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THE PRACTICE OF FORMING AND IMPLEMENTING BUDGET PROGRAMS IN UKRAINE

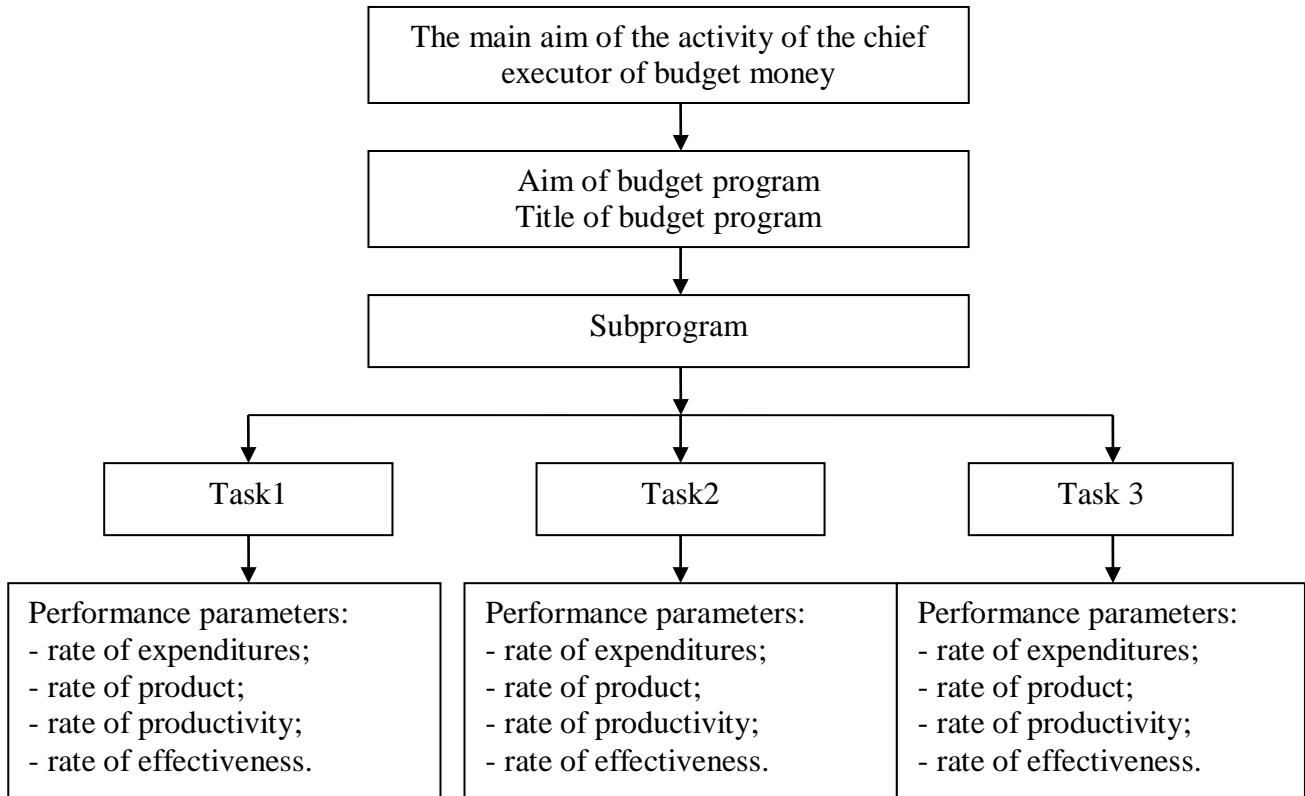
In the conditions of building a socially-oriented economy, the process of rational allocation and re-allocation of gross national product, providing all of the needs of the society with financial resources, especially those that are not connected with profit, is growing in importance. Consequently, social finances have to represent the interests of the disadvantaged population (children, disabled), to ensure the fulfillment of basic research studies, to develop the level of general and professional education, and to guarantee social security, health care, and a high level of culture and art development. The most effective form of social and cultural development strategies' building is budget programming.

The Budget Code of Ukraine defines «budget program as the systematic enumeration of measures aimed at achievement of the sole purpose and tasks of the fulfillment of budgeted money-manager propose, that accomplish his functions» [2, c. 7]. The same definition of this term is given in the Concept of using the program-target method in the budget process [1].

