budget sector, and includes the ministry, senior management level.

In order to achieve the objectives, Internal Financial Control performs the following main objectives:

1. Use of normative and local acts in the use of budget funds and state property;
2. Ensure the efficient, efficient and efficient use of budget funds and state property;
3. Ensure the authenticity of the management, accounting and other reports (reliability and completeness of information);
4. Ensuring the effectiveness and effectiveness of the activity;

Internal financial control includes:

- Approval of the accuracy of the budget performance reports and compliance with the budgeting methodology and standards established by the Ministry of Finance;

- Preparation of proposals on increasing the efficiency and effectiveness of using budget funds.

The classification of internal financial control subjects (supervisors) comprises the authorized officials of the budget sector consisting of:

- officials directly or indirectly involved in financial and economic operations;

- Head of the organization (authorized, deputy's head);

- Heads of structural divisions that directly carry out financial and economic operations;

- executives directly involved in financial and economic operations;

The subject of internal control is a system of indicators that reflects the financial and economic performance of the organization. From the features of the legal regulation, the subject of internal control in the budget sector can be divided into the following spheres, which are closely interrelated financial and economic relations: the budget. Execution of government assignments, purchases for state (municipal) needs, as well as citizen-legal, tax, labour, currency and so on. because flaws in wages, taxes, property, currency and other legal relationships can be sources of budget risk. thus taking into account different and not always formalized requirements while organizing internal financial controls and developing a number of new local regulations governing financial control within these types of financial and economic relationships, and introducing existing ones as key targets of new economic realities and strategic roadmap and should be improved. Thus, the provisions of the accounting policy include, in the field of document circulation and tax accounting, the provision on the implementation of internal financial control, the provision on procurement of goods, works, services, regulation of supervision of the ministries, etc. it is here. In practice, in some

cases, there is no single approach to the organization of the processes mentioned, and the provisions of local normative acts are sometimes contradictory, and officials repeat the same control procedures by passing the necessity of other control procedures. Such a variety of control procedures that have to be performed on the ground lead to formal relationships of officials and imitation of control activities. In this case, in some cases, during the course of the investigation, the subject of the study, the subject of study, will be the same documents and business operations from different angles. It is assumed that in the current situation, labour productivity in the situation is diminished, and the excessive regulation of these rules of procedure, as well as the determination of their progress and outcomes.

In the process of establishing internal financial control, it is necessary to identify the most important aspects of budgetary risks, budget, labour or tax legal relations, for the whole range of financial and economic relations. from this point of view, the subject of internal financial control cannot be limited to budgetary legal relations - tax, property, administrative law; the achievement of the objectives of the organization and the efficiency of its activities should be covered by internal financial control.

During the approach to the classification of the subject of internal financial control, the following trends can be distinguished: internal budget procedures, subsidies (grants), performance of government assignments, facts of economic life, senior management, ministerial control, state (municipal) property and management processes.

The subsidies and grants for these subsidies should be complemented by the responsibilities of the state financial control, as checking compliance with the terms, objectives, and rules of the submission does not allow answering the question of where the budget expenditures are actually spent and the planned outcomes have been achieved.

The less important issue related to budget subsidies is the allocation of budget financing to the procurement of goods, works, services for government

needs and granting subsidies to legal entities for the elimination of costs. In practice, it is possible to finance the same goods, works, services by granting subsidies to cover costs for legal entities, or by placing a government order.

It is necessary to formulate the following directions for solving issues of control over the execution of the state tasks:

1. Determination of compliance of plan parameters with actual parameters is in the remote form of the authenticity of data on actual indicators.

2. Determining the causes of detected evictions and alerting potential breaches and disruptions depends on the need for the establishment of an internal control system and the necessity of preparing analysts.

Examination of the internal financial control system in the budgetary system without examining the relationship with the Public Finance Audit, which guarantees the reliability and effectiveness of its internal control. As part of the process, the internal audit fully evaluates the integrity of the system and plays the role of feedback, communication.

