

ФІНАНСИ. БАНКІВСЬКА СПРАВА

UDC 336.14

УДК 336.14

O. M. Hrubliak, Candidate of Economic Sciences, Associate Professor,
M. V. Karvatskyi, Candidate of Economic Sciences, Associate Professor,
A. V. Zhavoronok, Assistant

O. M. Грубляк, к. е. н., доцент,
М. В. Карвацький, к. е. н., доцент,
А. В. Жаворонок, асистент

METHODICAL APPROACHES TO ASSESS THE EFFICIENCY OF THE BUDGET PROCESS IN UKRAINE

МЕТОДИЧНІ ПІДХОДИ ДО ОЦІНКИ ЕФЕКТИВНОСТІ БЮДЖЕТНОГО ПРОЦЕСУ В УКРАЇНІ

Urgency of the research. Management of the budget process, namely an assessment of the efficiency of the redistribution of funds in the economy, the timeliness of funding of government commitments and targeted programs, requires scientific substantiation and determination of criteria for which it would be possible to evaluate and compare its efficiency.

Target setting. Proposals for improving the complex methodology to assess the budget process in Ukraine are being developed.

Actual scientific researches and issues analysis. The works of the following authors are devoted to the study of the efficiency of the budget process: Apatov N.V., Medzitov R.Sh., Bugay T.V., Frolov S.M.

Uninvestigated parts of general matters defining. Scientists pay a lot of attention to particular issues of the budget process, while the problem of evaluating its efficiency is largely ignored.

The research objective. The article is aimed to give a comprehensive assessment of the efficiency of the budget process in Ukraine with the help of the point rating method.

The statement of basic materials. Qualitative and quantitative indicators that objectively determine the effectiveness of its organization are studying while evaluating the efficiency of the budget process. According to the analysis, the budget process of 2016 is defined as more effective compared with previous years. Based on the chosen methodology, the sum of the points scored in this period was 36, which is 66,6% of the maximum possible.

Conclusions. However, a number of problems related to strategic budget planning, violation of deadlines for review and approval of budgets, ineffective use of budget funds, have to be resolved in a future. The survey confirms a necessity to give a comprehensive assessment of the budgetary process in Ukraine, aimed to provide efficient use of budgetary resources.

Keywords: the budget process; the participants of the budget process; the efficiency of the budget process.

DOI: 10.25140/2410-9576-2018-2-2(14)-108-113

Urgency of the research. The management of the budget process, on which the efficiency of the redistribution of funds in the economy depends, the timeliness of funding public obligations and relevant economic programs, requires scientific substantiation and determination of criteria for which it would be possible to evaluate and compare its efficiency.

Target setting. Existing approaches aimed to determine effectiveness of certain areas of budget

Актуальність теми дослідження. Управління бюджетним процесом, а саме оцінка ефективності перерозподілу коштів в економіці, своєчасності фінансування державних зобов'язань і цільових програм, потребує наукового обґрунтування та визначення критеріїв, за якими можна було б оцінити та порівняти його ефективність.

Постановка проблеми. Розробка пропозицій щодо вдосконалення комплексної методики оцінювання бюджетного процесу в Україні.

Аналіз останніх досліджень і публікацій. Дослідженням ефективності бюджетного процесу присвячені праці таких вчених: Апатова Н.В., Меджитова Р.Ш., Бугай Т.В., Фролов С.М.

Виділення недосліджених частин загальної проблеми. Науковці приділяють багато уваги окремим питанням бюджетного процесу, при цьому проблема оцінки його ефективності переважно залишається поза увагою.

Постановка завдання. Стаття орієнтована на комплексну оцінку ефективності бюджетного процесу в Україні за допомогою бального методу.

Виклад основного матеріалу. При оцінюванні ефективності бюджетного процесу вивчають якісні та кількісні показники, які об'єктивно визначають ефективність його організації. Згідно проведеного аналізу бюджетний процес 2016 року визначено як більш ефективний порівняно з попередніми роками. На основі обраної методики сума набраних балів у цьому періоді склала 36, що становить 66,6% від максимально можливої.

