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DESCRIPTION OF EVALUATION METHODS RISKS OF THE BUDGET PROCESS

The article characterizes the methods of risk assessment that arise at all levels and stages of the budget process. The purpose of the study is to systematize the existing methods of assessing the risks of the budget process in the context of the need to improve the efficiency of the budget system in the current economic environment and to comprehensively study the issues of methods of assessing budget risks, including their theoretical foundations and classification. The budget process at all its levels and stages is constantly influenced by numerous internal and external risk factors, which in turn affect the performance of business entities, primarily public sector institutions. Effective management of public financial resources is one of the key points in public administration. Assessment of budget risks is one of the first steps in making management decisions on the choice of further measures to respond to the identified and assessed risks. The effectiveness of public sector institutions directly depends on the impact of various challenges and threats, which are reflected in the achievement of the goal, fulfillment of tasks, plans and objectives of such institutions. It is important to correctly assess budget risks in order to make further effective management decisions, to improve the efficiency of budget spending and the use of public financial resources in general. It should be noted that the issues of research on risk assessment methods are mostly aimed at an in-depth study of the process of assessing financial risks rather than budgetary risks. Accordingly, there is a need for a systematic analysis and study of existing methods of budget risk assessment, as well as detailing some aspects of the methodology, techniques and methods of budget risk assessment to adapt them to the needs and challenges of the budget system of our country, considering the needs of today. In the context of constant changes in the economic environment, the efficient functioning of the public sector is becoming one of the main factors for the successful future of Ukraine. Timely identification and assessment of budget risks is an integral part of this process.

Keywords: methodology, method, technique, budget risk, budget process, budget legislation, stages of the budget process, method of budget risk.

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ХАРАКТЕРИСТИКА МЕТОДІВ ОЦІНЮВАННЯ РИЗИКІВ БЮДЖЕТНОГО ПРОЦЕСУ

У статті наведена характеристика методів оцінювання ризиків, які виникають на усіх рівнях та стадіях бюджетного процесу. Метою дослідження є систематизація існуючих методів оцінювання ризиків бюджетного процесу у контексті необхідності підвищення ефективності функціонування бюджетної системи в сучасних економічних умовах та комплексне вивчення проблематики методів оцінки бюджетних ризиків, включаючи їх теоретичні основи та класифікацію. Бюджетний процес на усіх його рівнях та етапах постійно зазнає впливу численних внутрішніх та зовнішніх ризикоутворюючих факторів, які у свою чергу відбиваються на результатах діяльності суб'єктів господарювання, насамперед установ державного сектору. Ефективне управління державними фінансовими ресурсами є одним із ключових моментів у державному управлінні. Здійснення оцінки бюджетних ризиків є одним з перших кроків у прийнятті управлінських рішень щодо вибору подальших заходів реагування на ідентифіковані та оцінені ризики. Ефективність діяльності установ державного сектору прямо пропорційно залежить від впливу різних викликів та загроз, які відображаються у досягненні мети, виконанні завдань, планів та цілей таких установ. Важливо правильно оцінювати бюджетні ризики для прийняття подальших ефективних управлінських рішень, задля покращення ефективності витрачання бюджетних коштів та використання державних фінансових ресурсів загалом. Необхідно зазначити, що проблематика досліджень методів оцінювання ризиків здебільшого спрямована на глибоке дослідження процесу оцінювання саме фінансових ризиків, ніж бюджетних. Відповідно існує потреба

у здійсненні системного аналізу та вивчення існуючих методів оцінювання бюджетних ризиків, а також деталізації деяких аспектів методології, методик і методів оцінювання бюджетних ризиків для їх адаптації під потреби та виклики бюджетної системи нашої країни враховуючи потреби сьогодення. У контексті постійних змін в економічному середовищі, ефективне функціонування державного сектору стає одним з головних факторів успішного майбутнього України. Своєчасна ідентифікація та оцінювання бюджетних ризиків є невід'ємною частиною цього процесу.

Ключові слова: методологія, метод, методика, бюджетний ризик, бюджетний процес, бюджетне законодавство, стадії бюджетного процесу, метод бюджетного ризику.