When we examine the place and role of internal financial control, the three types of financial control in the budget sector can be divided into three types: public, state (municipal) and internal.

Citizens and civil society institutions (media, public councils, trade unions, etc.) act as subjects of public oversight in the public sector. subjects of public oversight include the protection of the rights, freedoms and interests of citizens, the implementation of collective goals and the improvement of the standard of living, the subject of such control, including financial relationships on the establishment, distribution and use of public finance.

State and local self-governance entities as a subject of financial control in the sphere of state power and local self-governance are composed of financial relations in the field of creation, distribution and use of funds, as well as state and municipal financial control bodies. The objects of the State Financial Control are determined by legislation.

Traditionally, the subjects of financial control for the State Financial Control, which are traditionally the subjects of economic activity, are the subjects of economic subjects, as the subject of financial and economic relations with the subjects of economic subjects, as well as the subjects authorized by these business entities, or their specifically created structural subdivision performs. However, in the budget sector, the Public Finance Control should be understood considerably. It has an intermediate position between economic entities and state authorities and local self-governance spheres. In the given case, financial control acts as a form of control over the functional control of state and municipal finance rather than controlling the economic agents and is a set of measures aimed at achieving the legitimacy, objectivity, effectiveness, and effectiveness of both the organization and the relevant public-legal institution. The given classification is of crucial theoretical significance, as it identifies the nature of the subjective composition, object and object, as well as the methodological features, as a result, depend on the sphere of financial control.

2.4 The main directions of improvement for financial control in Azerbaijan

One of the topical issues in the development of state financial control is the development and application of tools to evaluate quality control, which is confirmed by the development of international and national standards and governance.

The list of international quality control documents includes the International Federation of Accountants' IFAC ISO 228 "Quality Control in Financial Information Audit in the Previous Years" and International Standard Quality Control ISQC 1 "Audit and verification of past financial information, as well as other warranties and accompanying services quality control for firms that performs business operations.

The standards and procedures for quality control have been determined by these standards, which are reflected in the Management Quality Assurance (EOUROSAI).

EOUROSAI is a set of integral features that monitor quality control requirements.

The features highlighted during the review of the quality of the work of the State Financial Supervision Authorities include: importance, reliability, objectivity, limits (controls are selected), timely, transparent, efficiency (substantiation), efficacy. It is crucial that these features be considered in the context of the actions taken by the State Financial Supervision Authorities to prepare and implement control measures within the scope of control inspection activities.

Under the guidance of the EOUROSAI, the definition of "quality of control" and "quality assurance" is given.

In the meantime, the term control includes the term that incorporates existing strategies and procedures to ensure a high quality of their surveillance activities.

Quality assurance, as appropriate, provides the process by the supervisory authority to ensure:

- The presence of necessary means of control;
- applying them properly;
- Determination of possible methods of controlling or other improvements in its controls.

Control over the quality of control measures in Azerbaijan has found its development in the activities of the Foreign Financial Supervision Authorities. In the Chamber of Accounts, attempts are made to develop the quality control system of control measures and apply it to its activities.

In this regard, it is advisable to develop its algorithm to evaluate the quality of the budget execution.

This issue is closely interconnected with improving the Public Financial Control standardization.

In this regard, it is necessary to use the experience of using the financial control standard in the development of the tools for assessing the quality of public financial control.

It is advisable to define the main elements of the assessment of the budgetary resources based on the analysis of the concept of public financial control quality in local and international interpretation.

In this case, it is necessary to characterize the most important of them. Specifically, it is proposed to distinguish control of the quality of controls as such, so that the scope of the organization's measures, methods and procedures aimed at achieving a high level of effectiveness of their activities is taken into account by the supervisory authorities.

The main objective of quality management is to:

1. Ensure compliance with the established rules and requirements of the control measures;
2. Identification and elimination of deficiencies in the implementation of control measures;
3. Developing and implementing measures to improve the quality of control measures;

Evaluation of the quality of control measures takes place in key time forms: initial, operative and consistent.