The basis for forming budget programs is its passport, where the basic components – aim, tasks, direction of activity and effectiveness parameters are indicated. The budget program passport also embodies additional information about the program fund executor and about the main aim of the activity, the executor, legal grounds for the implementation of the program, and alternative ways of its accomplishment.

According to the methodology of the program-target budgeting program, there must be a single structure which will not vary every year. However, because of possible changes of priorities in social and cultural policy, its main components can

change adaptation to new conditions. The structure of the budget program, shown on pic.1, guarantees the transparency in expenditures and availability of the necessary amount of information, and about the aim of the program and expected results from its implementation.



Pic. 1. Budget program structure*

*Elaborated by the author

In the process of forming of budget program, the most important factor is the defining of the main aim of the activity of the budget fund executor. Being the necessary criteria for preventing of duplication of functions of several establishments of the main budget executors, it reflects the general aim of the money manager and the advantage from social services. This aim should be formed with the observance of following demands:

- define the social targets of the functioning of the establishment;
- contain the priorities and determine contingent receivers of the services;
- to be laconic and specific.

According to the main aim of the activity of the budget manager, the socially-oriented, long-term program objective that is not of qualitative and quantitative evaluation should be defined. There is usually only one objective of the program. However, in some cases, the program has several aims. The methodology of program-target budgeting require dividing programs into subprograms in such cases. Detailing the program into subprograms is aimed at the complex scope of different measures that are directed at the achievement of the main purpose of the program. Such measures can be of different functions (according to the functional classification of expenditures), or sections and groups of one function. In this case, executors of one budget program (according to the subprogram) can be several managers. This component of the budget program is not obligatory, but with the purpose of a complex approach to the forming of the programs, it is suggested for use in international practice.

In most cases, the title of the program repeats its aim. It is concise and reflects its essence. General principles of forming the name of the budget program exist according to which they should be specific and accurate, clear and laconic.

According to defined aims of budget program, fund managers elaborate the tasks of the program. Tasks should be viewed as short-term aims within long-term strategy. They are defined on the level of program (subprogram) and must be directly connected with the aim of the program. Unlike the aims, tasks are to be measured, and to be defined quantitatively in time. They also define the final result of the activity of the establishment. Budget programs (or subprograms) can have several tasks according to the planed directions of achievement of the result. Defining the directions of activity means that strategy of realization, i.e. actions which the manager of funds will recourse for realization of the task, will be elaborated for each task.

Ensuring good management of the programs and approval of administrative decisions, including one about budget allocations, on the basis of actual and expected results of their implementation, requires building of a system of parameters with the help of which the evaluation of the accomplishment of the program will be conveyed.

Application of the last allows evaluation of the effectiveness of the usage of budget funds, comparing expected and obtained results, and evaluating the cost of realization of the program. Additionally, the performance parameters allow evaluation of socially important effects of the program that are the main objectives of its implementation.

Performance rates are elaborated according to the given tasks and must be consistent with them. For the evaluation of the program and determination of its ultimate effectiveness, the following types of rates are used: rate of expenditures (input resource), rate of product, rate of productivity (efficiency), rate of effectiveness (quality).

Proper rates are used for different types of programs. They have their advantages. Therefore, when developing and using the rates, officials responsible for developing solutions, as well as program evaluation, should take into account the strategic aims of the development of the sphere and the consequences of the implementation of programs for the previous period. Typically, those rates that reflect the results of the program the best – the achievement of goals and fulfillment of given tasks, should be used.

Effective developing of the programs will allow the institutions responsible for making state decisions to define priorities, aims and directions of socio-cultural development on the short-, middle- and long-term perspectives, and will measure their achievement with the defining of necessary financial, material-technical, informational and labor resources.

References:

1. Decree of Cabinet of Ministers of Ukraine of September 14, 2002 №538-p About the approval of the concept of application of program-target method in budget process. *Official journal of Ukraine*. 2002. № 38. 241p.

2. The Budget Code of Ukraine. Approved by Verkhovna Rada of Ukraine on 07-08-2010. № 2456-VI (with changes and additions of 01-12-2012). *Official journal of Ukraine*. 2010. № 59. P. 9.