

INTERACTION OF NATIONAL POLICE WITH OTHER SUBJECTS OF ENSURING STATE FINANCIAL SECURITY

Iryna Shopina¹, Valeria Riadinska², Anna Pavlovska³

Abstract. *The aim of the article* is to provide scientific substantiation of the theoretical bases of financial security of Ukraine, to reveal the essence of its elements, principles, and functions, to determine the place of the National Police of Ukraine in this mechanism, to outline principles and the content of the interaction of the National Police with other subjects of ensuring the financial security of the state, in particular, law enforcement bodies. *The subject of the study* is the interaction of the National Police with other subjects of ensuring the financial security of the state. *Methodology.* The study is based on the elucidation of the essence and specificities of the interaction of the National Police with other subjects of ensuring the financial security of the state. The analysis of the specificities of the authorities of the subjects of ensuring the financial security of the state enabled to determine the areas of improvement of the interaction of state bodies in the sphere. *Relevance/originality.* The study of the interaction of the National Police with other subjects of ensuring the financial security of the state is the basis for developing the most promising areas for the improvement of domestic legislation in this sphere.

Key words: interaction, law enforcement bodies, National Police, financial security.

JEL Classification: P34, P43

1. The relevance of the topic

The construction of an efficient and competitive national economy implies a systemic reform of public finance management as a part of the public administration system as a whole, the problems and inconsistencies of which constitute a serious risk to the restoration of economic growth. Effective public finance management system is the basis for implementing state policy and achieving strategic development goals by ensuring a compliance with the general budget discipline, strategic allocation of budget funds and effective provision of public services (Cabinet of Ministers of Ukraine. *Pro skhvalennia Stratehii reformuvannia systemy upravlinnia derzhavnymy finansamy na 2017-2020 roky*).

The problem of organizational interaction of power structures and state institutions in various spheres of state-management activity is the subject of the analysis of many domestic scientists and practitioners.

2. Literature review

Among the recent publications devoted to this topic, it is worth mentioning the developments of V.D. Bakumenko, V.A. Derets, M.M. Izhi, T.I. Pashova, Ya. O. Riznikova, V.S. Shcherbin, and other researchers.

In the mentioned publications, in particular, the essence, principles, and mechanisms of organizational interaction of the authorized authorities are clarified, provided that they have significant internal-functional and inter-level differentiation.

3. The main material

However, procedures and rules for the interaction of state institutions are determined not only by the factors mentioned in them. Important in this case are also legal rules that outline the competence of a particular authority and the specifics of the implementation of its managerial functions. This aspect of the analysis to ensure the coordination of efforts of various state structures, in essence, still remains poorly investigated in the national professional literature.

The financial security of the state is a structural element of the economic security of the state, defined as the state of the financial system, which creates the necessary financial conditions for a stable socio-economic development of the country, ensures its stability to the financial shocks of those imbalances, creates the conditions for preserving the integrity and unity of the financial system of the country. It consists of the following elements: banking security; security of the non-banking financial sector; debt security;

Corresponding author:

¹ Lviv State University of Internal Affairs, Ukraine.

² State Research Institute of Ministry of Internal Affairs of Ukraine, Ukraine.

³ National Academy of Internal Affairs, Ukraine.

E-mail: anru200882@gmail.com

fiscal security; currency security; monetary security (Ministry of Economic Development and Trade of Ukraine).

Thus, financial security is directly related to the protection of the system of the main national and financial interests of the country. At each specific historical stage of its development, financial security requires the use of special methods and tools, the application of specific mechanisms, and the existence of a system of special state bodies.

The state of national security in the financial sphere depends on the phenomena and factors of both the internal and external financial and credit policy of the state, the political situation in the state, the perfection of legislative provision of the functioning of the financial system, as well as the international obligations of the state (Cabinet of Ministers of Ukraine. *Pro skhvalennia Kontseptsii zabezpechennia natsionalnoi bezpeky u finansovii sferi*).

Ensuring financial and economic security of the state is entrusted to a complex of subjects, including the law-enforcement system.

The subjects that provide financial security include: President of Ukraine, Verkhovna Rada of Ukraine, Cabinet of Ministers of Ukraine; National Security and Defence Council of Ukraine, ministries and other central executive authorities, National Bank of Ukraine, State Fiscal Service of Ukraine, courts of general jurisdiction, Prosecutor's Office of Ukraine, local state administrations and local self-government bodies, Security Service of Ukraine, State Border Guard Service of Ukraine, citizens of Ukraine and their associations (Bryhinets, 2016).