Висновки. Однак, ряд проблем, що стосуються стратегічного бюджетного планування, порушення термінів розгляду та затвердження бюджетів, неефективне використання бюджетних коштів все ще залишаються не вирішеними. Проведений аналіз засвідчує потребу в здійсненні комплексної оцінки бюджетного процесу в Україні з метою ефективного використання бюджетних ресурсів.

Ключові слова: бюджетний процес; учасники бюджетного процесу; ефективність бюджетного процесу.

ФІНАНСИ. БАНКІВСЬКА СПРАВА

management need to be synthesized and a comprehensive methodology for evaluating the budget process in Ukraine on their basis should be developed.

Actual scientific researches and issues analysis. The works of the few authors are devoted to the study of the efficiency of the budget process: Apatov N. V. and Medzhitov R. Sh. (quantitative indicators for assessing the effectiveness of local budgets were determined) [2], Bugai T. V (the author's definition of the concept of «efficiency of the budget process» is offered) [3], Frolov S. M. (an approach to assess the quality of the institutional component of budgetary management was developed) [4].

Uninvestigated parts of general matters defining. Due to the lack of research and the lack of a comprehensive methodology that would allow to determine the effectiveness of the budget process in Ukraine based on existing information, there is a need to justify new ways of evaluating the budget process.

The research objective. Of course, it is impossible to cover all the defining problems for the budget process within the framework of the article. Therefore, the main focus will be on researching and substantiating methodological approaches to assessing the effectiveness of the budget process for the purpose of their practical implementation, as well as conducting a comprehensive analysis of the efficiency of the budget process in Ukraine with the help of a ballistic method that allows identifying weaknesses and developing recommendations for their elimination.

The statement of basic materials. The study of the effectiveness of the budget process should become an integral part of the public finance management system in general and budget policy, in particular. Determining the objective methodology for conducting such an assessment will allow monitoring of the results of the budget process, comparing this result with the indicators of different periods, taking the necessary preventive measures to avoid possible mistakes in the future, and will provide all participants of the budget process with relevant information that will improve efficiency organization of their activities.

The efficiency of the budget process is very often associated with determination of the efficiency of budget execution in general. The efficiency of budget execution is an indicator that can be used to draw conclusions about the return on budget execution. In the simplest terms, this is the ratio of budget revenues received to the cost of creating the conditions for their appearance. However, the efficiency of the budget process is not completely limited to this ratio. Evaluating the efficiency of the budget process should include not only the procedure for spending and budget execution, but also such procedures as budget planning, budgeting, and control.

It is necessary to determine the qualitative and quantitative indicators that can objectively determine the efficiency of budget process organization, while assessing its effectiveness in general.

The Budget Code of Ukraine does not define any criteria or indicators which could help to determine the effectiveness of the budget process. That is why in the scientific literature there are different approaches to this issue, each of which contains its own list of indicators for assessing the effectiveness of the process of drafting, reviewing, approval and implementation of the main financial plan of the state [1].

Comprehensive evaluation of the budget process involves determining the effectiveness of individual procedures and elements that comprise the budget process and the determination of the aggregate result.

We will define indicators and criteria for assessing the effectiveness of the budget process based on the method of point rating (Tab. 1).

Table 1

Indicators and criteria to assess the efficiency of the budget process

Indicator 1	Possible value of the indicator 2	Point 3
Budget planning terms	5 years	3
	3 years	2
	1 year	1
Consistency of the main directions of fiscal policy	Approved by the legislature	3
	Disapproved by the legislature	1

