

MISSION AND VISION OF FINANCIAL CONTROL
IN THE CONDITIONS OF POST-WAR RECOVERY OF UKRAINEМІСІЯ ТА БАЧЕННЯ ФІНАНСОВОГО КОНТРОЛЮ
В УМОВАХ ПІСЛЯВОЄННОГО ВІДНОВЛЕННЯ УКРАЇНИ

The article considers relevant issues of financial control in the conditions of post-war recovery of Ukraine, which involves large-scale use of budget funds and international financial aid for the reconstruction of infrastructure, social and economic facilities. The key role of the state control system in ensuring targeted, effective and transparent use of resources is emphasized. The role of internal financial control in the strategy of post-war reconstruction of Ukraine is assessed, based on the analysis of the dynamics of several indicators. Existing problems are analyzed: risks of abuse, insufficient coordination of control bodies, corruption challenges. Directions for improving financial control are defined, in particular the creation of a unified digital monitoring system, strengthening the institutional capacity of audit bodies, involvement of public oversight and establishment of clear reporting criteria.

Key words: financial control, audit, post-war recovery, risks, anti-corruption, corruption, control and audit bodies.

Стаття досліджує ключові аспекти та виклики фінансового контролю в період післявоєнного відновлення в Україні, підкреслюючи необхідність ефективного, прозорого та підзвітного управління державними коштами та міжнародною фінансовою допомогою. Оскільки Україна розпочинає масштабну реконструкцію критичної інфраструктури, житла, охорони здоров'я, освіти та промислового потенціалу, важливість надійних механізмів фінансового нагляду стає першочерговою. Проведено оцінку ролі внутрішнього фінансового контролю в стратегії забезпечення післявоєнного відновлення України на основі вивчення динаміки низки показників. У дослідженні аналізується поточний стан фінансового контролю в Україні, виявляючи системні слабкості, інституційну фрагментацію, корупційні ризики та неефективність координації між контролюючими органами. Особливу увагу приділено ролі державних аудиторських установ, зовнішніх донорів і громадянського суспільства у формуванні стійкого та надійного контрольного середовища. Підкреслено, що покращення фінансового управління шляхом цифровізації, удосконалення стандартів звітності, систем моніторингу в реальному часі та громадської підзвітності є необхідним для запобігання нецільовому використанню ресурсів та зміцнення довіри серед громадян та міжнародних партнерів. У статті окреслено стратегічні напрямки зміцнення інституційного потенціалу, впровадження реформи фінансової інспекції, розширення охопленої бази аудиту, впровадження підходів, заснованих на ризиках, та формування культури прозорості. Рекомендації також включають інтеграцію міжнародного передового досвіду, узгодження з нормативно-правовими рамками ЄС та активну участь недержавних суб'єктів у процесі нагляду. Зроблено висновок, що фінансовий контроль у післявоєнному контексті не повинен обмежуватись формальними аудитами, а має розвиватися в динамічну багаторівневу систему, здатну реагувати на складні виклики та забезпечувати ефективне використання кожної гривні, виділеної на відновлення. Дослідження підкреслює, що сильний фінансовий контроль є не лише технічною необхідністю, але й фундаментальною опорою демократичної стійкості, економічної життєздатності та довгострокового відновлення України.

Ключові слова: фінансовий контроль, аудит, післявоєнне відновлення, ризики, антикорупція, корупція, контрольні та аудиторські органи.

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Problem statement. The full-scale war against Ukraine caused significant human losses, destruction of critical infrastructure, housing stock, industrial facilities, and the social sphere. In this regard, the state faced the task not only of physical restoration of territories but also of forming an effective system of management of financial resources aimed at reconstruction. The issue of ensuring proper financial control over the use of budget funds, loans, international aid, and investments received under support programs for Ukraine is especially relevant.

Insufficient transparency, risks of misused resources, corruption manifestations, and limited capacity of state institutions in the field of financial control create threats to effective recovery and undermine the trust of both Ukrainian society and international partners. Under the conditions of extreme pressure on public finances and the

scale of reconstruction processes, there is a need to rethink and strengthen control mechanisms, implement modern digital solutions, and coordinate actions between state authorities, auditors, and the public. Ukrainian scholar, Academician of NAS of Ukraine T. I. Yefymenko noted that under economic and financial crises and martial law, it is necessary to strengthen control over the state budget, use incentives and mechanisms to reduce the shadow sector of the economy and the level of corruption, as well as increase financial discipline [3, p. 7].

Analysis of recent research and publications.

The issue of financial control in crisis situations, particularly armed conflicts and post-conflict recovery, has been repeatedly studied by both domestic and foreign scientists. Ukrainian researchers have made significant contributions to the theoretical justification of the financial control system, including

the works of L. M. Borysenko [1], T. O. Hurenko [2], T. I. Yefymenko [3].

Formulating the purposes. The purpose of this study is to analyze the current state of financial control in Ukraine in the conditions of post-war recovery, to identify the main problems and risks in the use of financial resources, and to develop recommendations for improving financial control mechanisms to ensure effective and transparent use of budget funds, international aid, and investments during reconstruction. It is also necessary to evaluate international experience and adapt best practices to the specifics of the Ukrainian context.