Administrative and criminal offenses in the sphere of finance constitute an actual threat to the financial security of the country, causing significant damage to the state, therefore, the struggle against them is carried out by various law enforcement agencies, including the National Police, as well as other executive authorities.

Today, law enforcement agencies have a decisive influence on the policy-making of each state, in particular, Ukraine and its financial and economic security.

Given the list of law enforcement agencies, enshrined in Art. 2 of the Law of Ukraine "On State Protection of Court and Law-Enforcement Bodies Staff", it may be noted that the law-enforcement bodies as subjects of ensuring the financial and economic security of the state should include the organs of the National Police of Ukraine, the Security Service of Ukraine, units of the Tax Police of the State Fiscal Service of Ukraine and the National Anti-Corruption Bureau of Ukraine, as evidenced by their tasks and functions (Rieznik, 2017).

In resolving the task of ensuring the financial security of Ukraine, protecting the economy and other vital security objects, the National Police should not duplicate the activities of other structures of

the country's security system but act in the light of coordination and interaction. Therefore, the effective and efficient activity of the police authorities in the implementation of administrative and legal control over the implementation of legislation in the field of finance is possible only if they are closely interacting with the executive authorities that have control and supervisory functions in this area.

The interaction of police authorities with executive authorities is understood as regulated by law and by-laws of the joint concerted activity, based on the use of each of the parties inherent in it forms, methods, forces, and means of combating the offenses, participation in the development and implementation of comprehensive measures aimed at ensuring the implementation of the law and prevention of unlawful manifestations in this area.

Legal principles of interaction of state bodies in the process of securing financial security are enshrined in the Constitution of Ukraine. According to the norms of the last Cabinet of Ministers of Ukraine, it ensures state sovereignty and economic independence of Ukraine, ensures financial, pricing, investment, and tax policy, directs and coordinates the work of ministries and other bodies of executive power (Konstytutsiia Ukrainy).

According to Art. 5 of the Law of Ukraine "On National Police", the police, in the course of its activities, interacts with the law enforcement agencies and other state authorities, as well as local self-government bodies in accordance with the law and other statutory legal acts (*Pro Natsionalnu politsiu*).

A similar provision contains the Provisions on the National Police, according to which the National Police interacts with other state bodies, subsidiary bodies and services created by the President of Ukraine, temporary consultative, advisory and other subsidiary bodies formed by the Cabinet of Ministers of Ukraine, while exercising the tasks assigned to it by local self-government, association of citizens, public unions, trade unions and employers' organizations, relevant bodies of foreign states and international day-to-day organizations, as well as enterprises, institutions, and organizations (Cabinet of Ministers of Ukraine. *Pro zatverdzhennia Polozhennia pro Natsionalnu politsiu*).

The considerable amount of work of the National Police together with other state bodies is carried out in the process of revealing and documenting administrative offenses in the field of trade, catering, services, in the field of finance and entrepreneurship, the responsibility for which is provided for in chapter 12 of the Code of Ukraine on Administrative Offenses.

Police have wide jurisdictional powers in this area. In particular, the police have the right to draw up protocols on the following administrative offenses: violation of the rules of trade and the provision of

services by trade, catering and service providers, citizens engaged in entrepreneurial activity; buyer or customer fraud; violation of the rules of trade in beer, alcohol, low alcohol and tobacco products; violation of the legislation on the protection of consumer rights; violation of the established order of industrial processing, storage, transportation or destruction of confiscated alcohol, alcoholic beverages or tobacco products; violation of the rules of trade in the markets; handouts in unidentified places; violation of the rules on currency transactions; avoidance of the return of foreign currency earnings; illegal opening or use of foreign currency accounts outside Ukraine; violation of rules for the delivery of precious metals and precious stones; violation of the order of economic activity; violation of the procedure for submitting a declaration of income and keeping records of incomes and expenses of violation of financial legislation; unfair competition; late delivery of revenue; storing or transporting alcoholic beverages or tobacco products that do not have a stamp of excise duty collection; demonstration and distribution of films without state certification for the right to distribute and display films; violation of the conditions for the distribution and demonstration of films provided for by the state license for the right to distribute and display films; non-observance of the quota for displaying national films when using national screen time; illegal distribution of copies of audio-visual works, phonograms, videograms, computer programs, databases; violation of the legislation regulating the operation of scrap metal; violation of budget legislation; concealment of persistent financial insolvency; occupation of prohibited types of economic activity; violation of the legislation on the collection and registration of a single contribution to the compulsory state social insurance and compulsory state pension insurance; violation of the order of formation and application of prices and tariffs; non-compliance by a person with mandatory conditions for the privatization of state, communal property or enterprises and their subsequent use; illegal actions against privatization papers; illegal actions in case of bankruptcy; fictitious bankruptcy; forcing anticompetitive concerted action (Kodeks Ukrainy pro administratyvni pravoporushennia).