ФІНАНСИ. БАНКІВСЬКА СПРАВА

Continuation of Table 1

1	2	3
Ratio of actual and planned budget revenues	More than 100%	3
	95%-100%	2
	Less than 95%	1
Ratio of actual and planned budget expenditures	More than 100%	3
	95%-100%	2
	Less than 95%	1
Correspondence of the structure of actual expenditures to the structure of the planned	Corresponds	3
	Insignificantly differs	2
	Significantly differs	1
Growth rate of budget revenues	More than 100%	3
	95%-100%	2
	Less than 95%	1
Share of budget deficit in GDP	Less than 3%	3
	3%-5%	2
	More than 5%	1
Availability of financial violations	Absence of violations	3
	Availability of ineffective use of public funds	2
	Availability of ineffective and inappropriate use of budget funds	1
Share of budget funds spent inefficiently and not targeted by the total budget expenditures	Less than 5%	3
	5%-10%	2
	More than 10%	1
Implementation of recommended measures on audit results	Availability of evidence of actions	3
	Formal response is being prepared, but there is a little evidence of further actions	2
	Lack of sufficient evidence and response	1
Publishing of data on income of state enterprises	Financial statements and audit findings of all state enterprises are published	3
	Financial statements and audit findings of some state enterprises are published	2
	Reports are not published	1
Submission terms of reports on budget execution	Reports are published on time	3
	Reports are not published on time	1
Completeness of reports on budget execution	Reporting includes all the necessary information	3
	The information available in the reports may not always be complete, but the gaps are not significant	2
	Valuable information is missing or it is of poor quality	1
Adherence to the budget process schedule	Compliance with strict budget schedule	3
	Delays occur while schedule observing, but most of the participants of the budget process complete the budget development on time	2
	Budget schedule is not being applied	1
Terms of approval of the budget by the legislative body	The budget has been approved on time	3
	The budget has been approved with a delay, but before the beginning of the budget year	2
	The budget has been approved after the beginning of the year	1
Number of changes made to the budget	No changes	3
	The number of changes is less than 12	2
	The number of changes is more than 12	1
Publishing of budget information on official sites	Regular information publishing	3
	Information is unavailable	1
Conducting of public hearings on budget issues	Public hearings holding	3
	Public hearings are not held	1

Source: Based on data [3]

ФІНАНСИ. БАНКІВСЬКА СПРАВА

Following the definition of the main indicators and criteria and their calculation, it is necessary to perform the following actions: compare the actual results with the planned ones; to analyze the reasons for the rejection of actual evaluation results from the planned ones; conduct discussion of the evaluation results and take necessary corrective actions [3].

The overall indicator of the effectiveness of the budget process is defined as the sum of points for all calculated indicators. At the same time, the researcher Frolov S. M. believes that the method of ball scores has its disadvantages, because the negative value of one of the parameters can be offset by the positive value of another parameter. Ultimately, this can lead to a satisfactory score at the expense of one successful position, which compensates for a few unsatisfactory or bad values [4; 7].

Therefore, we will evaluate the effectiveness of the budget process in Ukraine by comparing the final estimates for several analyzed periods, as well as the dynamics of the obtained points on individual indicators. Over the past few years, access to information has become a key element of civil society development and the prerequisite for public control over the actions of public authorities.

Transparency of the budget process allows citizens to participate in the budget process, providing feedback to developers of fiscal policy. The key bodies that ensure implementation of the budget process in Ukraine have their official sites and publish a complete package of budget information, in particular, the draft budget and approved budget, reports on budget execution during the year and after its completion, budget monitoring data. However, the short period of time from the moment of the publishing of the draft budget to its approval of the budget does not allow to hold public discussion of the State Budget of Ukraine and take into account all recommendations of the Accounting Chamber of Ukraine.

We will use the indicators presented in Tab. 1 to conduct a comprehensive assessment of the efficiency of the budget process in Ukraine during 2013 – 2016 (Tab. 2).