Presentation of the main research material. The post-war recovery of Ukraine requires efficient use of limited financial resources and ensuring maximum transparency in the management of these funds. According to various estimates, for full recovery, Ukraine already needs financial resources ranging from \$411 billion to \$1.1 trillion [4], and only for the financing of the reconstruction program in 2025, it is necessary to allocate expenditures amounting to 3.94 trillion UAH [7, p. 2]. A well-established system of internal financial control should contribute to the effective and legal use of such significant funds.

According to national legislation, two main forms of state internal financial control (SIFC) are distinguished – centralized and decentralized. Let us focus in more detail on the centralized form, particularly the work of the State Audit Service of Ukraine, which is responsible for internal control in the system of executive authorities, monitoring the activities of budgetary institutions – administrators of budget funds.

In recent years, the internal state financial control in Ukraine has demonstrated significant progress. At the same time, a number of problems still remain that require urgent and systematic solutions. Despite the presence of a developed legislative and regulatory framework, the financial control system in Ukraine faces problems, including the uncertainty of cooperation mechanisms between state bodies and international donors, as well as the low level of institutional capacity

of control bodies. Weak coordination among various control bodies, the absence of a unified digital monitoring system for expenditures, and insufficient level of public oversight create a space for corruption risks and inefficient use of funds.

During 2020–2024, the average number of organizations, institutions, and enterprises covered by control measures (audits, inspections, commission surveys, and procurement monitoring) was 7,883 units. Meanwhile, the average number of budgetary organizations and institutions where financial violations were identified during the analyzed period was 3,616 units (Fig. 1).

Given the necessity for efficient and targeted use of relatively limited financial resources within the framework of the country's post-war recovery strategy, it is important to analyze the dynamics of misused state funds in budgetary organizations, as well as the number of cases of ineffective management decisions. As shown in Fig. 2, the average ratio of the volume of misused state resources in budgetary organizations to the number of inspected objects during 2020–2024 was 3,782 thousand UAH. The highest level of this indicator was recorded in 2024, amounting to 7,646.79 thousand UAH.

According to the data in Fig. 3, during the analyzed period, the average ratio of lost economic benefits or foregone revenues in budgetary organizations and institutions to the number of inspected entities amounted to 82,684 thousand UAH. At the same time, the average ratio of excessive or unproductive expenditures in such institutions to the number of inspected entities was 27,146 thousand UAH. The maximum values of both indicators were recorded in 2023, amounting to 341,204 and 67,686 thousand UAH, respectively.

The results of the conducted analysis indicate a tendency toward a decrease in the share of budgetary organizations in which financial violations were detected, relative to the total number of inspected entities during the period of martial law. At the same time, there is a significant increase in the level of misused public funds, as well as considerable

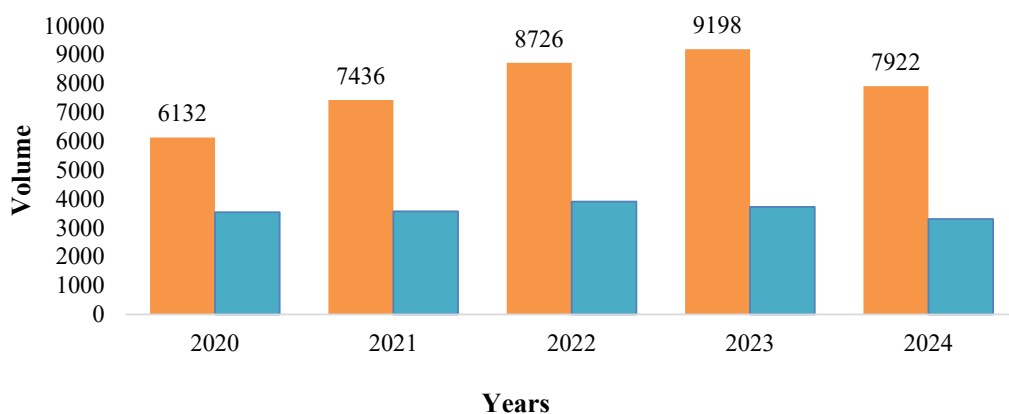


Fig. 1. Dynamics of the number of organizations where control was conducted

Source: created by the author based on [6]

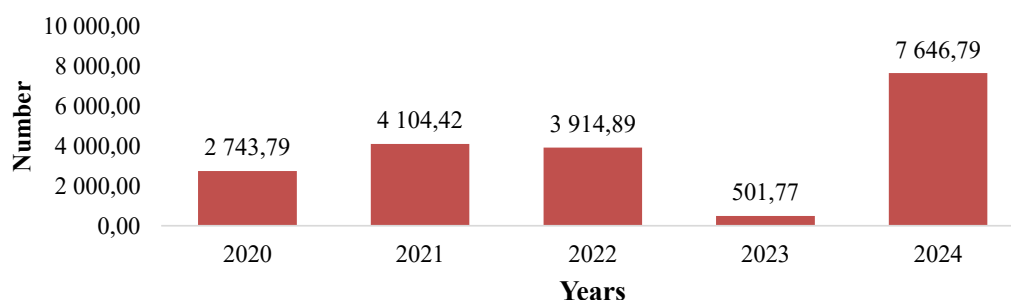


Fig. 2. Dynamics of the amount of misused state resources in budgetary organizations relative to the number of inspected entities