At the same time, the competence of the bodies of the National Police intersects with the competence of other law enforcement and controlling bodies – subjects of ensuring the financial security of Ukraine.

For example, authorized officers of the bodies and units of the National Police who have special titles have the right to consider cases of illegal release or purchase of gasoline or other fuel and lubricants. At the same time, the police interact with the officials of the authorities that control the use of petroleum products in industry and agriculture, who have the right to draw up protocols on relevant administrative offenses.

Today, such a body is the Ministry of Energy and Coal Industry of Ukraine, which is the main body in the system of central bodies of executive power, which ensures the formation and implementation of state policy in the electricity, nuclear, industrial, coal-mining, peat, oil and gas and oil and gas processing complexes, and also ensures the formation of state policy in the field of supervision (control) in the fields of electricity and heat supply (Cabinet of Ministers of Ukraine. Pro zatverdzhennia Polozhennia Ministerstvo enerhetyky ta vuhilnoi promyslovosti Ukrainy).

The leading unit in the system of the National Police of Ukraine, which is called to provide financial security, is the Department of Economic Protection.

By the Resolution of the Cabinet of Ministers of Ukraine dated October 13, 2015, the Department for the Protection of the Economy of the National Police of Ukraine was formed as an interregional territorial body of the Verkhovna Rada of the National Police, which has the functions of combating crime in the economy.

The main function of the Department is to directly carry out operational and investigative measures regarding the documentation and disclosure of crimes in the economic sphere.

For the effective counteraction to the offense in the field of financial security of the state, the following tasks are assigned to the economic protection units:

- participation in the formation and implementation of state policy in the field of combating crime, protection of the economy and objects of property rights;
- detection, prevention, and suppression of economic crimes, in particular, committed by socially dangerous organized groups and criminal organizations that affect the socio-economic and criminal situation in certain regions and the state as a whole;
- the fight against corruption and bribery in areas of strategic importance for the state's economy, as well as officials of state authorities and self-government;
- counteracting corruption offenses and offenses related to corruption;
- establishing the causes and conditions for the commission of offenses in the field of economy, as well as taking measures to eliminate them (Viazmikin, 2016).

As already noted, in the process of ensuring the financial security of Ukraine, the National Police interacts with a wide range of subjects, which are not considered possible within the framework of specific scientific work. Consider the features of interaction with some of them.

For example, interaction with the Accounting Chamber. The annual report on the activities of the Accounting Chamber should contain information on its control measures with the obligatory indication of the measures taken to the law enforcement agencies, including the National Police, on the revealed signs of criminal or administrative offenses and the measures

taken by the law enforcement agencies to respond (Pro Rakhunkovu palatu).

In cooperation with the Security Service of Ukraine, the National Police can be involved in conducting inspections, audits, and examinations initiated by the Security Service of Ukraine (Pro Sluzhbu bezpeky Ukrainy).

Certain features have interaction with the bodies of state financial control. In accordance with the Law of Ukraine "On the Basic Principles of the Implementation of the State Financial Control in Ukraine", the state financial control authority coordinates its activities with local self-government bodies and executive authorities, financial bodies, revenue and fee bodies, other controlling bodies, prosecutor's offices, the National Police, security services (Pro osnovni zasady zdiisnennia derzhavnogo finansovoho kontroliu v Ukraini).

In particular, in case of receipt of an order to carry out audits in the supervised institutions from the Cabinet of Ministers of Ukraine, bodies of the public prosecutor's office, revenue and assembly bodies, the National Police, the Security Service of Ukraine, the National Anti-Corruption Bureau of Ukraine, which contains evidence that violations of the laws of Ukraine by the institutions, whose verification of compliance is legally attributed to the competence of the state financial control bodies, there is a basis for an unscheduled outbound audit.

