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CONTROL FUNCTION IN THE MANAGEMENT OF STATE PURCHASES

The purpose of this article is to deepen the theoretical basis for implementation of control functions for procurement and to define the controlled objects based on the nature of the process.

The theoretical and methodological basis of the research is comprised of fundamental assumptions of modern economic theory, research work of scientists, regulatory and legislative acts of Ukraine on the public procurement. The study used the following methods: general scientific methods, including: methods of theoretical generalization - to study the theoretical foundations of public procurement for public funds and to find out the role of public financial control in this process; systematic approach - to justify the types of impacts of the management organization that requires control; special methods of economic research (based on the classical model of the tree of decisions) - to determine the major decisions on the choice of the supplier; systematization method - to determine the list of analytical procedures of control functions in public procurement.

The relationship between management and control functions of public procurement on the basis of the nature of purchases' category is analyzed. Controlled objects in relation to public procurement are defined, the inclusion of which in a controlled environment ensures the effective management of public procurement. The number of methods of analysis and control of decisions taken in the area of procurement has been expanded according to available developments made in the field of knowledge management in recent years.

It was proved that major decisions on supplier selection are to be made on the basis of the classical model of decision tree and under the provisions of public

procurement. According to the findings, the choice on alternatives under uncertainty is caused by the level of public needs, as a result of such uncertainty. The cost and availability of supplies still greatly determines the results of public purchases.

It was defined that it is very difficult to describe many procurement issues in the numerical way, because the top-management (the decision-maker) perceives the risks, which can be of a significant value in determining the outcome, in a judgmental way. Therefore, the author proves a possibility of exercising a control over the supply, combining the chief's opinion, based on professional knowledge and experience, and the concepts and methods of decision-making based on results estimated because of the control and analytic functions.

It was found that the control function in the process of public procurement focuses on the effects on the procurement process, which in turn influence the final result of the state institutions' activities and provide the management performance.

The results of the study determine the theoretical positions and develop a conceptual approach to the strategy of public procurement under the conditions for maximum assurance of the control function and principles of monitoring processes implemented through the empowerment of those decisions that are to be taken at the reasonable grounds.

The relevance of explored issues is proved by a complexity and contradictions of modern public procurement processes and the feasibility of the control functions while defining controlled objects. Modern special conditions result in the originality of the given research, based on necessity to supply necessary goods and services for public funds, subject to the minimum price in a competitive market and further development on the basis of fair competition, practical issues of implementation of regulatory framework on public procurement and improving their efficiency, all of which having a high theoretical and practical value.

The study determines the important issues in effective management of public procurement and implementing appropriate control function due to the fact that in

the difficult times of budget deficit and the emergence of new defensive needs of Ukraine, it is necessary to solve the basic optimization problem: how to achieve the best results at the lowest cost resources. It is argued that public procurement requires a proper control today because of its complexity and significant amounts.

It is discussed that procurement function of the state provides interaction with other members of the supply chain under an extended period of supply chain management: customers, organizers, and suppliers. The author emphasizes on the urgent condition in minimizing costs and speed in passage of goods through the supply chain, taking into account the interests of the end user in the chain, which is to be implemented in a social policy of public procurement. The idea is that competition covers both the level of individual enterprises, and rises to the level of supply chains that reflects the essence of the next stage of the competition. The competitive environment is proved to ensure the implementation of the principle of market economy and prevent the corruption phenomenon in public procurement.

The challenges in reducing the total cost of procurement in practice are defined. That is why public companies in public procurement should be guided in the choice of provider primarily by the price factor (its minimum value), no other way except through tender procedures to determine this supplier. Thus, the yield of assets owned by a state institution, will testify about the activities of the institution as a whole, however, lower investment in stocks depends not only on the minimization of price but also on the volume of purchases of stocks. It is proved that reducing the cost of purchasing is possible through optimization of procurement in terms of agreements with suppliers.

The results of research aimed at solving the problem of increasing the effectiveness of the control functions in the implementation of public procurement. They can be used in the process of implementation of the procurement policies in public institutions.

Key words: monitoring, preliminary control, public procurement, supply processes, lean purchasing.

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