

*Workshop: Finance, insurance and stock-exchange industry: diversification
strategic to the brief-case.*

***B. S. Shuliuk, Ph.D. in Economics, Associate Professor
of S. Yurii Finance Department,
Ternopil National Economic University
Ternopil, Ukraine***

THE NEED TO REFORM BUDGET MANAGEMENT UNDER THE CONDITIONS OF UNSTABLE SOCIAL AND ECONOMIC DEVELOPMENT OF UKRAINE

In terms of social and economic reforms in Ukraine the role and importance of the budgetary decisions, made at all levels of authorities, is rising. Budget management is crucial, because exactly here the largest state financial flows are concentrated. Financial base of nationhood and the whole existence of the country depend on the efficiency of management system.

Budget management is an integral part of the overall system of public financial management. It is a system of management of budget resources by using scientifically based market forms and methods of decision-making in the field of public finance. Thus, budget management aims to manage budget resources and relationships that occur in the process of budget flow movement (incoming and outgoing). The question of effective management of the budget towards optimal allocation of certain functions between different state and local public authorities is still important today.

The whole process of budget management can be represented in the sequence of certain stages. In our opinion, they are logically grouped in three blocks: strategic budget management, operational budget management and evaluation of the effectiveness of budget management.

The first block of stages of budget management – strategic – involves some preparatory work, to some extent it is consistent with functional elements like planning and forecasting. The purpose and tasks of budgetary management on long or medium term are formed at this stage. Despite the fact that with the purpose of the most optimal and most efficient allocation of public resources important steps were made concerning strengthening the scientific validity of public finance development strategy in the context of the impact on social development, but in terms of the global financial crisis the existing mechanism of long- and medium-term budget planning is not able to meet the ever-growing needs of the population.

The practice of budget planning in Ukraine shows that the strategic estimated figures primarily act as reference information and do not serve as a basis for planning the annual budget targets [1, p. 78]. It is caused by a lack of reasonableness and accuracy of macroeconomic forecasting, frequent changes in budget legislation, legally codified social guarantees, which are not financially resourced, dependence of spending on structural reforms and the absence of science-based financial strategy, the development of which would allow to link certain strategic priorities with the expected budget resources in the short term and the medium and long perspective. Therefore, such budgetary planning needs improvement taking into account combination of three components for effective state building: social security of citizens, innovation and investment economic growth and predictability of long-term budget policy.

The second group of budget management stages is the operational part, within which the immediate implementation of budgetary procedures is done. In carrying out the revenue and expenditure sides of budgets the main spending units often make decisions that require adequate funding. As a result, there is a need to find additional sources of income by attracting domestic and foreign borrowings to cover budget deficits, and also the revenues from the privatization

of state property are used, which leads to reduction of financing of extended reproduction, renewal of basic funds and a has negative impact on growth in the economy.

At this stage there is a number of problems relating to the implementation of the State Budget of Ukraine, including: imperfect budget legislation; biased budget planning, which makes it difficult to ensure the successful implementation of the budget; chronic state budget deficit; inefficient design, and therefore inefficient execute of the state target and budget programs; the need to improve efficiency and transparency of budgetary funds use.

Good implementation of above-mentioned measures of budget management modernization is impossible without the creation and use of effective system of state control and audit according to the designated purpose and effective use of public funds. In particular control measures must ensure such level of fiscal discipline that prevents illegal, inappropriate and ineffective use of budget resources and state property [2, p. 162].

Under the conditions of the need to reform the above-mentioned management not only check of the results of the revenue and expenditure sides of the budget is important, but also the assessment of budget process management quality is significant. So audited of the use of budget funds is performed. It is aimed at an objective and independent assessment of the effectiveness of the spending unit. Carrying out such audit gives the opportunity to Government Body Manager to obtain time-sensitive information on his business performance. In addition, Internal Audit Service can carry out a special audit of efficiency of budget spending and promote managers of specialized units in making difficult decisions which require fundamental analysis.

Effective budget management will let generate high growth revenue, provide timely financing of expenses and ensure stable economic development of the country and its particular areas in the strategic perspective.

Therefore, improvement of budget management in Ukraine requires solving of certain tasks and scientific problems of theoretical, methodological, legal and practical character. In our opinion, it is necessary to take measures according to the following areas:

1) to develop scientifically based concept concerning budget management, which determines priorities of its development according to modern social and economic conditions of the country;

2) to modify and create effective legislation concerning budget management that meets the real requirements;

3) to implement a real and effective base complexes of legal, regulatory and statistical supply budget management;

4) to increase scientific level of budget planning and forecasting and ensure their close relationship with the forecast of social and economic development of a country;

5) to apply new methods and techniques for the organization of budget management towards the unification of administrative authorities, elimination of duplication and overlap of functions;

6) to increase the efficiency of state financial control by cancellation of restrictions in the carrying out previous, current and next financial control and also ensuring its implementation surprise;

7) to increase the professionalism and responsibility of employees of budget management at all levels.

The most important area of the establishment and improvement of budget management in Ukraine should become a comprehensive application of direct, indirect and mixed forms of budget regulation. The direct impact on the budget management process is detected by levying tax payments to budgets, state off-budget funds and the use of their increased or decreased rates and benefits; change of the forms and methods of budget expenditures financing in order to

improve their effectiveness and efficiency of levying of fines, penalties, penalties for violation of financial and budget discipline. The indirect forms of influence on the process of budget management include the system of indirect taxation and mixed forms of influence include nontax payment and concessional financing of certain areas and activities.

Thus, the implementation of these measures will help to improve the quality and effectiveness of the state financial resources management, and thus to create conditions for achieving the tasks of fiscal policy, improvement of the welfare of citizens, positive structural changes in the economy and the social sphere, solution of macroeconomic balance problems, dynamic growth and development of production in the country.

List of references:

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