Introduction. The topic of studying the methods of assessing budget risks is extremely important in modern conditions and is due to the need to study the impact of internal and external risk factors on the budget process at its various levels and stages, which lead to the emergence of various risks that affect the activities of public sector institutions.

The contradictions in the development of the modern budget system are increasing and, as a result, this leads to an increase in the number and types of budget risks. Economic instability and the war in Ukraine create new risks both for the country's budget system as a whole and for individual business entities.

Currently, Ukraine has not created a system of effective budget risk management that would include the full range of risk analysis and assessment and would allow to optimize the use of budget funds and other state financial resources, increase their efficiency. This, in turn, would increase the transparency and responsibility of state bodies in the use of budget funds.

Materials and methods. The article used general scientific and special methods, which include comparative analysis, concretization and typology, as part of the comprehensive analysis of the methods for assessing the risks of the budget process. When studying the topic of risks of the budget process, the budget process of Ukraine will be considered as the object of the study, the subject will be the methods of risk assessment used in the process of public sector institutions at all stages of the budget cycle: from planning to monitoring implementation.

Budget risk management is a complex and important process of responsible management at all levels, aimed at the implementation of timely analysis and monitoring of challenges and threats that arise throughout the activities of business entities, in order to minimize the loss of state resources and ensure sustainable development of both a specific business entity and the state as a whole. For their timely identification and assessment, when making reasonable and effective management decisions, it is necessary to pay special attention to the degree of potential danger when the risk occurs, in particular, the probability of its occurrence, the prediction of possible losses, as well as the identification of sources, causes and factors that may provoke the appearance of the said risk.

The following scientists investigated the issues of researching risk management of the budget process, in particular the methods of their identification and evaluation: K. Arrow, M.D. Balji, U. Bech, R.M. Bugrimenko, Yu. Habermas, O.D. Steshenko, K. Redhead, S. Hughes and others. A significant contribution to the development of this direction was made by such national researchers as: E.O. Balatskyi, I.A. Blank, S. Bulgakova, Z.S. Varnaliy, V.V. Vitlynskyi, V.I. Hrushko, M.M. Klymenyuk, I.O. Liutyi, R.V. Picus, N.V. Prykazyuk, O.D. Rozhko, O.V. Rudenko, I.P. Sidor and others.

Rozhko O.D. proposes its own definition of the definition of budget risk, in particular, we talk about the "probability of actual non-compliance of quantitative and/or qualitative characteristics of flows of budget funds with planned budget indicators, which leads to non-fulfillment of the goals and objectives of the state's budget policy" [4, pp. 212].

In order to make management decisions regarding the management of budget risks in practice, various methods and techniques are used. For a deeper understanding of the process of studying economic problems in the scientific literature, a conceptual approach is used, which is based on a certain methodology and methods.

Rudenko O. V. notes that "methodology is a type of rational-reflexive consciousness aimed at studying, improving and constructing methods. The concept of "methodology" has two main meanings: firstly, it is a system of certain rules, principles and operations applied in a particular field of activity (in science, politics, art, etc.); secondly, it is the doctrine of this system, the general theory of the method" [3, pp. 25]. According to this definition, we understand that the methodology performs various functions, among which the most important are: coordinating (ensuring the process, integrity and effectiveness of scientific research), integrating (allows you to combine theoretical and practical knowledge to combine different knowledge and further greater understanding of the studied subjects and phenomena) and heuristic (provides innovation in the process of scientific knowledge).

In the methodology of finance, the following methodological approaches are distinguished:

– Dialectical (the most important among others) – focuses on the development of financial phenomena through the interaction of opposing trends;

- Historical – considers financial processes in the context of their evolution;
- Hermeneutic – interprets financial phenomena considering the context and meaning;
- Systemic – explores the financial system as a complex mechanism of interrelated elements;
- Holistic – provides analysis of financial processes in general;
- Project-oriented – used to carry out management activities within specific projects;
- Process – considers financial processes over time;
- Cybernetic – provides modelling and management of financial systems using the principles of cybernetics;
- Information – ensures the use of prompt and reliable information in the implementation of financial management and decision-making;
- Synergistic – provides research of various elements for the emergence of new qualitative results in the financial sector;
- Institutional – studies the impact of institutional factors on financial processes;
- Structural – analyzes the structures of financial systems and its elements;
- Functional – considers and analyzes the functions of various components of the financial system;
- Structural and functional – analyzes the ratio of functions and structure in the financial sphere;
- Functional and cost – analyzes the ratio of functions and costs in financial processes;
- Socio-cultural – analyzes the impact of social and cultural factors on financial activity.

