

THE ROLE OF INTERNAL FINANCIAL CONTROL IN PREVENTION OF MISAPPLICATION OF FUNDS

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Summary: In this paper the author analyzed the reasons for prescribing the felony of misapplication of budget funds, as well as some of ways of its prevention. Competent management, internal control and internal audit should make that financial management of public funds efficient, effective and economical. The great part of public expenditures is financed from taxes which are paid by the citizens. Because of that, there is a great interest in expenditure of budget funds, and their misapplication is a sociably damaging behaviour. In order to fulfil the conditions for the EU membership, the Republic of Serbia has included in its national legislation a mechanism of financial discipline in public sector. The fiscal rules which are prescribed by the Law on budget system are very important. The budget fund users are obliged to follow these rules, both when making financial plans and spending of funds.

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