Table 2

Evaluation of the efficiency of the budget process

Indicator	2013	Point	2014	Point	2015	Point	2016	Point
1	2	3	4	5	6	7	8	9
Budget planning terms, years	1	1	1	1	1	1	1	1
Ratio of actual and planned budget revenues, %	94,2	1	94,6	1	100,5	3	101,4	3
Ratio of actual and planned budget expenditures, %	93,2	1	93,3	1	96,2	2	100,4	3
Consistency of the main directions of fiscal policy	Coordinated	3	Uncoordinated	1	Uncoordinated	1	Uncoordinated	1
Correspondence of the structure of actual expenditures to the structure of the planned	Essentially differs	1	Essentially differs	1	Essentially differs	1	Essentially differs	1
Growth rate of budget revenues, %	98,0	2	105,3	3	149,7	3	117,1	3
Share of budget deficit in GDP, %	4,4	2	5,0	1	2,3	3	2,9	3
Availability of financial violations	Inefficient and inappropriate use of funds	1	Inefficient and inappropriate use of funds	1	Inefficient and inappropriate use of funds	1	Inefficient and inappropriate use of funds	1
Share of budget funds spent inefficiently and not targeted by the total budget expenditures, %	4,4	3	5,2	2	3,9	3	3,6	3
Implementation of recommended measures on audit results	Formal response	2	Formal response	2	Formal response	2	Formal response	2
Publishing of data on income of state enterprises	Not published	1	Not published	1	Reports of some enterprises are published	2	Reports of some enterprises are published	2
Submission terms of reports on budget execution	On time	3	On time	3	On time	3	On time	3

ФІНАНСИ. БАНКІВСЬКА СПРАВА

Continuation of Table 2

1	2	3	4	5	6	7	8	9
Completeness of reports on budget execution	Includes all the necessary information	3	Includes all the necessary information	3	Includes all the necessary information	3	Includes all the necessary information	3
Adherence to the budget process schedule	Not adhered	1	Not adhered	1	Not adhered	1	Not adhered	1
Terms of approval of the budget by the legislative body	December, 6, 2012	2	January, 16, 2014	1	December, 28, 2014	2	December, 25, 2015	2
Number of changes made to the budget	19	1	12	2	10	2	13	1
Publishing of budget information on official web-sites	Published	3	Published	3	Published	3	Published	3
Conducting of public hearings on budget issues	Not conducted	1	Not conducted	1	Not conducted	1	Not conducted	1
Total, points	32		29		37		36	
Total, %	59,3		53,7		68,5		66,6	
Average score	1,8		1,6		2,1		2,1	

Source: Based on data [5]

Performance indicators of the budget process in 2015 – 2016 are higher than the indicators of the previous years. This is due to the fact that for the first time during last four years, the State Budget of Ukraine was fully implemented on incomes in 2015, the Government managed to reduce the deficit of the State Budget of Ukraine to 2,9% of GDP, the level of disclosure of information on the financial statements of state enterprises, the number of changes submitted to the bill has decreased. The sum of the points scored in 2016 was 36, which is 66,6% of the maximum possible. At the same time, in 2013 this amount was 32 points (59,3%), in 2014 – 29 points (53,7%). Such indicators as the timeliness of budget planning, the consistency of the main directions of fiscal policy, the compliance of the structure of actual expenditures with the structure of the planned, the existence of financial violations, compliance with the schedule of the budget process, holding public hearings on the budget receive the lowest scores from year to year.

Conclusions and further investigation prospective. The budget process of 2015 – 2016 can be defined as more effective compared with previous years. Over these years, there has been a positive trend towards such indicators: the deviation of actual revenues and budget expenditures from the planned ones has decreased; budget revenues began to grow at a faster pace (but also due to inflation); the share of GDP deficit reached the acceptable level; the budget has not been approved in time but it was approved before the beginning of the planned year; the number of changes made to the bill has decreased. At the same time, the budget process in Ukraine can't yet be defined as effective, because a number of problems remain unresolved (inconsistency of socio-economic and budgetary planning, lack of a strategic component of budget planning, violation of deadlines for consideration and approval of budgets, inappropriate and ineffective use of budget funds, difficulty reports for the community, low level of prosecution for violation of budget legislation).

References

1. Biudzhetni kodeks Ukrainy [The Budget Code of Ukraine]. (2010, July 8). *Vidomosti Verkhovnoi Rady Ukrainy – Bulletin of Verkhovna Rada of Ukraine*. Kyiv: Parlam. vyd-vo [in Ukrainian].
2. Apatova, N. V. (2010). Otsinka efektyvnosti mistsevykh biudzhetyv [Assessing the effectiveness of local budgets]. *Ekonomika Kryima – Economy of the Crimea*, 4 (33), 104-107 [in Ukrainian].
3. Buhai, T. V. (2015). Metodychni pidkhody do otsinky efektyvnosti biudzhetho protsesu v Ukraini [Methodological approaches to the assessment the efficiency of the budget process in Ukraine]. *Efektivna ekonomika – Effective*