Also, law enforcement officers are obligated to assist officials of the state financial control body in the performance of their duties. In case of preventing the employees of the state financial control body to the territory of the enterprise, institution, organization, refusals to submit documents for audit and any other illegal actions, the bodies of the National Police shall, upon the request of these persons, immediately take appropriate measures to put an end to such an action, to ensure normal carrying out the audit, guarding the employees of the state financial control body, documents and materials that are being audited, as well as taking measures to bring the perpetrators to the established responsibility.

To date, the state financial control body is the State Audit Office of Ukraine, which takes measures in accordance with the established procedure to eliminate violations of legislation detected during the state financial control and prosecution of perpetrators, in particular, transfers, in accordance with established procedure, to law-enforcement bodies materials on the results of the state financial control in case of detection of violations of the law, for which criminal liability is provided or which contain signs of corruption actions (Cabinet of Ministers of Ukraine. Pro zatverdzhennia Polozhennia pro Derzhavnu audytorsku sluzhbu Ukrainy).

A significant amount of interaction is between the National Police and the State Financial Monitoring Service of Ukraine.

The State Financial Monitoring Service of Ukraine in the process of fulfilling the tasks assigned to it interacts in accordance with the established procedure with other executive authorities, subsidiary bodies and services formed by the President of Ukraine, local self-government bodies, citizens associations, trade unions and employers' organizations, relevant bodies of foreign states and international organizations, enterprises, institutions, organizations.

The State Financial Monitoring Service of Ukraine interacts with law enforcement agencies, including with the National Police, in the following main areas:

- if there are sufficient grounds to believe that a financial transaction or a set of related financial transactions may be related to the legalization (laundering) of proceeds from crime or terrorist financing, it shall submit to the law enforcement authorities authorized to make a decision in accordance with the criminal procedure law, corresponding generalized and additional materials and receives from them information about the course of their consideration;

- if there are sufficient grounds to suspect that a financial transaction or a client is connected with the commission of an act defined by the Criminal Code of Ukraine, which is not related to the legalization (laundering) of the proceeds from crime or terrorist financing, shall submit information to the relevant law enforcement body in the form of generalized materials;

- develops regulatory legal acts in the field of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing on the procedure for notification of subjects of initial financial monitoring of the fact of opening of criminal proceedings (or the fact of closing criminal proceedings in the course of pre-trial investigation) by their reports and providing information on the decisions taken in such criminal cases to the subjects of financial monitoring;

- provides coordination of activities of state bodies in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime and terrorist financing (President of Ukraine. Pro Polozhennia pro Derzhavnu sluzhbu finansovoho monitorynhu Ukrainy).

4. Conclusions

The foregoing suggests that the process of securing Ukraine's financial security should be complex in view of the complexity and versatility of the relevant social relations, interests, and values. Financial offenses such as non-payment of taxes, misuse of budget funds, legalization (laundering) of proceeds from crime, bank violations, etc., are closely linked and mutually determine each other. Therefore, in our view, the goals, task, and order of interaction for all entities of financial security should be united and coordinated.

References:

