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ORGANIZATION OF BUDGETARY MANAGEMENT IN CONDITIONS OF PROVIDING FINANCIAL DECENTRALIZATION IN UKRAINE

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Decentralization in decision-making promotes territorial development, and fiscal decentralization promotes revenue mobilization and public service delivery. Therefore, it is important to take into account the experience of functioning of foreign countries when constructing a decentralized budget model in Ukraine. The

main principles of which are responsibility, efficiency and openness, which contributes to the improvement of the division of powers, optimization of revenue mobilization and regulation of the state credit system [1]. The development of financial decentralization implemented in Ukraine requires the provision of a full and effective mechanism for managing budget resources at all stages of the budget process, and especially in the context of regulating the system of intergovernmental budgetary relations and financial equalization. Scientists believe that: «... Being closely connected with the organization of the government system, decentralization is a factor in building fruitful relations between the central government and local governments» [2, p. 158]. In the context of financial decentralization, the issue of financial autonomy on the ground, that is, the right to free ownership and disposition of financial resources to perform functions and powers, is sharply raised. In particular, the approximation of financial resources directly to the consumers of services, ensuring the efficiency of management through the selection of the most needed with the optimal price under the direct control of the community. Experts dealing with decentralization state that: «... today there are contradictions and conflicts of interest between the interest of local development actors and the actual competence of the executive and local self-government bodies, the satisfaction of the territorial community in their management services and quality ...» [3]. An effective step along this path will be to expand the functions of local governments, delegate authority and increase responsibility for the use of budgetary resources. The organization of the budget process should be carried out on the basis of the provisions on the functioning of public finances: «... it is necessary to spend no more quantitatively, but more effectively and closer to taxpayers and consumers of financed public services...» [4, p. 5]. Such an approach, in our opinion, will contribute to solving key issues of economic development of the territories, completeness and ensuring the financing of budgets, social standards, quality of service delivery. Undoubtedly, the priority at the same time is measures to activate the development of the economy and its shadowing, reduce the tax burden, introduce mechanisms of interaction between government, community and business. In the context of this study, considering different scientific approaches to the essence of the category «budget management» we managed to form his own interpretation, which is interpreted as: «a complex of means, procedures, methods, techniques for managing budget funds in the budget process of the state». Based on the formulated essence, the main task in the implementation of budget management, we see the achievement of efficiency, radically and efficiency of managing budget funds. Its implementation is directly entrusted to the budgetary management bodies-legislative and executive authorities, operational budgetary management and non-financial bodies. Therefore, the executive consciousness of the participants in the process must consist in the ability to make promising, optimal and competent decisions at every stage of budget management: planning, execution, accounting and control over budget execution. While researching the structure of budgetary management,

it is worth noting the importance of each, but we believe that priority should still be given to budgetary planning, as the main component of financial planning, which actively participates in the distribution and redistribution of gross domestic product between budgets of different levels and aims at ensuring complexity, priority, rationality, unity, realistic and validity of budget estimates. Practice shows that the inconsistency and imperfection of certain legal acts and methodology of providing medium-term and program-targeted budgeting reduces the rationality and efficiency of the functioning of the state budget system. The increase in commitments and financing, mainly through intergovernmental transfers, has transformed them from a regulatory instrument into a source of financing. This situation forces to find out the causes and take measures on the fundamental changes in the choice of vectors for the development of the budget system. Conclusions of the Strategy for the Reform of the Public Financial Management System for 2017-2020 revealed that inefficient management of public finances is mainly due to the low level of satisfaction of the needs of the population and a considerable amount of public expenditures (about 43,2 % of GDP in 2015) [5]. An uncoordinated medium-term state policy adversely affects the level of effectiveness of the program-target method and investment processes in the country. The gaps in the targeting method are the unpredictable risks of using budget funds, the ramifications, duplication and underfunding of budget programs [6]. Considering these problematic aspects, the main directions of the budgetary policy for 2019–2021 are: «... improving budget planning tools, strengthening the financial capacity of local budgets, improving the efficiency and effectiveness of using budget resources, and creating a two-tier system of intergovernmental budgetary relations...» [7]. The implementation of these provisions will be implemented through the introduction of program-targeted budgeting at the level of local budgets, expanding the tax base of revenues of local budgets, equalizing their tax capacity, expanding the geography of direct relationships of local budgets with the state (continued creation of OGT), decentralization of budgetary powers. Currently, in mid-2019 and fully into 2020, the process of introducing mid-term planning at the local level begins, leading to an increase in the number of stages [8]. The forecast of local budgets is planned to be made on the whole, by basic indicators, income, development priorities, investment programs, debt and budget liquidity, intergovernmental relations (paragraph 3, subparagraph 2, point 49 of section VI «Final and transitional provisions») [9]. When implementing medium-term planning, it is important to take into account the particular circumstances of the impact of inflationary processes and the elements of destabilization, which may adversely affect the implementation of the strategy plan. In addition, there are risks of deterioration of budgetary discipline, low levels of competence and responsibility of participants in the budget process. A distinction should be made between the budgetary authority over the medium term. This process should be accompanied by the consolidation of national taxes and the reformation of the principles of a development management system that will allow