There is a need to determine what the concept of methods of scientific knowledge includes. In the scientific literature, the following approaches to the definition of this concept are defined, in particular: “the method is a way, a way of cognition and practical transformation of real reality, a system of techniques and principles that regulate the practical and cognitive activity of people (subjects)” [2, pp. 31].

For a full understanding of the organization of the cognitive process, we will highlight the methodology and technique of scientific research, which determine the technical rules for the collection, analysis and interpretation of the obtained data, which form the basis for further steps in any scientific research.

Results. In modern science, there is a multi-level system of knowledge methodology, which provides systematization of methods according to various criteria. The main ones are: empirical, theoretical and general scientific.

Depending on the role and place in the process of scientific knowledge, there are: formal methods and meaningful methods. Formal methods include methods of formal and mathematical symbolic logic [2, pp. 32]. The main content methods include philosophical, general scientific and special scientific methods that allow

us to provide a comprehensive approach to scientific knowledge. Rudenko O. V. notes that “the main types of content methodology include philosophical, general scientific, special scientific methods, etc. They also distinguish empirical and theoretical, fundamental and applied, research methods and methods of presentation of results” [2, pp. 32].

According to the degree of generality and scope of application, methods of scientific knowledge are divided into: general philosophical, general scientific, special scientific, disciplinary and interdisciplinary [2, pp. 32].

Scientists distinguish general and special methods that are widely used in the financial sphere.

Common ones include:

- Empirical methods (observations, comparisons, measurements, experiments (natural and mental, socio-economic), etc.);
- Methods used at the theoretical and empirical levels (analysis and synthesis, induction and deduction, abstraction; generalization; analogy; formalization; idealization; interpretation), etc.;
- Theoretical methods (ascent from abstract to concrete, abstraction, analysis, synthesis, induction, deduction, modelling, etc.).

Specials include:

- Methods of collecting and generalizing information about the object of study;
- Methods of economic and financial analysis;
- Methods of strategic forecasting;
- Modeling methods;
- Software-targeted method;
- System method;
- Heuristic methods.

Let us dwell separately on heuristic methods. They are divided into two subgroups, namely:

- Individual (the method of questionnaires, the METTCHET method (Metric for Evaluating Threats and Countermeasures to Health), the interview method, the method of waiting for inspiration, etc.);
- Group (brain attack (storm) method direct or inverse; analog method; synectic method; key question method; free association method; Delphi method; scenario method, etc.).

Modern research methods in the financial sector, where there is a need to collect and analyze a significant amount of information at different levels of the financial system, include:

- Quantitative methods of risk assessment (methods of economic statistics; method of sensitivity analysis; analytical method; method of loss feasibility analysis; method of scenario analysis; Monte Carlo method; method of analogies; expert methods of risk assessment; normative method; “event-consequence” method; game theory; horizontal analysis; vertical analysis; comparative analysis; trend analysis; analysis of relative values; factor analysis; Value at Risk models, etc.);

– Qualitative methods (expert methods of risk assessment; method of rating assessments; control lists of risk sources; method of comparisons; method of brain attack (storm); method of forecasting; method of interview; method of focus groups, etc.).

Financial and economic research uses many methods designed to identify, assess and comprehensively analyze budget risk. Among them, the vast majority of scientists distinguish the following:

- Statistical methods (regression analysis, correlation analysis, variation analysis, simulation modeling, critical value method);
- Decision tree method;
- Method of the failure tree;
- The method of cost expediency;
- Analytical method;
- Method of expert assessments;
- Normative method;
- Method of analogies;
- Sensitivity analysis;
- Analysis of scenarios;
- The “event-consequences” method;
- Monte Carlo method;
- Method of mathematical programming;
- Game theory;
- Methods of the utility function;
- Marketing matrices;
- Use of scoring models and others.