An initial assessment of the quality of control may take place at the stage of drawing up a State Financial Control Action Plan. Its main objective is to evaluate the validity of the proposed controls and the subject matter, ie, to evaluate compliance with the requirements of the financial control planning standards.

An operational assessment of the quality of control measures can be performed at the end of each stage of control activities, as can be done in the process of inspecting inspectors' affairs, and the extent to which compliance with

the requirements of the standards for preparation, implementation and documenting of control measures in the implementation of the given control.

The subsequent quality assessment shall be carried out through verification of its results after the completion of control measures. Its main tasks include the elaboration of proposals to improve financial control standards to detect and eliminate shortcomings in the implementation of control measures, as well as to improve the quality of future controls.

The Algorithm for Performance Evaluation is given below:

1. Development of internal and external public financial control standards:
 - a. Developing standards that define common rules for the implementation of measures;
 - b. Development of quality management standards;
2. Collection and recording of information for the assessment of the quality of the State Budget for the execution of the budget:
 - a. Information prepared by the DMN authorities on the results of the Public Financial Control;
 - Programs and reports on results of events;
 - b. Information obtained from control facilities;
 - information prepared within the framework of internal audit;
3. Further evaluation of the quality of the State Budget for budget execution.
 - a. An overview of the ongoing monitoring and expert-analytical activities in the Evaluation of Groundwork:
 - Objectives; - Questions; - Predmet; - Results;
 - Suggestions (Recommendations);
 - Compliance with the requirements for the dissemination of the report text.
 - b. Criteria for evaluating the quality of State Financial Control over budget execution.

4. The results of the subsequent assessment of the quality of the State Financial Control over budget execution.

5. Developing proposals on the elimination of violations and shortcomings as a result of the subsequent assessment of the quality of the State Budget for budget execution.

6. Checking the application of proposals to eliminate violations and shortcomings as a result of the subsequent assessment of the quality of Public Finance Supervision.

The specificity of the quality assurance assessment, including the implementation of the budget, requires the use of a set of standards for assessing the quality of the Public Financial Control, one of which should be the mandatory quality control standard.

Further, the quality assessment algorithm will need to be complementary to the findings of internal financial audits (internal audit) and the compilation of comprehensive information derived by the State Financial Supervision Authorities, as well as the collection and analysis of materials from external sources of information.

In the first two phases, the subsequent assessment of the quality of Public Finance Supervision is being implemented. It provides for the analysis of separate elements of control and experimental-analytical materials, as well as the criteria for assessing compliance with the requirements of their financial control standards.

Subsequent evaluation materials are used to determine the outcome of its implementation.

Meanwhile, the supervisory authority should evaluate the impact of the deficiencies as a result of the evaluation in accordance with ISQC1.

Finally, the final stages of the proposed algorithm include the elaboration and elimination of proposals for the elimination of violations and shortcomings

identified as a result of the subsequent evaluation of the quality of the State Budget for the execution of the budget.

The execution of the budget should be followed by all key elements of control measures (objectives, issues, questions, summaries, conclusions, recommendations (recommendations) as well as the requirements for writing the report text) in the process of post-evaluation of the quality of the Public Financial Control.

The goal is to check the correctness of the definition of the structure of the objectives, that is, the control measures taken and the basic questions of the formulation and use of the budgetary funds. At the same time, at least three goals should be identified, focusing on the issues of higher budget risk and the formation of the budget.

An analysis of compliance with the requirements for the contents of the text of the report on the results of the control measures, which are included in the next quality evaluation list, shall be made.

- The content of the report should be laconic and clear.
- It is necessary to give the most important results and suggestions in the text.
- The report on the results of control measures should not exceed 30 pages.