the formation of financially able communities capable of self-realization and active position. The basics of strategic planning are defined by the Budget Declaration, in particular, the limits of the budget deficit, strategic directions of development and the amount of budget expenditures by the main spending units. The peculiarity of strategic planning is the refinement of budget programs for the next period without significant changes, promulgation of the results of their evaluation, which characterizes transparency, anti-corruption of the budget (use of systems: «E-Data», «Openbudget»). These are changes recommended by the European Commission under the new fiscal conditions, accounting procedure, security system and sanctions [9]. The next steps will be: ensuring long-term planning; security and limitation of public expenditures; detailed forecast and analysis of income; introduction of fiscal and corrective instruments; effective monitoring. Along with the introduction of medium-term planning, the development of a democratic state requires the development of a proper budgetary strategy, namely a model budgeting based on program-based budgeting, taking into account foreign experience towards the use of an investment loan instrument (UK), three-tier independent planning in Sweden, reserves), five-year planning in Germany (economic equilibrium of power, legislative support for loan instruments, debt, expenditure regulation) [10]. Budget forecasting combined with the programmatic targeting method reveals budgetary opportunities and actual financing [11]. The purpose of the program-target method is to: open the budget; achievement of task performance efficiency; strengthening the responsibility of program implementers; development of budgetary policy. The components of programmatic budgeting include: «... the manager's purpose; purpose of activity; purpose and objectives of the program, performance indicators» [12]. The volume of programs, the purpose, the task, determines the passport of the budget program. It is formed on the basis of budget requests and budget appointments, is developed by the main spending units, approved by the Ministry of Finance. As the practice shows, the budget process in the past years was carried out on the principle of retention, but current requirements require effective financing. Thus, our opinion is in line with the opinion of some experts, regarding the need to determine the mechanism of priority of selection and sources of financing of budget programs. In particular, programs with defined performance indicators, namely the number of service users, process description and performance results. This, in turn, will facilitate effective management decisions and quality development policies. Budgeting is the process of planning and designing its results in the form of a budget system. As a financial planning tool characterizes its purpose, the definition of specific financial and operational tasks for certain periods [13, p. 159-160]. Budgeting goals are to: ensure current planning; coordination and communication between units; cost justification; control of plans [14, p.198]. According to the research of foreign scientists, budgeting occurs in the systematic measures, in particular, reforming the public administration system, and is focused on the effect of spending budget funds. In view of this, it is worthwhile in national practice to