- Cabinet of Ministers of Ukraine. Pro skhvalennia Stratehii reformuvannia systemy upravlinnia derzhavnymy finansamy na 2017-2020 roky [On approval of the strategy for reforming the public finances management system for 2017-2020] (Order no. 142-r of February 8, 2017). Retrieved from: <http://zakon.rada.gov.ua/laws/show/142-2017-%D1%80> (in Ukrainian)
- Ministry of Economic Development and Trade of Ukraine. Pro zatverdzhennia Metodichnykh rekomendatsii shchodo rozrakhunku rivnia ekonomichnoi bezpeky Ukrainy [On approval of methodological recommendations for calculating the level of economic security of Ukraine] (Order no. 1277 of October 29, 2013). Retrieved from: <http://www.me.gov.ua/Documents/List?lang=uk-UA&tag=MetodichniRekomendatsii> (in Ukrainian)
- Cabinet of Ministers of Ukraine. Pro skhvalennia Kontseptsii zabezpechennia natsionalnoi bezpeky u finansovii sferi [On approval of the Concept of ensuring national security in the financial sphere] (Order no. 569-r of August 15, 2012). Retrieved from: <http://zakon.rada.gov.ua/laws/show/569-2012-%D1%80> (in Ukrainian)
- Bryhinets, O. O. (2016). Osoblyvosti formuvannia mekhanizmu pravovoho zabezpechennia finansovoi bezpeky Ukrainy [Features of the formation of a mechanism for legal security of Ukraine's financial security]. *Visnyk Natsionalnoho universytetu «Lvivska politekhnika»*. *Yurydychni nauky*, 837, 36-41. (in Ukrainian)
- Riezniak, O. M. (2017). Rivni ta napriamy diialnosti pravookhoronnykh orhaniv iz zabezpechennia finansovo-ekonomichnoi bezpeky derzhavy [Levels and directions of activity of law-enforcement bodies for ensuring financial and economic security of the state]. *Pravo i bezpeka*, 4(67), 136-141. (in Ukrainian)
- Konstytutsiia Ukrainy [The Constitution of Ukraine of 28 June 1996]. Retrieved from: <http://zakon.rada.gov.ua/laws/show/254%D0%BA/96-%D0%B2%D1%80> (in Ukrainian)
- Pro Natsionalnu politsiiu [On National Police] (Law of Ukraine of July 2, 2015). Retrieved from: <http://zakon2.rada.gov.ua/laws/show/580-19> (in Ukrainian)
- Cabinet of Ministers of Ukraine. Pro zatverdzhennia Polozhennia pro Natsionalnu politsiiu [On approval of the Regulation on the National Police] (Resolution no. 877 of October 28, 2015) Retrieved from: <http://zakon3.rada.gov.ua/laws/show/877-2015-%D0%BF/paran9#n9> (in Ukrainian)
- Kodeks Ukrainy pro administratyvni pravoporushennia [Code of Ukraine on administrative offenses of December 07, 1984]. Retrieved from: <http://zakon.rada.gov.ua/laws/show/80731-10> (in Ukrainian)
- Cabinet of Ministers of Ukraine. Pro zatverdzhennia Polozhennia Ministerstvo enerhetyky ta vuhilnoi promyslovosti Ukrainy [On Approval of the Regulation of the Ministry of Energy and Coal Industry of Ukraine] (Resolution no. 208 of March 29, 2017). Retrieved from: <http://zakon.rada.gov.ua/laws/show/208-2017-%D0%BF>
- Viazmikin, S. A. (2016). Zadvannia ta povnovazhennia Departamentu zakhystu ekonomiky Natsionalnoi politsii Ukrainy [Tasks and powers of the Department of National Defense of Ukraine]. *Yurydychnyi chasopys Natsionalnoi akademii vnutrishnikh sprav*, 1(11), 133-140. (in Ukrainian)
- Pro Rakhunkovu palatu [On the Accounting Chamber] (Law of Ukraine of July 02, 2015). Retrieved from: <http://zakon.rada.gov.ua/laws/show/576-19> (in Ukrainian)
- Pro Sluzhbu bezpeky Ukrainy [On the Security Service of Ukraine] (Law of Ukraine of March 03, 1992). Retrieved from: <http://zakon.rada.gov.ua/laws/show/2229-12> (in Ukrainian)
- Pro osnovni zasady zdiisnennia derzhavnogo finansovoho kontroliu v Ukraini [On the basic principles of the implementation of the state financial control in Ukraine] (Law of Ukraine of January 26, 1993). Retrieved from: <http://zakon.rada.gov.ua/laws/show/2939-12> (in Ukrainian)
- Cabinet of Ministers of Ukraine. Pro zatverdzhennia Polozhennia pro Derzhavnu audytorsku sluzhbu Ukrainy [On approval of the regulation on the State audit office of Ukraine] (Resolution no. 43 of February 3, 2016). Retrieved from: <http://zakon.rada.gov.ua/laws/show/43-2016-%D0%BF> (in Ukrainian)
- President of Ukraine. Pro Polozhennia pro Derzhavnu sluzhbu finansovoho monitorynhu Ukrainy [On the regulations on the State Financial monitoring service of Ukraine] (Decree no. 43 of April 13, 2011). Retrieved from: <http://zakon.rada.gov.ua/laws/show/466/2011> (in Ukrainian)