Source: created by the author based on [6]

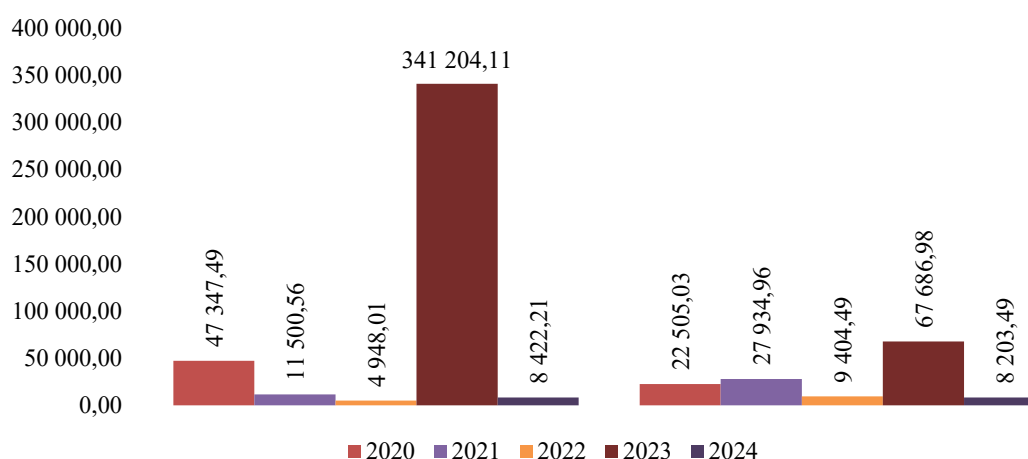


Fig. 3. Ratio of identified cases of risky operations or ineffective management decisions that led to the loss of material and financial resources to the number of inspected entities

Source: created by the author based on [6]

fluctuations in the amounts of foregone revenues, lost economic benefits, and unproductive expenditures in the public sector.

Based on the studies of H. O. Skrypnyk, V. V. Chernenko [5], as well as I. P. Ustinova and V. Ye. Biliavska [7], we can conclude that the current main threats to effective financial control are:

- corruption (one of the most significant issues in public administration, negatively affecting the efficiency of budget fund usage);
- uncertainty in the regulation of international aid utilization (the presence of various regulatory acts and procedures may complicate the effective use of funds provided by external donors);
- lack of unified expenditure monitoring (many agencies operate without an integrated digital platform for monitoring financial flows, which complicates real-time expenditure control).

Based on the scientific research of T. O. Hurenko [2], I. V. Yahodenko, and O. D. Hordey [8], the following steps are seen as necessary to enhance the effectiveness of state financial control:

- creation of a unified digital platform for real-time monitoring of financial flows, which would

ensure transparency of expenditures at all stages of recovery;

- expansion of state audit functions, including the introduction of new methods of financial flow analysis that incorporate risk-based approaches;
- public engagement in the oversight process of budget spending through the development of platforms that provide public access to reports and mechanisms for reporting violations;
- international cooperation with auditors and financial management experts to adopt international standards and best practices;
- amendments to current legislation aimed at ensuring effective and prompt control over budget expenditures during martial law;
- implementation of Big Data and artificial intelligence technologies to identify high-risk operations and prevent financial violations;
- introduction of stricter control mechanisms for the use of budget funds, with particular emphasis on public procurement and the provision of humanitarian aid.
- integration of Ukraine into international initiatives aimed at ensuring transparency and accountability in the use of budgetary resources.

One of the important directions, in our opinion, is also the enhancement of the institutional capacity of financial control bodies, which includes:

- modernization of the system of state financial control bodies with the aim of strengthening their independence and increasing their functional efficiency;
- simplification of financial reporting procedures and reduction of excessive bureaucratic burden;
- improvement of professional training for auditors and other specialists in the field of financial control, especially in times of crisis, through participation in training programs with international experts;
- formation of specialized mobile units for rapid response to financial violations;
- strengthening the personal responsibility of officials for non-compliance with financial discipline;
- introduction of new anti-corruption mechanisms, in particular by establishing internal audit services within government agencies.

The implementation of the proposed approaches to assessing the effectiveness of state financial control will contribute to increasing the level of accountability for its outcomes, as well as improving the quality of work of the State Audit Service and other supervisory bodies responsible for overseeing the use of public finances.

Conclusions. Thus, financial control is a critically important tool for ensuring the effective recovery of Ukraine after the war. The improvement of this system requires a comprehensive approach, including digitalization, enhanced transparency, and better coordination among all involved parties. Only through effective control over the use of financial resources can Ukraine build a stable and resilient future after the conflict. The implemented innovations will ensure effective financial control even under complex socio-economic conditions, contribute to the preservation of public assets, and enhance the efficiency of budget resource utilization.

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