Література

1. Бюджетний кодекс України : від 8 липня 2010 р. № 2456-VI // Відомості Верховної Ради України (ВВР). – Офіц. вид. – К. : Парлам. вид-во, 2010. – 192 с.
2. Апатова, Н. В. Оцінка ефективності місцевих бюджетів / Н. В. Апатова, Р. Ш. Меджитова // *Економіка Крима*. – 2010. – № 4 (33). – С. 104-107.
3. Бугай, Т. В. Методичні підходи до оцінки ефективності бюджетного процесу в Україні [Електронний ресурс] / Т. В. Бугай // *Ефективна економіка*. – 2015. – № 9. – Режим доступу : http://www.economy.nayka.com.ua/pdf/9_2015/18.pdf.
4. Фролов, С. М. Оцінка якості інституційної складової

ФІНАНСИ. БАНКІВСЬКА СПРАВА

economy, 9. Retrieved from http://www.economy.nayka.com.ua/pdf/9_2015/18.pdf [in Ukrainian].

4. Frolov, S. M. (2011). Otsinka yakosti instytutsiinoi skladovoi biudzhethnoho menezhmentu [Assessment the quality of the institutional component of budget management]. *Visnyk Ukrainiskoi akademii bankivskoi spravy: naukovopraktychnyi zhurnal – Bulletin of the Ukrainian Academy of Banking: a scientific and practical journal*, 1 (30), 3-8 [in Ukrainian].

5. Ofitsiyni sait Ministerstva finansiv Ukrainy [The official site of Ministry of Finance of Ukraine]. *minfin.gov.ua*. Retrieved from <http://www.minfin.gov.ua> [in Ukrainian].

бюджетного менеджменту / С. М. Фролов // Вісник Української академії банківської справи : науково-практичний журнал. – 2011. – № 1 (30). – С. 3-8.

5. Офіційний сайт Міністерства фінансів України [Електронний ресурс]. – Режим доступу: <http://www.minfin.gov.ua>.

Received for publication 01.03.2018

Бібліографічний опис для цитування :

Hrubliak, O. M. Methodical approaches to assess the efficiency of the budget process in Ukraine / O. M. Hrubliak, M. V. Karvatskyi, A. V. Zhavoronok // Науковий вісник Полісся. – 2018. – № 2 (13). Ч. 2. – С. 108-113.

- | | |
|---|--|
| Грубляк
Оксана Михайлівна | кандидат економічних наук, доцент кафедри публічних, корпоративних фінансів та фінансового посередництва, Чернівецький національний університет імені Юрія Федьковича;
https://orcid.org/0000-0002-7198-9747 ;
Researcher ID: S-2870-2016;
E-mail: grubliakom@gmail.com ; |
| Hrubliak
Oksana Mykhaylivna | Candidate of Economic Sciences, Associate Professor at the Department of Public, Corporate Finance and Financial Intermediation, Yuriy Fedkovych Chernivtsi National University; |
| Карвацький
Максим Володимирович | кандидат економічних наук, доцент кафедри публічних, корпоративних фінансів та фінансового посередництва, Чернівецький національний університет імені Юрія Федьковича;
https://orcid.org/0000-0002-6675-7650 ;
Researcher ID: S-4690-2016;
E-mail: maxim030785@gmail.com ; |
| Karvatskyi
Maksym Volodymyrovych | Candidate of Economic Sciences, Associate Professor at the Department of Public, Corporate Finance and Financial Intermediation, Yuriy Fedkovych Chernivtsi National University; |
| Жаворонок
Артур Віталійович | асистент кафедри публічних, корпоративних фінансів та фінансового посередництва, Чернівецький національний університет імені Юрія Федьковича;
https://orcid.org/0000-0001-9274-8240 ;
Researcher ID: S-3479-2016;
E-mail: artur.zhavoronok@ukr.net ; |
| Zhavoronok
Artur Vitaliyovych | Assistant at the Department of Public, Corporate Finance and Financial Intermediation, Yuriy Fedkovych Chernivtsi National University |