

AUDIT EFFECTIVENESS OF FORMATION FINANCIAL RESERVES

One of the main directions in improvement of the system of financial control in Ukraine should consider the development and implementation mechanisms of performance audit in general, and audit effectiveness of formation financial reserves in particular.

Today, a plenty of businesses do not form financial reserves, although it may have the negative affect for their activities. According to the official data of State Statistics Service of Ukraine on the results of 2012 39.9% of commercial enterprises (retail) are unprofitable. It is 9% higher than in 2008. The enterprises need creation of financial reserves to ensure stable development, opportunities to withstand external factors, and timely neutralization and compensation of possible negative phenomena.

Audit effectiveness of financial reserves formation is an independent verification of the degree in which state and private enterprise work effectively and efficiently due to attention to economy of resources. Its purpose is to assess achievement of its performance, identify problems in implementation of tasks and develop proposals for improving the efficiency of resource usage. The most effective audit effectiveness of formation financial reserves is realized by applying analytical procedures.

In order to audit effectiveness of formation financial reserves takes its rightful place in the system of financial control in Ukraine, contribute to the modernization of the budget process and improvement of decisions quality, it is necessary to comply the basic conditions for its further development, existing problems solving and study of international practice.