The choice of budget risk assessment methods depends on many factors. However, the main ones are access to obtaining complete initial information and a clear understanding of the final result by all participants in the evaluation process.

Any method of assessing budgetary risk has its advantages and disadvantages, which must be considered when deciding on the method of assessing this risk. Using the example of the normative method of budget risk assessment, we can consider its advantages and disadvantages.

Among the advantages are the following:

- Simplicity and ease of use;
- Low cost of budget risk assessment;
- Systematicity and periodicity;
- Convenience to compare different projects and periods, etc.

However, this method has certain disadvantages, namely:

- Insufficiently clear algorithm for assessing budget risk;
- Limited data for the formation of standards;
- Impossibility of use for specific non-standard situations;
- Generalized assessment of budget risks and others.

Speaking about the budget process, we note that this is an organized activity of participants in the budget process at all levels, which is regulated by regulatory documents of budget legislation, in particular,

the Budget Code of Ukraine, laws, resolutions and other regulatory documents of the Verkhovna Rada of Ukraine, etc. As Lyutyi I.O. notes, “all stages of the budget process are interrelated, consistent, and this order cannot be changed. At each stage of the budget process, issues that cannot be resolved at other times are resolved” [6, pp. 123].

According to Part 6 of Article 20 of the Budget Code of Ukraine, “at all stages of the budget process, its participants within the limits of their powers carry out an assessment of the effectiveness of budget programs, which provides for measures for monitoring, analysis and control over the targeted and effective use of budget funds. Evaluation of the effectiveness of budget programs is carried out on the basis of monitoring data, analysis of performance indicators of budget programs, as well as other information contained in budget requests, estimates, passports of budget programs, reports on the implementation of estimates and reports on the implementation of passports of budget programs. The Ministry of Finance of Ukraine determines the organizational and methodological principles for assessing the effectiveness of budget programs by the main managers of budget funds” [1].

In accordance with the above, the risks of the budget process arise at all its stages and require qualitative identification and evaluation for the adoption of balanced management decisions in order to effectively use budget funds and state property.

For the analysis of the risk assessment of the budget process, the following method of sequential steps can be proposed:

1. Setting the tasks and goals of the analysis.
2. Selection of the object of analysis.
3. Finding out the indicators by which the object of analysis will be investigated.
4. Selection of the sequence and periodicity of analytics on possible changes in the environment of the object of analysis.
5. Selection and detailed description of research methods and methods.
6. Selection of data sources on the basis of which the analysis will be made.
7. Detailing the steps of the analysis.
8. Selection of technical support for the analysis.
9. Registration of the results of the analysis in accordance with the established norms and standards.
10. Proving the results and recommendations of the analysis to the management staff and performers, within the competence, regarding the adjustment of plans, measures and management decisions in order to minimize or avoid possible budget risks and their consequences.

Integration of budget risk management into all stages of the budget process involves the creation of a register of identified risks indicating their potential impact on the budget at all its levels and planning in

case of emergency situations with the allocation of individual budget programs to state bodies within the approved general budget fund.

Conclusions. Therefore, summarizing the above, we note that the assessment of the risks of the budget process still remains a complex issue with its own specific features, which requires further scientific research. In our opinion, the available large number of various methods of assessing budget risks in the scientific literature has not been sufficiently studied, in particular in terms of their advantages and disadvantages, in order to choose the most adequate and effective in a particular situation and under specific circumstances. This makes it necessary to continue scientific research on this issue with an emphasis on

highlighting the advantages, disadvantages, consequences and possible limitations of using a particular method of assessing budgetary risks.

On the basis of the conducted study, the author's method of sequential steps to assess the risks of the budget process is proposed, an analysis of the advantages and disadvantages of methods for assessing budget risks is given on the example of the normative method.

The use of a comprehensive approach to risk assessment, which combines both qualitative and quantitative methods, will increase the accuracy of budget risk management at all levels and stages of the budget cycle when public sector institutions exercise their powers.

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