adhere to strategic budgetary goals, first and foremost in the field of social security, which has global implications for the development of society, improvement of quality of life, demographic situation and, finally, human potential. Exploring the peculiarities of budgetary interrelationships in terms of budgetary decentralization, it should be noted that there are such types of budgetary relationships as the distribution of expenditures according to delegated powers, the provision of revenue sources to exercise their own and delegated powers, the redistribution of funds between donor budgets, and the formulation of recipients' alignment [15, p. 119]. Their implementation is carried out by means of financial instruments: «... regulatory and own taxes; tax delimitation; general-purpose grants; targeted transfers...» [16, p. 823]. However, practice shows that the share of local budget revenues in the consolidated budget is insignificant (more than 20 % without transfers) the provision of local budgets is mainly due to intergovernmental transfers, which accordingly impedes the development of the institution of local self-government [17, p. 59]. The unsustainable fiscal equalization policy in the current system of intergovernmental budgetary relations in Ukraine restrains local authorities from pursuing sound local policies in shaping the proper investment climate. The effectiveness of budgetary management is seen in the creation of an effective distribution mechanism, taking into account the level of self-sufficiency, growth of tax potential, territorial image. And the budgetary allocation should take into account the natural and climatic conditions of the regions, tax and resource potentials, ecological status, etc. In addition, scientists see stimulating factors for regional development in improving the local tax system. In the USA, local tax financing is 88,6 % of local budget revenues [18, p. 223]. The advantage of tax over transfers improves tax discipline, promotes the efficient mobilization of levies, and stimulates the authorities and business structures. Expenditure management requires clear rules and procedures, appropriate analytical systems and methods, informing participants in the budget process, increasing the effectiveness of expenditures under decentralized expenditure management methods, setting goals, quality standards and controls. In the process of budget execution, the main task is to control the budget funds provided in order to use them properly. Continuous deviations from planned funding from actual funding require modifications, and therefore expenditure monitoring, which will allow us to adjust funding plans according to realities and current needs. Periodic reports should include information on the level of program performance and service delivery. The key to successful operation of the budget process is adherence to the principle of publicity and transparency (Article 7 of the Code), which is to inform the public of the progress of all its stages. It provides credibility and enhances the effectiveness of all controls over public finances. Its compliance ensures public confidence in budgetary policies, promotes budgetary inputs at various levels, and enhances the effectiveness of public and public control over public finances. An important area of socio-political development in Ukraine is the introduction of a qualitatively new type of relations

between citizens and authorities. In particular, the Law of Ukraine «On Local Self-Government in Ukraine» recognizes the importance of involving the public, stating: «Ukrainian citizens exercise their right to participate in local self-government by belonging to the respective territorial communities». This right is also envisaged by the Code, but in practice the role of the public in decision-making is extremely limited. Transparency of the budget process is important because it allows citizens as taxpayers to control services, influence the distribution of expenditures, and monitor the quality of budget decisions. Methods for improving budget transparency include: involving the media in the budget process; preparation of information in the form of projects or budget collections; holding public hearings on budgetary issues; holding meetings for comment, as well as critical remarks, facts and opinions on a particular issue; compilation of voter list; setting up advisory committees representing the interests of the local public. In addition, an effective method currently practiced in Ukraine is the use of a «participatory budgeting» mechanism. It is a form of direct democracy – an open process of consideration and decision-making. Creating a budget with the participation of citizens allows their maximum involvement in discussing and solving problems of the territorial community by its residents. Budget implementation in Ukraine began in 2015 in Cherkasy, Chernihiv, Sumy, Poltava and Lutsk. The formation is supported by the Polish-American-Ukrainian Cooperation Initiative Foundation in the framework of the Project «Particulate Budget – Opportunities for Increasing Public Engagement and Establishing a Good Partnership with Authorities». The project has some achievements but: «... there is a need to increase the real participation of citizens in the budget process. It is necessary to increase the level of technological support for the openness and transparency of the budget of participants in the budget process. We need technologies for finding consensus of the multilevel participants of this process» [19, p. 105]. Our research shows that the formation and development of budgeting, subject to the introduction of new technologies of financial management, should strengthen the link between all participants in the budget process and ensure the rational accumulation and efficient use of budget funds in the current conditions of financial and economic development of the state.

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ECONOMIC SECURITY DIAGNOSTICS OF INDUSTRIAL ENTERPRISES BASED ON APPLICATION OF CONSULTING

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Economic security management of an industrial enterprise involves a set of interrelated elements that are aimed at the stable functioning of the enterprise, achievement of the set goals, overcoming various threats and rapid adaptation to changing environmental conditions. The scientific works of many scientists are devoted to the study of theoretical aspects of ensuring the economic security of enterprises, as well as some of its components [1-12]. However, issues of economic security diagnostics remain relevant.

In order to ensure economic security, it is advisable to diagnose the major threats, opportunities and environment of the enterprise in order to make appropriate management decisions. This should take into account legislative and regulatory acts, as well as methods and means that ensure the achievement of the declared goals and objectives of economic security of the enterprise.

Diagnosis of economic security of enterprises is associated with the need to seek and involve consultants to solve specific management problems of the enterprise and reduce (eliminate) threats to its security.

Consulting is a type of professional activity which ensures the providing of independent advice, guidance and assistance of qualified consultants to enterprises

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