Conclusion and suggestions

Financial control is a system of control over the lawful and purposeful use of state budget, off-budget funds, local budgets, economic entities and income of the population in accordance with economic justifications, legislation and other legal-normative acts.

Domestic financial control in Azerbaijan is dominated by the fact that the primary and subsequent forms of control are mainly prevailing. At the same time, operational control is integrated with the initial form of control so that operational control over the budget execution process is carried out in the process of preliminary verification of the legitimacy of granting budgetary funds to those financed by the budget, those who receive the budgetary funds, and the budgetary funds for the intended purposes.

Financial control is aimed at implementing the state's economic and financial policy and ensuring the financial stability of the country. Thus, the state ensures the proper use and utilization of the funds and financial resources of the funds by means of control over the economic and financial activity of the economic entities on the correct execution and execution of the state budget and extra-budgetary state funds through state financial control.

As a result of the financial audit, it was determined that through financial supervision, the following major objectives are achieved:

- Optimal proportions of financial resources between regions of the country, sectors and sectors of the economy, distribution and distribution of production and non-production spheres, economic subjects and population are created;

- legitimate and timely fulfilment of financial obligations to the state budget, extra-budgetary state funds, economic subjects;
- Effectively raising and utilizing intra-bank reserves for the purpose of increasing financial resources, increasing productivity.
- Ensuring efficient, cost-effective and efficient use of financial resources and enhancing investment efficiency.

One of the important tasks and main directions of the state financial control is to ensure that the budgeting process is organized on a proper, scientific basis. It is more appropriate to carry out the financial control over the organization of the budget process in the following areas:

- maintenance of balance between demand for financial resources and its revenues in connection with the state budget expenditures;
- Determination of the correct proportions between financial and financial resources of economic entities (enterprises);
- strengthening control over the use of budgetary funds, expedient and efficient (outcome);
- Strengthen responsibility for the full and timely fulfilment of financial obligations of legal entities and individuals in the budget, and further improve the legislation in this direction;
- Ensuring control over the implementation of measures to detect internal financial resources and increase budget revenues and, i.e.

It is advisable to give a broader place to the implementation of intra-departmental financial control.

In the present period, many economic entities form financial control over their general economic and financial activities, as well as on the activities of separate structural divisions by establishing economical specialized financial control services. The system of financial control in the system includes all the methodological forms and rules that allow the economic entity to check the

legitimacy, purposefulness and justification of the creation, distribution and use of cash funds.

As it is known, in the conditions of the market economy internal audit service of economic subjects has been established and market relations have expanded, this form of control has begun to develop significantly. In-house auditors carry out initial, current and future financial audits that enable them to identify trends in economic and financial activities of enterprises and households, to justify their financial expenditure and to use them efficiently, and to identify reserves to improve their financial position.

Taking into account the fact that the organization of the budget process in the Republic of Azerbaijan, the formation of the budget's profitability and the efficient, efficient and efficient use of the budgetary funds are the priority of financial control, it is expedient to carry out the following tasks in this direction:

- Strengthen financial control over closer co-ordination of monetary policy and fiscal policy in accordance with new conditions in the country;
- Provide maximum financial control over the provision of sound and sustainable financial intermediation in financial (currency) markets;
- Strengthen control over the updating and optimization of budgetary norms for budget organizations to improve the budget process;

All of this can undoubtedly influence the further increase in the transparency and efficiency of the budget process in the country.

In the context of strategic objectives and demands arising from the position of the public administration in this area, it is necessary to mutually reinstate the activities of state financial control bodies. Thus, the state should take into account the co-operation of the supervisory authorities in the planning of the activities of each body in the financial control system. It is also important to increase transparency and objectivity in the work of the supervisory authorities and to expand cooperation with other state bodies that have the same authority as the subject of control. Specifically, the above-mentioned issues include the

specification of the scope of activities of the supervisory authorities, in particular, the definition of boundaries and boundaries, the control methodology used for each supervisory body, the systematization of activities related to the control, etc. Such issues are relevant.

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